

## SECOND DIVISION

[ G.R. No. 162079, March 18, 2010 ]

**YKR CORPORATION AND HEIRS OF LUIS A. YULO, PETITIONERS,  
VS. SANDIGANBAYAN AND REPUBLIC OF THE PHILIPPINES,  
RESPONDENTS.**

### D E C I S I O N

**CARPIO, J.:**

#### The Case

Before the Court is a petition for certiorari<sup>[1]</sup> assailing the 17 March 2003<sup>[2]</sup> and 9 February 2004<sup>[3]</sup> Resolutions of the Sandiganbayan Special Fifth Division in Civil Case No. 0024 entitled *Republic of the Philippines v. Peter Sabido, et al.*<sup>[4]</sup> The 17 March 2003 Resolution denied the motion to lift the sequestration order against YKR Corporation while the 9 February 2004 Resolution denied the motion for reconsideration filed by YKR Corporation and the Heirs of Luis A. Yulo<sup>[5]</sup> (petitioners).

#### The Antecedent Facts

In a Sequestration Order<sup>[6]</sup> dated 2 April 1986 signed by then Commissioner Mary Conception Bautista, YKR Corporation, a ranch operator located in Busuanga, Palawan, was sequestered and placed under the control and possession of the Presidential Commission on Good Government (PCGG).

On 29 July 1987, the Republic of the Philippines (Republic) filed a Complaint<sup>[7]</sup> for reconveyance, reversion, accounting and damages, docketed as Civil Case No. 0024, against Peter Sabido (Sabido), et al.<sup>[8]</sup> Among the individual defendants in Civil Case No. 0024 was Luis Yulo (Yulo). In an Amended Complaint<sup>[9]</sup> dated 2 October 1991, the Republic impleaded YKR Corporation as additional defendant on the ground that it was beneficially owned or controlled by Sabido.<sup>[10]</sup>

In an unsigned resolution<sup>[11]</sup> dated 26 March 1996 in G.R. No. 96073 <sup>[12]</sup> and related cases, this Court directed the PCGG and/or its fiscal or authorized agent, the Bureau of Animal Industry (BAI), to submit an inventory and accounting of the assets of the YKR Corporation which had come into their possession and control by virtue of the sequestration order. Pursuant to this Court's order, petitioners filed a Motion to Order Compliance with Supreme Court Order before the Sandiganbayan. In a Resolution<sup>[13]</sup> promulgated on 29 July 1996, the Sandiganbayan considered that an updated inventory and accounting of the sequestered assets of YKR Corporation was long overdue. The Sandiganbayan also considered that this Court's 26 March 1996 Order was already final and executory. Thus, the Sandiganbayan

granted petitioners' motion and ordered the PCGG and/or its fiscal or authorized agent, the BAI, to submit, within 90 days from notice, an updated inventory and accounting of the assets of YKR Corporation from the time such assets came under their possession and control by virtue of the PCGG's sequestration order. The Sandiganbayan further directed the PCGG to submit progress reports of the on-going inventory and accounting on the 30th and 60th day from receipt of the Sandiganbayan's resolution.

In a Manifestation/Motion<sup>[14]</sup> dated 17 October 1996, the PCGG requested the Sandiganbayan for the issuance of a resolution directing the BAI or Director Romeo Alcasid to submit an updated inventory and accounting subject of the 29 July 1996 Resolution. The Manifestation/Motion states:

1. A Resolution dated My 25, 1996<sup>[15]</sup> (received on September 18, 1996) was issued by this Honorable Court requiring plaintiff and/or its "fiscal agent". Bureau of Animal Industry (BAI), to submit within 90 days from notice an updated inventory and accounting of the assets of the YKR Corporation;

2. It is a matter of record that since 1986, BAI took over and assumed full control of the management and operations of the YKR Corporations pursuant to the directive of then Minister of Agriculture and Food, Ramon V. Mitra, Jr.; a photocopy of the Memorandum/Directive is attached at ANNEX "A"; hereof:

3. As early as February 19, 1996, the plaintiff had requested BAI's assistance and cooperation on a forthcoming ocular inspection and inventory of all YKR assets at Coron, Palawan on or before March 1, 1996; [a] photocopy of the letter-request addressed to Dir. Romeo Alcasid is attached as ANNEX "B" hereof;

