

EN BANC

[G.R. No. 183446, November 13, 2012]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. ESTATE OF
HANS MENZI (THROUGH ITS EXECUTOR, MANUEL G.
MONTECILLO), SANDIGANBAYAN (FOURTH DIVISION) AND
SHERIFFS REYNALDO MELQUIADES AND ALBERT A. DELA CRUZ ,
RESPONDENTS.**

D E C I S I O N

PEREZ, J.:

In this petition for *certiorari* filed pursuant to Rule 65 of the *1997 Rules of Civil Procedure*, petitioner Republic of the Philippines (the Republic) primarily assails the 17 January 2008 Resolution^[1] issued by public respondent *Sandiganbayan*, Fourth Division, in Civil Case No. 0022,^[2] the dispositive portion of which states:

WHEREFORE, the plaintiff Republic's motion for execution is GRANTED [IN PART]. The Court hereby ORDERS:

(a) PHILTRUST BANK to deliver to plaintiff Republic of the Philippines the proceeds from the sale of the 198,052.5 Bulletin shares sold by defendant HMHMI to Bulletin Publishing Corporation that is now under Philtrust Bank Time Deposit Certificate No. 136301, in the amount of P19,390,156.68, plus interest earned;

(b) Defendant Estate of Hans Menzi, through its executor Manuel G. Montecillo, to surrender for cancellation the original eight (8) Bulletin Certificates of Stock in his possession, i.e., Certificates Nos. 312, 292, 314, 131, 132, 293, and 313, which are part of the 212,425.5 Bulletin shares subject of the Supreme Court's Decision in G.R. No. 79126 dated April 15, 1988; and

(c) Plaintiff Republic of the Philippines, with respect to the 46,626 Bulletin shares in the name of Eduardo Cojuangco, Jr. and pursuant to Alternative 'A' provided for in the Resolution of the Supreme Court dated April 15, 1988, in G.R. No. 79126, to execute the necessary documents in order to effect the transfer of the ownership over these shares to the Bulletin Publishing Corporation in accordance with the agreement it entered into with the latter on June 9, 1998.

Defendants Estate of Hans Menzi and HMHMI's motion is GRANTED. The Court hereby ORDERS PHILTRUST BANK:

To pay the Estate of Hans Menzi, through its Executor, Manuel G.

Montecillo and Hans Menzi Holdings and Management, Inc., the amount of ONE HUNDRED FIFTY TWO MILLION EIGHT HUNDRED TWENTY SIX THOUSAND NINE HUNDRED THIRTY SEVEN PESOS and 76/100 interests thereon from said date of February 28, 2002, until the whole amount is paid.

SO ORDERED.^[3]

The Facts

On 22 April 1986, the Presidential Commission on Good Government (PCGG) issued a Writ of Sequestration over the shares of former President Ferdinand Marcos, Emilio Yap (Yap) and Eduardo Cojuangco, Jr. (Cojuangco) in the Bulletin Publishing Corporation (*Bulletin*), together with those of their nominees or agents, among them, Ceasar Zalamea (Zalamea) and Jose Campos (Campos). On 12 February 1987, the PCGG also issued a Writ of Sequestration and Freeze Order over the shares of the U.S. Automotive Co., Inc. (*US Automotive*) and its officers in Liwayway Publishing, Inc. (*Liwayway*) as well as the shares of stock, assets, properties, records and documents of Hans Menzi Holdings and Management, Inc. (HMHMI), the corporation organized by Menzi, Campos, Cojuangco, Zalamea and Rolando Gapud, to serve as holding company for their shares of stock in Liwayway, Menzi and Company, Inc., Menzi Agricultural, Inc., Menzi Development Corporation and M and M Consolidated, Inc. The Writs of Sequestration issued against the Liwayway and Bulletin shares as well as the PCGG's then declared intent to vote the sequestered shares in Bulletin were challenged by Liwayway, US Automotive and Bulletin in the petitions for *certiorari*, prohibition and *mandamus* docketed before this Court as G.R. Nos. 77422 and 79126.^[4]

Following Campos' lead in waiving his rights over 46,620 Bulletin shares in favor of the Republic, Zalamea also waived his rights over 121,178 Bulletin shares in favor of the Republic on 15 October 1987. PCGG then sold the shares of Zalamea and Campos in favor of Bulletin, which thereafter appears to have offered a cash deposit in the sum of P8,174,470.32 for Cojuangco's remaining 46,626 Bulletin shares.^[5] Together with the interests thereon, the amount was proposed to either: (a) standby as full payment of Cojuangco's shares upon a final judgment declaring the Republic the owner of said shares; or, (b) be returned to Bulletin upon a final judgment declaring Cojuangco as true owner thereof. In the 15 April 1988 Decision in G.R. Nos. 77422 and 79126, this Court directed, among others, the PCGG to accept the cash deposit offered by Bulletin for Cojuangco's shares, subject to the foregoing alternative conditions.^[6]

