

SECOND DIVISION

[G.R. No. 174979, August 11, 2010]

BONIFACIO SANZ MACEDA, JR., PETITIONER, VS. DEVELOPMENT BANK OF THE PHILIPPINES, RESPONDENT.

[G.R. No. 175010]

DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. BONIFACIO SANZ MACEDA, JR., RESPONDENT.

D E C I S I O N

CARPIO, J.:

G.R. Nos. 174979 and 175010 are petitions for review^[1] assailing the Decision ^[2] promulgated on 2 July 2004 by the Court of Appeals (appellate court) as well as the Resolution^[3] promulgated on 9 October 2006 in CA-G.R. CV No. 69823. In G.R. No. 174979, the petitioner is Bonifacio Sanz Maceda, Jr. (Maceda) while Development Bank of the Philippines (DBP) is the respondent. In G.R. No. 175010, DBP is the petitioner and Maceda is the respondent.

In CA-G.R. CV No. 69823, the appellate court dismissed the petitions filed by Maceda and DBP. The appellate court affirmed the decision in Civil Case No. 8737 of the Regional Trial Court of Makati City, Branch 134 (trial court) dated 25 February 1997 as well as the 2 October 1997 Order which amended the 25 February 1997 Decision.

The Facts

The appellate court narrated the facts as follows:

It appears that on July 28, 1976 plaintiff Bonifacio Maceda, Jr. (Maceda) obtained a loan from the defendant DBP in the amount of P7.3 million to finance the expansion of the Old Gran Hotel in Leyte. Upon approval of said loan, plaintiff Maceda executed a promissory note and a mortgage of real estate. Project cost of the New Gran Hotel was P10.5M. DBP fixed a debt-equity ratio of 70%-30%, corresponding to DBP and Maceda's respective infusion in the hotel project. Maceda's equity infusion was P2.93M, or 30% of P10.5M. The DBP Governor at that time, Recio Garcia, in-charge of loans for hotels, allegedly imposed the condition that DBP would choose the building contractor, namely, Moreman Builders Co. (Moreman). The contractor would directly receive the loan releases from DBP, after verification by DBP of the construction progress. The period of loan availment was 360 days from date of initial release of the loan. Similarly, suppliers of equipment and furnishings for the hotel were also

to be paid directly by DBP. The construction deadline was set for December 22, 1977.

Maceda filed a complaint for Rescission of the building contract with Damages against the contractor Moreman, before the then Manila Court of First Instance Branch 39, which was docketed as Civil Case No. 113498. In its decision dated November 28, 1978, the CFI rescinded the building contract, suspended the period of availment, allowed Maceda to himself take over construction, and directed DBP to release to Maceda the sum of P1.003M, which had previously been approved for release in January 1978. The DBP was further ordered to give plaintiff Maceda such other amounts still pending release. Moreman filed an appeal which was subsequently dismissed in 1990 by the Supreme Court. Entry of judgment on this case was issued on April 23, 1990.

In the meantime, Maceda also instituted the case *a quo* for Specific Performance with Damages against defendant DBP before the Makati RTC in 1984. The Manila CFI's November 28, 1978 Decision and the factual findings therein contained became part of the evidence submitted before the Makati RTC as Exh. "D." In essence, Maceda's complaint before the Makati RTC alleged that DBP conspired with the contractor, Moreman, by approving anomalous loan releases to the latter despite exaggerated charges and valuation made by said contractor on the hotel project. In effect, it was alleged that despite only a 15% accomplishment which should have cost only P700,000.00, the contractor, thru the active connivance of the DBP, was able to rake in a total of P3,174,358.38 or 60% of the cost of the projected hotel building. When plaintiff Maceda himself tried to resume the completion and construction of the hotel project, after the building contract with Moreman was already rescinded by the CFI Manila, defendant allegedly blocked efforts of the plaintiff by delaying the release of funds from his loan with the DBP and imposing onerous conditions which made it difficult for plaintiff to pursue the construction of the New Gran Hotel. It was further alleged that due to such delays on the part of the DBP, the period of availment of the loan expired without the plaintiff's [sic] having availed of the total approved amount of their loan. The construction of the hotel was never finished. Worse, due to interests and penalties, the obligation of the plaintiff has ballooned to P11,817,365.90 as of January 31, 1984, not to mention the amount of P810,702.68 supposedly representing interests and charges for the period of February 1, 1978 to October 1979. Finally, DBP allegedly threatened to foreclose the mortgaged properties of the plaintiff.^[4]

The Trial Court's Ruling

On 25 February 1997, the trial court promulgated its Decision in favor of Maceda. The dispositive portion of the Decision reads as follows:

WHEREFORE, in view of all the foregoing premises, the Court renders judgment, to wit:

1. The preliminary injunction issued on December 12, 1984 is hereby made permanent;

2. Defendant Development Bank of the Philippines is ordered, to wit:

(a) To immediately release in favor of Plaintiff Bonifacio Maceda, Jr. the unreleased loan balance of P1,952,489.10. In addition, as to the portion thereof amounting to P1.003M, DBP is further directed to pay interest thereon at the rate of 12% per annum beginning and counted from January, 1978;

(b) To immediately return to plaintiff Bonifacio Maceda, Jr. the sum of P797,988.95 representing the interest/other charges for the period October 31, 1979 to April 1, 1980;

(c) To pay Plaintiff Bonifacio Maceda, Jr. the sum of Five Hundred Thousand Pesos as moral damages;

(d) To pay plaintiff Bonifacio Maceda, Jr. the sum of One Hundred Thousand Pesos as exemplary damages;

(e) To pay plaintiff Bonifacio Maceda, Jr. the sum of P17,547,510.90 representing the additional cost to complete and finish the New Gran Hotel;

(f) To pay plaintiff Bonifacio Maceda, Jr. the sum of P100,000.00 as attorney's fees and litigation expense.