4. Before plaintiff could actually conduct the ocular inspection and inventory, a letter (in reply to the letter of February 19, 1996, Annex "B") was received by PCGG from the Department of Agriculture, through Asst. Secretary Lino Nazareno, citing Presidential Proclamation 1386 and P.D. 619, Busuanga Breeding and Experimental Station should be excluded from the sequestration case; (a photocopy of the letter dated February 27, 1996 is attached as Annex "C" hereof);

5. By letter dated May 9, 1996, Magtanggol C. Gunigundo, Chairman [of] PCGG, proposed to Sec. S. Escudero III of the Department of Agriculture the creation of a composite term of PCGG-BAI-COA personnel for the purpose of conducting an inventory of all assets of YKR; the said letter was ignored, copy attached as Annex "D" hereof;

6. To expedite the implementation of the Resolution subject hereof, another Resolution should be directed against the Bureau of Animal Industry/Director Romeo Alcasid, Quezon City, ordering it to submit the updated inventory and accounting of YKR assets subject of the Resolution of this Court<sup>[16]</sup>

YKR Corporation filed a Motion to Lift Sequestration<sup>[17]</sup> dated 31 October 1996. YKR Corporation, citing PCGG's 17 October 1996 Manifestation/Motion, alleged that the PCGG had lost control of the assets and records of the corporation to its own fiscal agent which it could not control. YKR Corporation alleged that PCGG was guilty of gross negligence in insisting on the sequestration despite the fact that it had already lost control of the corporation to its own fiscal agent. YKR Corporation alleged that the PCGG violated the constitutional rights of the corporation and its stockholders because of its continued sequestration without due process of law.

In a Resolution promulgated on 13 May 1997, the Sandiganbayan gave the PCGG and its fiscal or authorized agent, the BAI, another chance to render an updated inventory and accounting of the assets of YKR Corporation which came into their possession and control by virtue of the sequestration order, within 60 days from receipt of the Resolution. The Sandiganbayan further resolved to treat the Motion to Lift Sequestration separately.

In a Resolution<sup>[18]</sup> promulgated on 19 September 2002, the Sandiganbayan denied the compliance filed by the PCGG. The Sandiganbayan noted that the PCGG only submitted an inventory without any accounting, and it could not be considered compliance with the resolutions of the Supreme Court and the Sandiganbayan. The Sandiganbayan ruled:

WHEREFORE, the prayer of Plaintiff, PCGG that it be deemed to have complied with the resolution of this Court dated May 7, 1997 as embodied in its "COMPLIANCE" dated July 23, 1997 is hereby DENIED.

Within sixty (60) days from receipt of this Order, the Plaintiff. PCGG and its fiscal or authorized agent, the Bureau of Animal Industry are directed to submit an accounting of the livestock; supplies, structures, equipment and spare parts which have come into its possession using as beginning balances thereof the inventory figures of October 1987 for livestock and May 30, 1990 for the supplies, structures, equipment and spare parts up to and until July 9, 1997.

Failure to comply with this Order shall constrain the court to cite the responsible PCGG and Bureau of Animals officials for contempt and appoint other government and/or private agencies to render the accounting, all at plaintiffs account.

SO ORDERED.<sup>[19]</sup>

### **The Ruling of the Saadiganbayan**

In its Resolution promulgated on 17 March 2003, the Sandiganbayan ruled on YKR Corporation's Motion to Lift Sequestration as follows:

WHEREFORE, the Motion to Lift Sequestration Order against YKR Corporation is hereby DENIED. For the last time, the plaintiff PCGG and/or its Fiscal Agent, the Bureau of Animal Industry (BAI), are hereby

directed to submit the required accounting adverted to in the Resolution of this Court promulgated on September 19, 2002 for an inextendible period of thirty (30) days upon receipt hereof. Failure to do so shall constrain this Court to hold PCGG and its fiscal agent, the Bureau of Animal Industry in contempt and impose the proper sanction on the officials of said agency.

SO ORDERED.<sup>[20]</sup>

The Sandiganbayan ruled that the PCGG's determination of *prima facie* evidence against the defendants in Civil Case No. 0024 was clearly spelled out in the allegations of the complaint and the findings of *prima facie* evidence should not be disturbed since the findings of administrative or quasi-judicial agencies like the PCGG are entitled to great respect.

