

**EN BANC**

**[ G.R. NO. 149802, January 20, 2006 ]**

**ALFONSO T. YUCHENGCO AND Y REALTY CORPORATION, PETITIONERS, VS. THE HONORABLE SANDIGANBAYAN, FOURTH DIVISION, REPUBLIC OF THE PHILIPPINES, PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT, ESTATE OF FERDINAND E. MARCOS, IMELDA R. MARCOS, PRIME HOLDINGS, INC., ESTATE OF RAMON U. COJUANGCO, REPRESENTED BY IMELDA O. COJUANGCO, AND IMELDA O. COJUANGCO, RESPONDENTS.**

**[G.R. NO. 150320]**

**ALFONSO T. YUCHENGCO AND Y REALTY CORPORATION, PETITIONERS, VS. THE HONORABLE SANDIGANBAYAN, FOURTH DIVISION, REPUBLIC OF THE PHILIPPINES, PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT, ESTATE OF FERDINAND E. MARCOS, IMELDA R. MARCOS, PRIME HOLDINGS, INC., ESTATE OF RAMON U. COJUANGCO REPRESENTED BY IMELDA O. COJUANGCO, AND IMELDA O. COJUANGCO, RESPONDENTS.**

**[G.R. NO. 150367]**

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. HON. SANDIGANBAYAN (FOURTH DIVISION), ESTATE OF FERDINAND E. MARCOS REPRESENTED BY ITS ADMINISTRATOR, THE BUREAU OF INTERNAL REVENUE), IMELDA R. MARCOS, PRIME HOLDINGS, INC., ESTATE OF RAMON U. COJUANGCO (REPRESENTED BY ITS ADMINISTRATRIX, IMELDA O. COJUANGCO), IMELDA O. COJUANGCO, ALFONSO T. YUCHENGCO, AND Y REALTY CORPORATION, RESPONDENTS.**

**[G.R. NO. 153207]**

**ALFONSO T. YUCHENGCO AND Y REALTY CORPORATION, PETITIONERS, VS. REPUBLIC OF THE PHILIPPINES, PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT, ESTATE OF FERDINAND E. MARCOS, IMELDA R. MARCOS, PRIME HOLDINGS, INC., ESTATE OF RAMON U. COJUANGCO REPRESENTED BY IMELDA O. COJUANGCO, AND IMELDA O. COJUANGCO, RESPONDENTS.**

**[G.R. NO. 153459]**

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT,**

**PETITIONER, VS. ESTATE OF FERDINAND E. MARCOS, IMELDA R. MARCOS, IMELDA (IMEE) R. MARCOS-MANOTOC, TOMAS MANOTOC, IRENE R. MARCOS-ARANETA, GREGORIO MA. ARANETA, III, FERDINAND R. MARCOS, JR., IMELDA COJUANGCO, ESTATE OF RAMON COJUANGCO (REPRESENTED BY THE ADMINISTRATRIX, IMELDA COJUANGCO), PRIME HOLDINGS, INC., ALFONSO T. YUCHENGCO, AND Y. REALTY CORPORATION, RESPONDENTS.**

**D E C I S I O N**

**CARPIO MORALES, J.:**

These five consolidated petitions pray for the nullification of certain issuances of the Sandiganbayan in Civil Case No. 0002, "Republic of the Philippines v. Estate of Ferdinand E. Marcos, et al."

The complaint in Civil Case No. 0002 (or the case) was filed before the Sandiganbayan on July 16, 1987 by the Republic of the Philippines (the Republic) through the Presidential Commission on Good Government (PCGG) against former President and Mrs. Marcos, their three children, and some other individuals. The complaint was later amended to implead additional defendants.

The case is for the recovery of alleged ill-gotten wealth of the Marcoses, among which are shares of stock in the Philippine Telecommunications Investment Corporation (PTIC): 76,779 shares in the name of Ramon U. Cojuangco, 21,525 shares in the name of Imelda O. Cojuangco, and 111,415 shares in the name of Prime Holdings Incorporated (PHI). PTIC is the biggest stockholder of PLDT, it owning some 28% of the outstanding shares in PLDT at the time Civil Case No. 0002 was filed.<sup>[1]</sup>

In the course of the proceedings in Civil Case No. 0002, the first three petitions assailing interlocutory orders of the Sandiganbayan were filed before this Court.

Thus, the petitions in **G.R. Nos. 149802 and 150320**, filed by Alfonso Yuchengco and Y Realty Corporation, complainants-in-intervention in Civil Case No. 0002, assail via petition for certiorari orders and resolutions of the Sandiganbayan denying their motions to suspend trial pending discovery proceedings and to re-set trial dates (with alternative prayer for a change in the order of trial), and declaring them as having waived their right to present evidence.