On 29 July 1987, in the meantime, the Republic instituted a complaint for reconveyance, reversion, accounting, restitution and damages against President Marcos, Imelda R. Marcos, Yap, Cojuangco, Zalamea and Atty. Manuel Montecillo (Montecillo). Docketed as Civil Case No. 0022 before the Sandiganbayan, the complaint essentially alleged that Yap acted as the Marcos Spouses' dummy, nominee or agent in the appropriation and concealment of shares of stock of domestic corporations like Bulletin. Cojuangco and Zalamea were likewise alleged to have acted as the Marcos Spouses' dummies, nominees or agents in illegally acquiring Bulletin shares to prevent their disclosure and recovery. In the amended

complaint the Republic filed on 10 March 1988, Cojuangco was joined as an actor instead of a mere collaborator of Zalamea who was later dropped as defendant from the case in view of his assignment of his 121,178 Bulletin shares in favor of the Republic as aforesaid. The Republic went on to amend its complaint for a second time on 17 October 1990, to implead as defendant respondent Estate of Hans Menzi (the Estate), through its Executor, Montecillo.^[7]

On 2 April 1992 the Sandiganbayan issued a Resolution^[8] lifting the writ of sequestration issued by the PCGG. This was questioned by the Republic through a petition for *certiorari* docketed before this Court as G.R. No. 107377. In a Resolution dated 16 July 1996, the Court reversed and set aside the assailed resolution and referred the case back to the Sandiganbayan “for resolution of the preliminary question of whether there is *prima facie* factual basis for PCGG’s sequestration order.”^[9] It was pursuant to the foregoing resolution that the Sandiganbayan went on to conduct hearings on the matter and, later, to issue the Resolution dated 13 April 1998, discounting the factual bases for PCGG’s sequestration order and granting the Estate’s motion to lift the writ of sequestration over the shares of stock, assets, properties, records and documents of HMHMI.^[10] Dissatisfied with the Resolution and the Sandiganbayan’s 26 August 1998 denial of its motion for reconsideration,^[11] the Republic filed the petition for *certiorari* docketed before this Court as G.R. No. 135789.^[12]

On 31 January 2002, the Court rendered a decision in G.R. No. 135789, dismissing the Republic’s petition on the ground that the Sandiganbayan had the authority to resolve all incidents relative to cases involving ill-gotten wealth and that the court’s appellate jurisdiction over the graft court’s decisions or final orders is limited to questions of law.^[13] On 4 March 2002, Philtrust Bank (Philtrust) filed a motion to intervene in G.R. No. 135789, alleging that the writ of sequestration, which was the subject matter of the case, covered the following time deposits maintained with it by HMHMI, to wit:

Time Deposit Certificate	Date of Certificate	Original Deposit
136301	3/03/86	P19,390,156.68
162828	4/18/88	24,102,443.85
162829	4/18/88	5,826,683.26

In addition to its being allowed to intervene in the case, Philtrust prayed for the consignment of the proceeds and interests of the foregoing TDCs as well as its release from its obligation pertaining thereto.^[14] Alongside the Republic’s motion for reconsideration of the 31 January 2002 Decision in G.R. No. 135789, Philtrust’s motions were, however, denied for lack of merit in the 20 November 2002 Resolution the Court issued in the case.^[15] The motions subsequently filed by the Republic as well as the Estate and HMHMI for the deposit of the Philtrust-tendered sums with, respectively, a government bank or their own account were noted without action in the Court’s Resolution dated 22 January 2003.^[16]

In the meantime, the following issues were identified for resolution at the pre-trial conducted in Civil Case No. 0022, to wit: (a) whether or not Menzi’s sale of his 154,470 Bulletin shares in favor of US Automotive was valid and legal; and, (b)

whether or not the Bulletin shares registered in the names of Yap, Cojuangco, Zalamea, Menzi, his Estate or HMHMI were ill-gotten.^[17] After a protracted litigation, the Sandiganbayan rendered a Decision dated 14 March 2002,^[18] the decretal portion of which states:

WHEREFORE, judgment is hereby rendered:

1. Declaring that the following Bulletin shares are the ill-gotten wealth of the defendant Marcos spouses:

A. The 46,626 Bulletin shares [part of the 214 block] in the name of defendant Eduardo M. Cojuangco, Jr., subject of the Resolution of the Supreme Court dated April 15, 1988 in G.R. No. 79126.

