

Title: Baseco vs. Presidential Commission on Good Government (PCGG)

Facts:

Bataan Shipyard & Engineering Co., Inc. (Baseco) filed a special civil action of certiorari and prohibition against the Presidential Commission on Good Government (PCGG) and its agents, challenging the constitutionality of Executive Orders No. 1 and 2 issued by President Corazon Aquino, and various orders pursuant to these executive orders, specifically involving the sequestration and takeover of Baseco and its affiliated companies.

The gravamen of Baseco's grievance initiated from several directives issued by the PCGG, namely: the basic sequestration order, an order for the production of documents, orders related to the management of Engineer Island and the Sesiman Rock Quarry, among others; including the eventual takeover order that authorized provisional control by the PCGG over Baseco.

The procedural posture of the case involved Baseco's appeal to the Supreme Court after it received adverse outcomes from the actions and assets sequestration by the PCGG. Baseco contested the absence of notice and hearing before sequestration, the PCGG's supposed role as both investigator and judge, the lack of procedural remedy, and the characterization of the executive orders as a bill of attainder.

Issues:

1. Whether the executive orders enabling the creation and actions of the PCGG are constitutional.
2. Whether the PCGG's sequestration, takeover, and related orders concerning Baseco without prior notice and hearing violate due process.
3. Whether the PCGG's simultaneous investigatory and sequestration functions violate the right to impartial adjudication, effectively making it a prosecutor and judge.
4. Whether the executive orders and subsequent PCGG actions constitute a bill of attainder.
5. Whether the PCGG can validly and lawfully impose its management and control over Baseco, which includes the power to vote shares and elect directors.

Court's Decision:

The Court upheld the constitutionality of the executive orders and the PCGG's actions. It established that Executive Orders No. 1 and 2 were intended to aid the identification and recovery of ill-gotten wealth amassed during the Marcos administration. The Court acknowledged that sequestration and provisional takeover were preventive measures and

did not equate to a determination of guilt or the imposition of punishment, hence they are not bills of attainder.

Doctrine:

The foundational doctrine reiterated by the Court is that sequestration and provisional takeover are conservatory and do not imply adjudication of guilt or meting of punishment. They are means to safeguard assets suspected to be ill-gotten until proper judicial proceedings can determine their ownership. These measures are rooted in the public interest and are enforced with a presumption of legitimacy under the authoritative command of the Executive as buttressed by constitutional ratification.

Class Notes:

- Sequestration orders can be issued ex parte when there is reasonable ground to prevent asset dissipation.
- PCGG functions are investigative and provisional, not adjudicatory or permanent.
- Executive Orders enabling PCGG powers are legitimate exercises of the State's police power, sanctioned by constitutional provisions.
- Due process is observed when there is no immediate divestment of property rights and there is adequate opportunity to challenge the PCGG's actions.
- The PCGG does not have the authority to perform acts of ownership such as voting sequestered shares unless there is clear evidence that the assets are publicly owned or falling under public interest protection.

Historical Background:

The creation of the PCGG and issuance of Executive Orders No. 1 and 2 by President Corazon C. Aquino occurred in the immediate aftermath of the 1986 EDSA People Power Revolution, which ousted President Ferdinand Marcos. The Commission was tasked with recovering ill-gotten wealth of the deposed president, his relatives, associates and cronies. The decision reflects a period of institutional reforms aimed at redressing the wrongs of the dictatorship and restoring democracy and rule of law in the aftermath of political upheaval.