

FIRST DIVISION

[G.R. No. 105364, June 28, 2001]

**PHILIPPINE VETERANS BANK EMPLOYEES UNION-N.U.B.E. AND
PERFECTO V. FERNANDEZ, PETITIONERS, VS. HONORABLE
BENJAMIN VEGA, PRESIDING JUDGE OF BRANCH 39 OF THE
REGIONAL TRIAL COURT OF MANILA, THE CENTRAL BANK OF
THE PHILIPPINES AND THE LIQUIDATOR OF THE PHILIPPINE
VETERANS BANK, RESPONDENTS**

DECISION

KAPUNAN, J.:

May a liquidation court continue with liquidation proceedings of the Philippine Veterans Bank (PVB) when Congress had mandated its rehabilitation and reopening?

This is the sole issue raised in the instant Petition for Prohibition with Petition for Preliminary Injunction and application for Ex Parte Temporary Restraining Order.

The antecedent facts of the case are as follows:

Sometime in 1985, the Central Bank of the Philippines (Central Bank, for brevity) filed with Branch 39 of the Regional Trial Court of Manila a Petition for Assistance in the Liquidation of the Philippine Veterans Bank, the same docketed as Case No. SP-32311. Thereafter, the Philippine Veterans Bank Employees Union-N.U.B.E., herein petitioner, represented by petitioner Perfecto V. Fernandez, filed claims for accrued and unpaid employee wages and benefits with said court in SP-32311.^[1]

After lengthy proceedings, partial payment of the sums due to the employees were made. However, due to the piecemeal hearings on the benefits, many remain unpaid.^[2]

On March 8, 1991, petitioners moved to disqualify the respondent judge from hearing the above case on grounds of bias and hostility towards petitioners.^[3]

On January 2, 1992, the Congress enacted Republic Act No. 7169 providing for the rehabilitation of the Philippine Veterans Bank.^[4]

Thereafter, petitioners filed with the labor tribunals their residual claims for benefits and for reinstatement upon reopening of the bank.^[5]

Sometime in May 1992, the Central Bank issued a certificate of authority allowing the PVB to reopen.^[6]

Despite the legislative mandate for rehabilitation and reopening of PVB, respondent

judge continued with the liquidation proceedings of the bank. Moreover, petitioners learned that respondents were set to order the payment and release of employee benefits upon motion of another lawyer, while petitioners' claims have been frozen to their prejudice.

Hence, the instant petition.

Petitioners argue that with the passage of R.A. 7169, the liquidation court became *functus officio*, and no longer had the authority to continue with liquidation proceedings.

In a Resolution, dated June 8, 1992, the Supreme Court resolved to issue a Temporary Restraining Order enjoining the trial court from further proceeding with the case.

On June 22, 1992, VOP Security & Detective Agency (VOPSDA) and its 162 security guards filed a Motion for Intervention with prayer that they be excluded from the operation of the Temporary Restraining Order issued by the Court. They alleged that they had filed a motion before Branch 39 of the RTC of Manila, in SP-No. 32311, praying that said court order PVB to pay their backwages and salary differentials by authority of R.A. No. 6727, Wage Orders No. NCR-01 and NCR-01-Ad and Wage Orders No. NCR-02 and NCR-02-A; and, that said court, in an Order dated June 5, 1992, approved therein movants' case and directed the bank liquidator or PVB itself to pay the backwages and differentials in accordance with the computation incorporated in the order. Said intervenors likewise manifested that there was an error in the computation of the monetary benefits due them.

On August 18, 1992, petitioners, pursuant to the Resolution of this Court, dated July 6, 1992, filed their Comment opposing the Motion for Leave to File Intervention and for exclusion from the operation of the T.R.O. on the grounds that the movants have no legal interest in the subject matter of the pending action; that allowing intervention would only cause delay in the proceedings; and that the motion to exclude the movants from the T.R.O. is without legal basis and would render moot the relief sought in the petition.

On September 3, 1992, the PVB filed a Petition-In-Intervention praying for the issuance of the writs of certiorari and prohibition under Rule 65 of the Rules of Court in connection with the issuance by respondent judge of several orders involving acts of liquidation of PVB even after the effectivity of R.A. No. 7169. PVB further alleges that respondent judge clearly acted in excess of or without jurisdiction when he issued the questioned orders.

We find for the petitioners.

Republic Act No. 7169 entitled "An Act To Rehabilitate The Philippine Veterans Bank Created Under Republic Act No. 3518, Providing The Mechanisms Therefor, And For Other Purposes", which was signed into law by President Corazon C. Aquino on January 2, 1992 and which was published in the Official Gazette on February 24, 1992, provides in part for the reopening of the Philippine Veterans Bank together with all its branches within the period of three (3) years from the date of the reopening of the head office.^[7] The law likewise provides for the creation of a rehabilitation committee in order to facilitate the implementation of the provisions of