The petition in **G.R. No. 150367**, filed by the Republic, assails via petition for certiorari the Sandiganbayan Orders denying its Respectful Motion for Additional Time to Complete the Presentation of Evidence and directing it to submit its offer of evidence within 30 days.

During the pendency of these first three petitions, the Sandiganbayan continued with the proceedings in Civil Case No. 0002, no restraining order enjoining the same having been issued by this Court.

The Sandiganbayan, still during the pendency of the first three petitions,

promulgated in Civil Case No. 0002 a Partial Decision on May 6, 2002 the dispositive portion of which reads:

WHEREFORE, premises considered, the complaint of plaintiff Republic of the Philippines on the PLDT shares subject of separate trial is hereby DISMISSED for lack of merit.

The Motion for Summary Judgment [filed by Imelda Cojuangco, et al] is hereby GRANTED, and the Complaint-in-Intervention [filed by the Yuchengcos] DISMISSED.

SO ORDERED. (Underscoring supplied)

The last two of the five petitions at bar, both for review on certiorari, were thereupon filed. The petition in **G.R. No. 153207** filed by the complainants-in-intervention Yuchengcos, and that in **G.R. No. 153459** filed by the Republic, both challenge the Partial Decision.

The incidents that gave rise to the filing of the petitions are stated in the minority's dissenting opinion penned by Justice Cancio Garcia which immediately follows this majority opinion. The dissenting opinion substantially reiterates the draft that Justice Garcia prepared which was used by this Court as a working basis for its deliberations.

In issue in these petitions are:

1. Whether petitioners in **G.R. Nos. 149802, 150320 and 150367** were denied due process when the Sandiganbayan in effect directed them to terminate the presentation of their respective evidence; and
2. Whether the Partial Decision being assailed via petition for review in **G.R. Nos. 153207 and 153459**, conforms to the evidence presented, the law and/or settled jurisprudence.

There is no disagreement with respect to the disposition-dismissal by the minority of the first three petitions – the first having become moot, and the second and third for lack of grave abuse of discretion on the part of the Sandiganbayan.<sup>[2]</sup> There is also no disagreement with respect to the disposition-denial by the minority of the fourth petition (G.R. No. 153207) in the absence of reversible error on the part of the Sandiganbayan.

It is with respect to the disposition-denial by the minority of the fifth petition (G.R. No. 153459) insofar as it denied the prayer of the Republic for a judgment ordering the Estate of Ramon U. Cojuangco (Cojuangco), Imelda O. Cojuangco, PHI, their assigns, nominees and agents to reconvey to the Republic 111,415 PTIC shares registered in the name of PHI that the majority does not agree, in light of the immediately following discussions.

The Sandiganbayan having held in its 73-page Partial Decision<sup>[3]</sup> that the Republic has failed to prove that the PLDT shares sought to be recovered are ill-gotten, thus:

. . . the Republic has failed to provide such "proof of authenticity or reliability" of the documents offered by it in evidence. Thus almost all the documents offered by the Republic are photocopies, and no effort was undertaken . . . to submit the originals of said documents, or to have them properly identified, or to otherwise justify the admission of mere photocopies. Not surprisingly, defendants . . . objected to the admission of the Republic's documentary exhibits, citing violation of the Best Evidence Rule (Section 3, Rule 130 of the Revised Rules of Civil Procedure ["Rules"], the Rules of Presentation of Documentary Evidence (Section 20, Rule 132 of the Rules). The Hearsay Evidence Rule, and the rule as to Purpose/s of Documentary Evidence (Section 34, Rule 132 of the Rules)."<sup>[4]</sup> (Underscoring supplied),

a discussion of the evidence presented in the case is in order.

### **FACTUAL BACKGROUND OF PHI AND ITS DEALINGS WITH PTIC**

PHI was registered on October 5, 1977 with the following five (5) incorporators: **Jose D. Campos, Jr. (son of Jose Yao Campos), Rolando Gapud (Gapud), Renato Lirio (Lirio), Ernesto Abalos (Abalos), and Gervacio Gaviola (Gaviola)**, with 400 shares each, with a par value of P100 per share. The total amount of capital stock subscribed was thus P200,000.00, P50,000.00 of which was actually paid.<sup>[5]</sup> Its place of business was at 66 United Street, Mandaluyong, Metro Manila.<sup>[6]</sup>

The five PHI incorporators, in their capacity as stockholders, elected themselves as directors on October 10, 1977. On even date, they elected the following as officers of the corporation:

Rolando C. Gapud	- President
Jose D. Campos, Jr.	- Vice-President
Gervasio T. Gaviola	- Treasurer
Francisco G. De Guzman	- Secretary
Rodolfo R. Dimaano	- Assistant Secretary

Meanwhile, 54,349 shares in another corporation, PTIC, were "contributed to and/or abandoned" by one of its stockholders, General Telephone and Electronics (GTE), an American corporation, in favor of PTIC.