The counterclaims of defendants are hereby dismissed.

SO ORDERED.^[5]

DBP filed a Notice of Appeal. Maceda, on the other hand, filed a Motion for Reconsideration of the trial court's Decision and sought to increase the awarded amounts. Maceda also filed a Motion for Partial Execution Pending Appeal and a Supplemental Motion for Partial Execution Pending Appeal to which DBP filed its Oppositions.

The trial court issued an Order dated 2 October 1997 and amended the dispositive portion of its 25 February 1997 Decision, thus:

WHEREFORE, in view of the foregoing and by way of recapitulation, the Court directs and orders that all other dispositions in the Decision dated February 25, 1997 are hereby maintained, except the dispositions under paragraph 2 (subparagraphs C, D, E) which are hereby amended as underlined, and paragraph G added hereunder in conformity with the guidelines in the case of *Eastern Shipping Lines, supra, p. 97*. The entire dispositive portion shall be as follows:

1. The preliminary injunction issued on December 12, 1984 is hereby made permanent;

2. Defendant Development Bank of the Philippines is ordered, to wit:

(a) To immediately release in favor of plaintiff Bonifacio Maceda, Jr. the unreleased loan balance of P1,952,489.10. In addition, as to the portion thereof amounting to P1.003M, DBP is further directed to pay interest thereon at the rate of 12% per annum beginning and counted from January 1978;

(b) To immediately return to plaintiff Bonifacio Maceda, Jr. the sum of P797,988.95 representing the interest/other charges for the period October 31, 1979 to April 1, 1980;

(c) To pay plaintiff Bonifacio Maceda, Jr. the sum of Seven Hundred Thousand Pesos as moral damages;

(d) To pay plaintiff Bonifacio Maceda, Jr. the sum of One Hundred Fifty Thousand Pesos as exemplary damages; and the sum of Five Hundred Thousand Pesos as temperate damages;

(e) To pay plaintiff Bonifacio Maceda, Jr. the sum of P17,547,510.90 representing the additional cost to complete and finish the New Gran Hotel, plus six percent interest (6%) thereon effective as of the year 1987 until finality.

(f) To pay plaintiff Bonifacio Maceda, Jr. the sum of P100,000.00 as attorney's fees and litigation expense.

(g) After the finality of the Decision, all the foregoing monetary awards in their totality, including the interest imposed thereon as the case may be, shall earn 12% interest from date of such finality until satisfaction.

The counterclaims of defendants are hereby dismissed.

The Court further orders the execution pending appeal of the award under disposition 2(a), as maintained, without bond, and the award under disposition 2(e), as amended, to be covered by plaintiff's bond in the equivalent sum thereof, including the six percent interest (6%) thereon effective as of the year 1987 until date of the said bond.

SO ORDERED.^[6] (Underlining in the original)

DBP filed a Petition for Certiorari as regards the execution pending appeal before the appellate court. The appellate court, in *DBP v. Hon. Ignacio Capulong*^[7] granted DBP's petition and annulled the trial court's order of partial execution pending appeal. We affirmed the appellate court's Decision on 26 August 1999.^[8]

On 5 November 1997, DBP filed a Notice of Appeal of the trial court's Decision dated

25 February 1997 as amended by the Order dated 2 October 1997. Maceda and his sibling, Teresita Maceda-Docena, filed a Notice of Appeal before the appellate court. On 23 July 2002, the appellate court dismissed Teresita Maceda-Docena's appeal for her failure to file her Appellant's Brief.^[9]

The Appellate Court's Ruling

On 2 July 2004, the appellate court rendered its Decision which affirmed the 2 October 1997 Order of the trial court.

Thus, We find that the records support the ruling and conclusions made by the RTC in its assailed Decision. Conclusions and findings of fact by the lower courts are entitled to great weight on appeal and will not be disturbed except for strong and cogent reasons. (*Atlantic Gulf and Pacific Company of Manila, Inc. vs. Court of Appeals, 247 SCRA 606*)

WHEREFORE, based on the foregoing premises, the appeal of plaintiff-appellant is DISMISSED for lack of merit. Likewise, defendant-appellant's appeal is DISMISSED. Accordingly, the assailed February 25, 1997 Decision of the Regional Trial Court of Makati City - Branch 134 in Civil Case No. 8737, and its October 2, 1997 Order which amended the said February 25, 1997 Decision, are AFFIRMED.

SO ORDERED.^[10]

The appellate court denied Maceda's and DBP's Motions for Reconsideration for lack of merit. Maceda's Motion for Execution Pending Appeal was likewise denied.^[11]

Issues

In G.R. No. 174979, Maceda assigned a single error of the appellate court. Maceda submitted that "the granted awards are so unrealistic as to be pyrrhic. For example, even as both the Makati RTC and the Court of Appeals admit that the award of "P17,547,510.90 representing the additional cost to complete and finish the New Gran Hotel" reflects "only the cost estimate as of 1987," both courts felt there was no way to increase the award - except by imposing a "6% interest thereon effective as of the year 1987 until finality" -- simply because, as both courts said, there were "no fresher data to guide it. In short, no evidence was submitted as to the construction cost in post-1987 years."^[12]

In G.R. No. 175010, DBP enumerated the following grounds to support its Petition:

I. Whether the Honorable Court of Appeals was correct in holding DBP liable for the acts of Moreman Builders;

II. Whether the Honorable Court of Appeals was correct in upholding private respondent's contention that petitioner connived with Moreman Builders in the alleged anomalous releases;