

Title: Republic of the Philippines vs. The Honorable Sandiganbayan (First Division)

Facts: This case involves the Presidential Commission on Good Government (PCGG) and its power to administer sequestered properties in the Philippines. Civil Case No. 0033 was instituted by the Republic of the Philippines through the PCGG against Eduardo Cojuangco, Jr. and sixty other defendants for reconveyance, reversion, accounting, restitution, and damages. Among the assets involved was an aircraft parked at Villamor Airbase, Pasay City, and said to be rapidly deteriorating due to disuse and exposure. An offer to purchase the aircraft was extended by International Enterprise, Inc. The Philippine Airlines (PAL) suggested that buying a new aircraft was more justified than refurbishing the deteriorating one. The PCGG motioned for authority to sell the aircraft pending litigation to prevent further depreciation and conserve any value for the potential rightful owner. The Sandiganbayan denied the motion on the ground that the sequestration of the aircraft was unjustified, noting several reasons including the absence of evidence to prove that the aircraft was sequestered from the rightful owner. The PCGG sold the aircraft despite the ongoing court deliberations, citing the necessity to preserve the aircraft's value.

Issues:

1. Whether the PCGG possesses the authority to sell sequestered assets in immediate danger of deterioration without court approval.
2. Whether the Sandiganbayan acted with grave abuse of discretion in denying the PCGG's motion to sell the aircraft.
3. Whether there exists prima facie evidence to justify the sequestration of the aircraft.

Court's Decision:

1. The Supreme Court clarified that PCGG has powers akin to those of a conservator or administrator, not an owner. It can only exercise acts of dominion or ownership if they are essential to prevent the dissipation of assets. The sale of sequestered property is a power that necessitates prior judicial authority, and absent such approval, the sale is void.
2. The Sandiganbayan did not act with grave abuse of discretion. Instead, it was the PCGG that failed to present adequate evidence to justify the aircraft's sequestration and eventual sale.
3. The Court found that there was no prima facie evidence presented to justify the sequestration of the aircraft, as required by law. Relevant evidence was not submitted to the Sandiganbayan and was only later disclosed to the Supreme Court.

Doctrine:

The PCGG may only perform acts of strict ownership necessary for the prevention of the dissipation of sequestered assets, which must be done under judicial authority. The sequestration rules necessitate minimal interference with business operations so that assets can be returned in the same condition if accusations are unproven. Prima facie evidence is essential for the issuance of a valid sequestration order.

Historical Background:

The PCGG was created after the People Power Revolution in 1986 with the aim of recovering ill-gotten wealth accumulated during the Marcos regime. Sequestration powers were part of a broader governmental effort to reclaim assets unlawfully taken from the Filipino people. The strong mandate enjoyed by the PCGG, however, did not provide it with unlimited power to dispose of sequestered assets, a point clarified by multiple Supreme Court decisions, notably the BASECO case, elucidating the need for judicial oversight.