

SPECIAL TWENTIETH DIVISION

[CA-G.R. CEB- SP NO. 07964, January 27, 2015]

MCPI CORPORATION / DATINGBAYAN AGRO-INDUSTRIAL CORPORATION, PETITIONERS, VS. OAL PORTFOLIO INVESTMENTS (SPV-AMC), INC., AND HON. JUDGE RAMON B. DAOMILAS, JR. AS PRESIDING JUDGE OF REGIONAL TRIAL COURT (RTC), BRANCH 11, OF CEBU CITY. RESPONDENT.

DECISION

HERNANDO, J:

Before this Court is a Petition for Review under Rule 43 of the Rules of Court pursuant to AM No. 04-9-07-SC dated September 14, 2004, filed by MCPI Corporation (MCPI) and Datingbayan Agro-Industrial Corporation (Datingbayan) challenging the Order¹ dated August 27, 2013 of the Regional Trial Court (RTC), Branch 11, of Cebu City, terminating the rehabilitation proceedings of MCPI.

The Antecedents:

On March 27, 2003, MCPI and Dating Bayan filed a Petition^[2] for Corporate Rehabilitation with the court *a quo*, docketed as SRC Case No. 031-CEB. Dating Bayan is joined in the petition since it is committed to support MCPI's rehabilitation, it having executed several corporate sureties and mortgages to secure MCPI's loan obligations. In fact, most of Dating Bayan's real and personal properties are among those mortgaged to MCPI's creditors.

On April 15, 2003, the court *a quo* issued an Order in favor of MCPI and Dating Bayan thereby staying the enforcement of all claims against it. Consequently, MCPI and Dating Bayan were prohibited from making payments to its creditors and disposing of its properties. Thereafter, on November 28, 2003, the trial court referred the instant case to a Rehabilitation Receiver. On February 11, 2004, Rehabilitation Receiver Meriam G. Balagtas filed a Motion praying for the approval of the Proposed/Revised Rehabilitation Plan of MCPI and Dating Bayan.

On March 12, 2004, the RTC granted the Rehabilitation Receiver's Motion, to wit:^[3]

WHEREFORE, in view of all the foregoing premises, judgment is hereby rendered in this case by this Court approving the Revised Proposed Financial Rehabilitation Plan of petitioners. Accordingly, in consonance with the said rehabilitation plan, this Court decrees as follows:

1. The outstanding principal balance of the petitioners' take-out loans with PNB as of December 31, 2003 should have been P41,205,500.00. However, considering that petitioners used the amount of P44,000.250.00 in the revised plan as balance of the principal adopting

the peso amount generated by the second dollar to peso conversion, the latter amount should be followed.

2. The outstanding principal balance of the export revolving credit line with PNB as of December 31, 2003 shall be P39, 797, 052.00;

3. The outstanding balance of the capitalized interest and charges with PNB as of December 31, 2003 shall be P29, 050, 485.51;

4. The outstanding balance of the SCB loan is hereby determined as P14, 170, 202.00 as of December 31, 2003;

5. The outstanding balance of the DCB loan is hereby determined as P6, 134, 258.00 as of December 31, 2003;

6. Interest and penalties, not otherwise capitalized, are hereby condoned.

7. The residual or remaining balance of petitioner MCPI's loans with PNB, SCB and DCB shall be restructured for a period of ten (10) years together with interests of 9% per annum, pursuant to the Revised Proposed Financial Rehabilitation Plan.

8. The residual or remaining balance of petitioner MCPI's loans with PNB shall continue to be secured by the mortgages of real properties and chattels which presently are still subsisting in favor of said bank.

9. There shall be no payment of dividends by the petitioners or payments of advances from stockholders until they have fully paid all their loan obligations.

10. The rehabilitation plan shall commence this year 2004.

On August 27, 2013, the trial court terminated the rehabilitation proceedings due to the failure of MCPI to rehabilitate itself. The court ratiocinated that both the financial condition and the failure of MCPI to comply with its obligation no longer justifies the continuance of its rehabilitation.

Hence, the instant petition before Us.

The Issue:

The main issue here is whether or not the instant case has been rendered moot by virtue of the lapse of the period for rehabilitation on March 2014.

The Court's Ruling

We hold to dismiss the petition for being moot.

Concededly, MCPI has benefited from the trial court's March 12, 2004 Decision since for more than a decade it enjoyed the deferment of payment due to its creditors. Thus, MCPI cannot justly claim that the rehabilitation proceedings is still pending