

Title:

San Miguel Properties, Inc. vs. Sec. Hernando B. Perez, et al.: A Prejudicial Question in Administrative and Criminal Proceedings

Facts:

San Miguel Properties Inc. (SMPI), engaged in real estate, acquired 130 residential lots from B.F. Homes, Inc. through deeds of sale in 1992 and 1993. All transfer certificates of title (TCTs) were delivered except for 20, which B.F. Homes withheld, claiming Atty. Orendain's authority as a receiver was terminated prior. SMPI filed for specific performance in the HLURB and a criminal action for non-delivery of titles under PD 957 in the Office of the City Prosecutor of Las Piñas City (OCP Las Piñas).

B.F. Homes contended the deeds of sale were irregular, the matter should be under SEC due to receivership, and the lots were under custodia legis. SMPI moved to suspend the proceedings in OCP Las Piñas, citing the pending receivership in SEC. However, with the receivership termination, they sought to proceed. The OCP dismissed the criminal complaint, leading SMPI to appeal to the DOJ, which was denied on grounds that the HLURB must first rule on the transactions' validity.

The CA, on appeal, upheld the DOJ's resolution, ruling that the HLURB case presented a prejudicial question to the criminal action. It stressed that resolving the issue in HLURB, which pertains to real estate business and practices, was crucial before imposing criminal liability for TCT non-delivery under PD 957.

Issues:

1. Whether the HLURB case represented a prejudicial question necessitating the suspension of the criminal case.
2. Whether the Secretary of Justice committed grave abuse of discretion in upholding the dismissal of SMPI's criminal complaint.

Court's Decision:

The Supreme Court affirmed the CA's decision, recognizing that an administrative case for specific performance in the HLURB indeed posed a prejudicial question that justified the suspension of the criminal proceedings for violation of Section 25 of PD 957. It emphasized that the resolution in the HLURB concerning the validity of transactions and authority of the representative was a logical antecedent to determining criminal liability in the non-delivery of TCTs case.

Doctrine:

- The pendency of an administrative case for specific performance in the HLURB can serve as a ground to suspend criminal prosecution for violation of specific sections of PD 957 due to a prejudicial question.
- The HLURB has exclusive jurisdiction over cases involving real estate business and practices under PD 957, making its findings vital to subsequent criminal actions.

Class Notes:

- Prejudicial Question: A concept where an issue in a civil or administrative case must be resolved before a criminal case can proceed. It requires that the issue in the non-criminal case is determinative of a fact in the criminal case.
- Doctrine of Primary Jurisdiction: Courts will defer to the specialized expertise of administrative agencies in cases where the matter involves determination of intricate questions of fact that are within the special competence of these agencies.
- PD 957: Regulates the sale of subdivision lots and condominiums, aiming to protect buyers from fraudulent practices and to ensure the delivery of titles upon full payment.

Historical Background:

The case arose in a time of frequent fraudulent practices in real estate transactions, highlighting the complexities of transactions under receivership and the critical role of administrative bodies like the HLURB in regulating the real estate industry. The interplay between administrative and judicial processes in resolving disputes involving real estate transactions showcases the Philippine legal framework's adaptability in protecting buyers' rights while ensuring an orderly resolution of disputes.