Pursuant to alternative "A" mentioned therein, plaintiff Republic of the Philippines through the PCGG is hereby declared the legal owner of these shares, and is further directed to execute, in accordance with the Agreement which is entered into with Bulletin Publishing Corporation on June 9, 1988, the necessary documents in order to effect transfer of ownership over these shares to the Bulletin Publishing Corporation.

B. The 198,052.5 Bulletin shares [198 block] in the names of:

	<u>No. of Shares</u>
Jose Y. Campos	90,866.5
Eduardo M. Cojuangco, Jr.	90,877
Cesar C. Zalamea	<u>16,309</u>
Total	<u>198,052.5</u>

which they transferred to HM Holdings and Management, Inc. on August 17, 1983, and which the latter sold to Bulletin Publishing Corporation on February 21, 1986. The proceeds from this sale are frozen pursuant to PCGG's Writ of Sequestration dated February 12, 1987, and this writ is the subject of the Decision of the Supreme Court dated January 31, 2002 in G.R. No.135789.

Accordingly, the proceeds from the sale of these 198,052.5 Bulletin shares, under Philtrust Bank Time Deposit Certificate No. 136301 dated March 3, 1986 in the amount of P19,390,156.68 plus interest earned, in the amount of P104,967,112.62 as of February 28, 2002, per Philtrust Bank's Motion for Leave to Intervene and to Consign the Proceeds of Time Deposits of HMHMI, filed on February 28, 2002 with the Supreme Court in G.R. No. 135789, are hereby declared forfeited in favor of the plaintiff Republic of the Philippines.

2. Ordering the defendant Estate of Hans M. Menzi through its Executor, Manuel G. Montecillo, to surrender for cancellation the original eight Bulletin certificates of stock in its possession, which were presented in court as Exhibits 1 to 3 and 21 to 25 (Certificate

Nos. 312, 292, 314, 131, 132, 291, 293, 313, respectively), which are part of the 214,424.5 Bulletin shares subject of the Resolution of the Supreme Court dated April 15, 1988 in G.R. No. 79126.

3. Declaring that the following Bulletin shares are not the ill-gotten wealth of the defendant Marcos spouses:

a. The 154,472 Bulletin shares [154 block] sold by the late Hans M. Menzi to U.S. Automotive Co., Inc., the sale thereof being valid and legal;

b. The 2,617 Bulletin shares in the name of defendant Emilio T. Yap which he owns in his own right; and

c. The 1 Bulletin share in the name of the Estate of Hans M. Menzi which it owns in its own right.

4. Dismissing, for lack of sufficient evidence, plaintiff's claim for damages, and defendants' respective counterclaims.

SO ORDERED.^[19]

Dissatisfied with the foregoing decision, the Republic, Cojuangco and the Estate filed the petitions for review on *certiorari* which were respectively docketed and consolidated before this Court as G.R. Nos. 152578, 154487 and 154518. In the 23 November 2005 Decision rendered in said consolidated cases, however, the Court affirmed the Sandiganbayan's 14 March 2002 Decision, upon the following findings and conclusions: (a) as the proven owner thereof, the Estate validly sold the 154 block of Bulletin shares to US Automotive, with the indorsement and delivery of the stock certificate covering the same; and, (b) the evidence on record shows that the 198 block of Bulletin shares as well as the 46,626 shares registered in the name of Cojuangco which formed part of the 214 block of Bulletin shares were ill-gotten.

^[20] Subsequent to the 24 January 2006 denial of its motion for partial reconsideration of the foregoing decision,^[21] the Estate, alongside HMHMI, filed a Joint Manifestation dated 28 February 2006. The Joint Manifestation called the Court's attention to the fact, among others, that the motion for the release of the proceeds of the TDCs they filed in G.R. No. 135789 was merely noted without action, on the ground that the matter would be better ventilated and addressed in the consolidated cases. In view of the fact that the issues pertaining to the TDCs were not addressed in the Court's 23 November 2005 Decision,^[22] the Estate and HMHMI sought the grant of the following reliefs:

WHEREFORE, it is respectfully prayed that:

1. The Clerk of Court be instructed to cause the delivery of the three (3) Certificates of Time Deposit with the attached allonge, on file with the docket of G.R. No. 135789 to the Philtrust Bank or to its counsel of record;

2. An order be issued requiring the Philtrust Bank to pay to herein Joint