On December 20, 1977, the PTIC Board of Directors resolved to sell such 54,349 shares to its stockholders in proportion to their holdings.<sup>[7]</sup> No stockholder, apart from Cojuangco, PTIC President and member of its Board of Directors, expressed interest in purchasing the shares.<sup>[8]</sup> All the 54,349 shares were then transferred to his name.

Cojuangco and Luis Tirso Rivilla (Rivilla), another stockholder of PTIC, together with PHI President Gapud, forged an agreement dated January 27, 1978 referring to the "various discussions during which [Cojuangco and Rivilla] offered to sell and [PHI] agreed to purchase partially paid subscriptions and common shares of [PTIC]."<sup>[9]</sup> The agreement which indicated the basic terms and conditions of the transaction states that the number of PTIC shares which Cojuangco and Rivilla were prepared to sell to PHI was "111,415 common shares representing 46.1250% of the subscribed

and outstanding shares of PTIC."

On April 20, 1978, the PTIC Board of Directors granted Cojuangco and Rivilla authorization to transfer their PTIC shares to PHI.<sup>[10]</sup>

Cojuangco thereafter ceded to PHI 77,719 PTIC shares registered in his name via two separate deeds of assignment both dated May 2, 1978, one for 44,023 shares and the other for 33,696 shares.<sup>[11]</sup> Rivilla likewise conveyed PTIC 33,696 shares registered in his name to PHI via a deed of assignment also dated May 2, 1978.<sup>[12]</sup> Thus, **a total of 111,415 PTIC shares was transferred to PHI on May 2, 1978.**

Gapud and Jose D. Campos, Jr. later assigned all their shares in PHI (400 shares each) to Cojuangco and PTIC Director Oscar Africa (Africa), respectively, via two separate deeds of assignment dated February 18, 1981.<sup>[13]</sup>

On May 9, 1981, Cojuangco and Africa were elected directors of PHI, replacing Gapud and Jose D. Campos, Jr., while the other directors – Lirio, Abalos, and Gaviola – remained as such.<sup>[14]</sup> On even date, Cojuangco and Africa were elected by the PHI Board of Directors as President and Vice-President, respectively, while de Guzman and Gaviola remained as Secretary and Treasurer, respectively.<sup>[15]</sup>

Subsequently, by Deed of Assignment<sup>[16]</sup> dated June 1983 (the day is not indicated), Africa transferred all his 400 PHI shares – 240 to Antonio Cojuangco and 160 to Trinidad Cojuangco Yulo. On even date, the remaining incorporators on the board of directors – Lirio, Abalos, and Gaviola – each executed a deed of assignment transferring their PHI shares to members of the Cojuangco family. Thus Lirio transferred 240 shares to Antonio Cojuangco and 160 to Trinidad C. Yulo;<sup>[17]</sup> Abalos transferred 320 shares to Ramon O. Cojuangco, Jr. and 80 to Miguel O. Cojuangco;<sup>[18]</sup> and Gaviola transferred 320 shares to Ma. Victoria O. Cojuangco Yulo and 80 also to Antonio Cojuangco.<sup>[19]</sup>

## **BENEFICIAL OWNERSHIP OF PHI**

Significantly, respondents in G.R. No. 153459, namely: Estate of Ramon Cojuangco, Imelda O. Cojuangco, PHI, and Imelda R. Marcos all agree with petitioner Republic that PHI has an undisclosed beneficial owner, their only disagreement being who this owner is.

The Cojuangcos and PHI in their Comment proffer that the beneficial owners are the Cojuangcos, arguing as follows:

x x x The unsupported allegation that President Marcos owned the disputed shares in PLDT, PTIC and PHI may perhaps explain the circumstances surrounding PHI's incorporation, why PTIC's stockholders were disinterested in purchasing PLDT's shares in 1977, why PTIC's stockholders waived their right of first refusal in 1978, why there are no proper entries in PHI's Stock and Transfer Book, or why the subject shareholdings were not included in Ramon U. Cojuangco's Estate inventory. However, the converse syllogism is not true – the details of PHI's incorporation, or the fact that PTIC's stockholders were