

## THIRD DIVISION

[ G.R. No. 123379, July 15, 1997 ]

**BAROTAC SUGAR MILLS, INC., PETITIONER, VS. COURT OF  
APPEALS AND PITTSBURGH TRADE CENTER, CO., INC.,  
RESPONDENTS.**

### DECISION

**DAVIDE, JR., J.:**

In this petition for review under Rule 45 of the Rules of Court, petitioner Barotac Sugar Mills, Inc. (hereafter BAROTAC), assails the decision of public respondent Court of Appeals in CA-G.R. SP No. 37004<sup>[1]</sup> affirming the orders of 27 September 1994<sup>[2]</sup> and 16 March 1995<sup>[3]</sup> of the Regional Trial Court (RTC) of Quezon City, Branch 79, in Civil Case No. Q-94-20347, denying BAROTAC'S motion to suspend proceedings and motion to reconsider such denial, respectively.

The material facts are as follows:

On April 26, 1994 private respondent Pittsburgh Trade Center Co., Inc., (hereafter PITTSBURGH) filed before the RTC of Quezon City a complaint for a sum of money against BAROTAC. The case was docketed as Civil Case No. Q-94-20347, assigned to Branch 79, and later transferred to Branch 221 of said court.

Instead of filing an answer, BAROTAC filed, on June 21, 1994, a Motion to Suspend Proceedings on the ground that a Petition for Suspension of Payments With Prayer for the Appointment of a Management or Rehabilitation Committee had been filed with the Securities and Exchange Commission (SEC) pursuant to Presidential Decree 902-A, as amended by P.D. Nos. 1653 and 1758. This motion met opposition from PITTSBURGH.

On 27 September 1994, the court issued an Order denying petitioner's motion based on the following grounds:

[I]t appears from the Order issued by the Securities and Exchange Commission dated December 10, 1993 (Annex A, Motion) that the Petition for Suspension of Payment and Appointment of a Management or Rehabilitation Committee was filed by Arcam and Company, Inc., and not by herein defendant.

Moreover, granting that defendant Barotac Sugar Mills, Inc., indeed filed said petition, the suspension of the proceedings before this Court would be premature at this juncture there being no showing that the Securities and Exchange Commission has already placed the defendant under receivership before a management committee appointed by said Commission pursuant to Sec. 5 of P.D. 902-A.

The trial court then ordered petitioner to file its answer or responsive pleading within fifteen days from receipt of a copy of the order.

On 16 March 1995, the trial court denied petitioner's motion for reconsideration of the said order.

BAROTAC then sought redress from respondent Court of Appeals by way of a petition for certiorari under Rule 65 of the Rules of Court. It contended as ground therefor that the trial court acted with grave abuse of discretion in ruling that suspension of proceedings would be premature since no management committee had been appointed by the SEC pursuant to Sec. 5 of P.D. 902-A.

In its decision of 28 September 1995, respondent Court of Appeals dismissed BAROTAC's petition for lack of merit, finding:

Our reading of the law leaves no room for interpretation or doubt that it is only after the appointment of a "management committee," "rehabilitation receiver," etc., by the SEC that "all actions for claims against corporation, etc., under management or receivership pending before any court shall be suspended accordingly."

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At the time the Complaint in the instant case was filed with the respondent court, there was no order yet from the SEC for the appointment of a management or rehabilitation committee or that which will indicate that petitioner had been placed under management or receivership. It is to be stressed that the prayer for the appointment of a management or rehabilitation committee was set for hearing by the SEC on January 7, 1994, while the motion to suspend proceedings before the respondent court was filed on June 21, 1994.

Considering the length of time that had elapsed from the time the prayer for appointment of a management or rehabilitation committee was set for hearing up to the time petitioner filed its motion to suspend said proceedings, petitioner has not shown that the SEC had required the appointment of the said committee, or that the petitioner was placed under management or rehabilitation. It is apparent that the petition for the appointment of a management or rehabilitation committee for petitioner was not granted by the SEC.<sup>[4]</sup>

It also declared inapplicable the ruling in *RCBC v. Intermediate Appellate Court*,<sup>[5]</sup> thus:

While the issue in the cited case is, as bluntly pointed out by the petitioner, whether the property of a debtor mortgaged to a preferred creditor, could still be foreclosed once a petition for rehabilitation is filed by said debtor, the issue in the instant case is whether or not the mere filing of a petition to suspend payments with the SEC ipso facto suspends the action for collection of a sum of money filed before the court by a creditor of a distressed corporation.<sup>[6]</sup>