

SECOND DIVISION

[G.R. No. 140615, February 19, 2001]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT (PCGG),
PETITIONER, VS. THE SANDIGANBAYAN (SECOND DIVISION)
AND RODOLFO T. ARAMBULO, RESPONDENTS.**

DECISION

BUENA, J.:

This is a petition for annulment of the Resolutions^[1] of the public respondent Sandiganbayan promulgated on July 11, 1997 and February 3, 1998 on grounds of lack of jurisdiction or grave abuse of discretion amounting to lack of jurisdiction and that the petitioner Republic of the Philippines/Presidential Commission on Good Government was deprived of due process of law, in that the public respondent declared the private respondent the owner of 1/7 of the shares of stock of Piedras Petroleum Co., Inc. without first requiring him to present evidence showing his ownership over them, and awarded him 144.12 Million Pesos from a mere motion for execution filed by said private respondent of a judgment on a Compromise Agreement to which private respondent Arambulo is not a party. Petitioner alleges that the owner of the said shares is Imelda R. Marcos who funded the paid-up subscriptions of all the seven (7) incorporators and directors/subscribers of Piedras with TRB (Traders Royal Bank) check No. 582753 dated March 31, 1976, for five million pesos taken from TRB Investment Management Account (IMA) No. 75-20 of Imelda R. Marcos.

The Sandiganbayan summarized the relevant antecedent facts as follows:^[2]

"Piedras Petroleum Company, Inc. was organized in 1976, with the authorized capital stock of P20,000,000.00 divided into 2,000,000,000 shares at P0.01 per share.

"George Alba, Nestor Mata, Dominador Pangilinan, Salvador Tan and Mariano del Mundo were the incorporators and, together with Francisco de Leon and Arambulo, directors and subscribers. De Leon subscribed to 145,000,000 shares with the total par value of P1,450,000.00 and paid on his subscription P725,000.00. Each of the others subscribed to 142,500,000 shares with the par value of P1,425,000.00 and paid on his subscription P712,000.00. The total shares subscribed were 1,000,000,000 amounting to P10,000,000.00 of which P5,000,000.00 was paid-up.

"All the seven directors and subscribers were nominees of Roberto S. Benedicto.

"On a date or dates not appearing in the record, Piedras acquired 13,500,000,000 shares of Oriental Petroleum.

"On July 23, 1987, the Presidential Commission on Good Government sequestered all the stockholdings, rights and interests of the seven directors and subscribers: namely, Alba, Mata, Pangilinan, Tan, del Mundo, de Leon and Arambulo in Piedras.

"Eight days later, the PCGG filed this case [Civil Case No. 0034] against Benedicto, Ferdinand E. Marcos and Imelda R. Marcos as principal defendants and 32 other defendants. Among them are Hector T. Rivera, Julieta C. Benedicto, Lourdes V. Rivera, Miguel V. Gonzales, Pagasa San Agustin, Rocio R. Torres, Mariano Benedicto, Romulo Benedicto, Zacarias Amante, Francisco A. Benedicto, Jose Montalvo, Jesus Martinez, Nestor Mata, Alberto Velez, Ricardo de Leon, Zapiro Tampinco, Dominador Pangilinan and Arambulo. Except Hector T. Rivera, all these defendants are alleged to be dummies, nominees or agents acting as incorporators, directors or stockholders of corporations owned or controlled by the principal defendants.

"The Amended Complaint dated April 12, 1987, is for 'reconveyance,' 'reversion' or 'restitution' of alleged ill-gotten wealth accumulated by the defendants acting in unlawful concert with one another, with accounting and damages. Of the several causes of action sued upon, none involves Piedras or its shares. In fact, the corporation or its stocks are not expressly mentioned as ill-gotten wealth of any of the defendants. The only cause of action involving Arambulo concerns the establishment of the California Overseas Bank in California, U.S.A., in which he allegedly participated in unlawful concert with the principal defendants.

"Neither is Piedras specifically included in Annex "A" of the Amended Complaint, which is a list of the claimed ill-gotten wealth amassed by Benedicto and his co-defendants. But Annex "A" mentions the 'Frozen Bank Accounts and other assets of Rodolfo Arambulo' and contains the catch-all clause: 'And all other assets of all the defendants sequestered and/or frozen by the Commission pursuant to Executive Order [s] Nos. 1 and 2.'