The Sandiganbayan ruled that the basis for the motion to lift sequestration was the alleged mismanagement by the PCGG and its agents. The Sandiganbayan ruled that the records showed that neither the PCGG nor the BAI has complied with the accounting required by both the Supreme Court and the Sandiganbayan. However, the Sandiganbayan ruled that it could not apply its ruling in Civil Case No. 0033 entitled *Republic v. Cojuangco, et al.* and promulgated on 20 April 1998 because in that case, the Sandiganbayan allowed the voting for the shares of stock "on the basis of the immediate danger of dissipation to the San Miguel Corporation." In this case, the Sandiganbayan ruled that the grounds for the motion were mere allegations. The Sandiganbayan again directed the PCGG and BAI to submit the required accounting for an inextendible period of 30 days from receipt of the court's resolution.

Petitioners moved for the reconsideration of the Sandiganbayan's 17 March 2003 Resolution. In its 9 February 2004 Resolution, the Sandiganbayan denied the motion.

The Sandiganbayan ruled that it had already extensively passed upon the issue of the existence of *prima facie* evidence to warrant the issuance of the sequestration order. On the alleged failure of the PCGG to file the appropriate judicial action or proceeding against YKR Corporation within the time frame provided under Section 26, Article XVIII of the 1987 Constitution, the Sandiganbayan cited this Court's ruling in *Republic v. Sandiganbayan*<sup>[21]</sup> that the fact that the sequestered corporations had not been impleaded as defendants in the original complaints filed did not adversely affect the actuality that judicial actions or proceedings had been brought within the time limit laid down by the Constitution. The Sandiganbayan further ruled that the two-commissioner rule provided under Section 3 of the PCGG Rules and Regulations Implementing Executive Orders No. 1 and 2 (PCGG Rules) would not apply to the case since the writ of sequestration was issued against YKR Corporation before the effectivity of the PCGG Rules on 11 April 1986. Finally, as regards the alleged dissipation of the assets of YKR Corporation, the Sandiganbayan ordered PCGG and BAI to show cause why they should not be held in contempt for their continued failure to submit an accounting of the assets of YKR Corporation. The dispositive portion of the 9 February 2004 Resolution reads:

**WHEREFORE**, finding no sufficient ground to overturn the assailed Resolution, the Motion for Reconsideration filed by Defendants YKR Corporation and Heirs of Luis A. Yulo dated April 8, 2003 is hereby **DENIED**.

The plaintiff PCGG and its Fiscal Agent, the Bureau of Animal Industry (BAI), are hereby ordered to show cause why they should not be cited for contempt **now** for their failure to comply with the aforementioned resolutions of the Court dated September 19, 2002 and March 17, 2003 within fifteen (15) days upon receipt hereof (Emphasis supplied)

SO ORDERED.<sup>[22]</sup>

Hence, the petition before this Court.

### **The Issues**

Petitioners raise the following issues in their Memorandum:

- a) Whether the Sandiganbayan acted with grave abuse of discretion amounting to lack or in excess of jurisdiction in not lifting the order of sequestration even if there is sufficient showing of continuous wastage and dissipation of the assets of YKR Corporation by PCGG and BAI;
- b) Whether the Sandiganbayan acted with grave abuse of discretion amounting to lack or excess of jurisdiction in not lifting the order of sequestration despite the absence of *prima facie* evidence to warrant the issuance and maintenance of an order or sequestration against YKR Corporation;
- c) Whether the Sandiganbayan acted with grave abuse of discretion amounting to lack or excess of jurisdiction in not lifting the order of sequestration even if PCGG failed to file the proper judicial action against YKR Corporation within the prescribed 6-month period from ratification of the 1987 Constitution;
- d) Whether the Sandiganbayan acted with grave abuse of discretion amounting to lack or excess of jurisdiction when it did not construe in favor [of] YKR Corporation the refusal of PCGG to amend the order of sequestration to conform with the two-commissioner rule; and
- e) Whether there is no appeal or any other plain, speedy and adequate remedy available to petitioners in the ordinary course of law.<sup>[23]</sup>

The Republic raised as additional issue whether petitioners' counsel has the authority to represent petitioners in view of the Sandiganbayan's Resolutions dated 29 February 2004 and 10 September 2004 disqualifying it from further representing petitioners in Civil Case No. 0024;