"The Record does not show that any of the defendants set up in their respective answers cross-claims against Arambulo claiming ownership of the sequestered Piedras shares in his name.

"On November 3, 1990, the plaintiff, through the PCGG, and principal defendant Benedicto entered into a 'Compromise Agreement.' Upon their joint motion and after hearing, the Court approved it on October 2, 1992, rendered judgment on it and enjoined the parties to comply with it. In the decision in Republic vs. Sandiganbayan (226 SCRA 314 [1993]), the Supreme Court dismissed the petition to set aside the approval and ordered strict compliance with the Compromise Agreement.

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"As a requirement in the entry into the Compromise Agreement, Benedicto executed a Deed of Confirmation dated October 20, 1990, xxx

"After the approval of the Compromise Agreement, a general Information Sheet subscribed and sworn to on September 5, 1994 was filed with the Securities and Exchange Commission. The address of Piedras is stated to be '6/F Philcomsen Bldg., Ortigas Avenue, Pasig, Metro Manila,' which was and is now the given address of the PCGG.

"Arambulo is still one of the directors and has a subscription of P1,424,999.00 of which P712,499.00 is paid-up. This is the same subscription and paid-up amount he had when Piedras was incorporated, minus P1.00. Instead of the other directors and subscribers nominated by Benedicto, the new subscriber is the Republic of the Philippines with P8,574,999.05 worth of shares, of which P4,287,000.00 is paid-up. This is also the total subscriptions and paid-up amounts, which the other nominees had at the time of incorporation, less P0.95 from the total subscriptions.

"The other directors each holds a share in Piedras obviously placed in their respective names to qualify them as directors."

In a Motion for Execution dated March 13, 1996 of the judgment on Compromise Agreement, Arambulo alleged that: 1.) he is a stockholder and director of Piedras owning 1/7 of the outstanding shares therein 2.) under the Compromise Agreement between the plaintiff and Benedicto, the latter ceded to the Government properties listed in Annex "A" thereof and assigned whatever rights and interests he had in the corporate assets enumerated in Annex "B;" 3.) the Piedras shares in the names of Francisco Benedicto, Mariano del Mundo, Salvador Tan and Dominador Pangilinan are mentioned in Annex "A" and ceded to the government, but Arambulo's shares are not so listed nor ceded; 4.) on the other hand, the PCGG lifted the writs of sequestration over properties set forth in Annex "C" and "all other sequestered assets that belong to Benedicto and/or his corporation/nominees which are not listed in Annex "A" as ceded or to be ceded to the Government; and 5.) upon the approval of the Compromise Agreement by this Court and affirmation of the approval by the Supreme Court, this case became moot and academic and this Court lost jurisdiction over it, except to order the execution of the judgment or the Agreement. Arambulo prayed that the PCGG be ordered to release to him the dividends appertaining to his shares in Piedras and to cease interfering with and/or obstructing the peaceful exercise of his rights over the said shares.

In its Opposition, the Republic of the Philippines (hereinafter Republic) contended that Arambulo has no legal personality to ask for the execution of the judgment, for he is not a party to the Compromise Agreement, and while the Agreement may have put an end to the litigation as between the Republic and therein defendant Benedicto, it is not so as to Arambulo.

Arambulo replied asserting that although he is not a party to the Agreement, the same extends by its terms to him and other defendants who are alleged to be Benedicto's officers, agents and/or nominees and who, by reason of their being such, were impleaded as defendants. Arambulo further argued that in the

Complaint, he and Benedicto were sued under a common cause of action which cannot be sustained without the presence of Benedicto.

In his Fourth Urgent Motion for Resolution of the Motion for Execution, Arambulo attached a Deed of Confirmation dated October 20, 1990, and quoting the provisions thereof, he pointed out to the following: That he is a stockholder of Piedras; that he acquired his shares therein legitimately; that Benedicto, he and the other nominees do not hold assets in trust and for the benefit of the former President Marcos' family, and that except he (Arambulo), the stockholders of Piedras assigned their Piedras shares to the Government as part of the assets ceded by Benedicto under the Compromise Agreement.

The Republic filed an Opposition asserting that under Annex "A" of the Compromise Agreement, Benedicto ceded to it 100% of the 13.5 billion shares of Oriental Petroleum; that under the Deed of Confirmation, Benedicto confirmed that all stockholders of Piedras are his nominees, and that a nominee is one who is being nominated and therefore Arambulo is not a stockholder but one who holds in trust the shares of Benedicto who is the beneficial owner.

Arambulo countered with a Reply arguing that what Benedicto ceded to the Government was not 100% of the Oriental Petroleum shares owned by Piedras but 100% thereof pertaining to Francisco Benedicto, Mariano del Mundo, Salvador Tan and Solita Pangilinan, widow of Dominador Pangilinan; and that he (Arambulo) is a stockholder by the language of the Deed of Confirmation and the Piedras shares were legitimately acquired by Benedicto and/or his nominees.

In compliance with the directive of the Sandiganbayan, Benedicto's counsel filed a comment. None was submitted for the 18 associates/nominees. Benedicto pointed out that the intention of the parties was to transfer 100% of the sequestered 13.5 billion Oriental Petroleum shares to the Government; that since these shares were Piedras property (not of the stockholders of Piedras), to effect the transfer it was not necessary that all the seven stockholders who were nominees of Benedicto should act, but only the majority of the stockholders or, at least, 66 2/3% vote. Benedicto submitted that if affirmative relief is granted as prayed for in the Motion for Execution, it should be subject to the qualification that the said relief should not in any way serve as basis to impair or prejudice the cessions or provisions of the Compromise Agreement.

On July 11, 1997, the Sandiganbayan promulgated the herein assailed Resolution, the dispositive portion of which reads:

"WHEREFORE, in view of all the foregoing considerations, the Court holds that Rodolfo T. Arambulo is the subscriber-owner of 145,000,000 shares issued by Piedras Petroleum Company, Inc. with the par value of P0.01 per share or a total of P1,425,000.00, P712,500 of which is fully paid-up, free of any sequestration lien; and, accordingly, orders the Presidential Commission on Good Government, as sequestrator of the said shares and/or as holder of the great majority of stock in Piedras acting through its Board of PCGG nominated Directors:

1.) To release in favor of Rodolfo T. Arambulo all the dividends corresponding to his Piedras shares and

2.) To cease from interfering with and/or obstructing the peaceful exercise of his rights of ownership over the Piedras shares, including the right to vote and to be voted for.

SO ORDERED."^[3]

The Republic filed a motion for reconsideration which the Sandiganbayan denied on February 3, 1998,^[4] reiterating the orders in its Resolution of July 11, 1997.

On March 23, 1998, the Sandiganbayan issued a Writ of Execution.^[5]

On April 8, 1998, herein petitioner, through the Office of the Solicitor General filed with this Court a petition for *certiorari* under Rule 65 seeking to annul the Resolutions of the Sandiganbayan promulgated on July 11, 1997 and February 3, 1998 docketed as G.R. No. 133096, but the same was dismissed for having been filed one (1) day late.

On June 8, 1998, the OSG filed before the Supreme Court in G.R. No. 133096 an Urgent Motion for Issuance of a Temporary Restraining Order to enjoin the Sandiganbayan from implementing the Writ of Execution.

On July 2, 1998, the OSG received a copy of the Resolution dated June 1, 1998 of this Court dismissing the petition for *certiorari* for having been filed beyond the sixty-day period from receipt of the questioned Resolution.

On July 5, 1999, the OSG filed a Manifestation and Motion, stating that the petition was filed on time because the last day for filing of the petition was on April 7, 1998 and the petition was filed on said date.

On August 31, 1998, the OSG received a copy of the Resolution dated July 20, 1998 of this Court in G.R. No. 133096, where petitioner's Manifestation and Motion praying that the petition for *certiorari* be admitted and the prayer for a temporary restraining order be granted, was noted.

On September 15, 1998, the OSG filed a Motion to Give Due Course to the Petition for *Certiorari* with an Urgent Prayer for the issuance of a Temporary Restraining Order with the Supreme Court in G.R. No. 133096.

On November 22, 1999, the OSG filed a Motion to Withdraw the Motion to Give Due Course.

On even date, the petitioner, through the OSG filed the instant petition for annulment which was docketed as G.R. No. 140615. As heretofore stated, the petition prays for the annulment of the Resolutions dated July 11, 1997 and February 3, 1998 of the Sandiganbayan on grounds of grave abuse of discretion amounting to lack of jurisdiction and that the petitioner was deprived of due process of law.

On January 26, 2000, the petitioner filed an Urgent Motion for Issuance of Temporary Restraining Order.^[6]