

****Title:**** Ligot v. Republic of the Philippines: The Limits of Freeze Orders under the Anti-Money Laundering Act

****Facts:****

Ret. Lt. Gen. Jacinto C. Ligot, his wife, and children (the Ligots) were the subject of an Urgent Ex-Parte Application for a Freeze Order filed by the Republic of the Philippines, represented by the Anti-Money Laundering Council (AMLC), with the Court of Appeals (CA). This application was based on a recommendation from the Office of the Ombudsman due to allegations of undisclosed wealth.

The Ombudsman's complaint detailed Lt. Gen. Ligot's 33-year service in the Armed Forces of the Philippines, significant discrepancies between his declared assets and researched findings of undeclared assets amounting to PHP 54,001,217.00, and the involvement of Edgardo Tecson Yambao, who was suspected to be a dummy for the Ligots.

The AMLC's ex-parte application was granted by the CA, issuing a freeze order on July 5, 2005, for 20 days. The Republic subsequently filed an Urgent Motion for Extension of Effectivity of Freeze Order, which the CA granted, extending the freeze order indefinitely or until the conclusion of the pertinent investigations.

The Ligots filed a motion to lift this indefinite extension, which the CA denied in January 2006. Following the denial, the Ligots initiated a petition for certiorari with the Philippine Supreme Court, challenging the CA's decision and raising issues concerning the legal basis and duration of the freeze order.

****Issues:****

1. Whether the CA committed grave abuse of discretion by extending the freeze order indefinitely.
2. Whether the freeze order should be limited in duration under the Anti-Money Laundering Act and associated rules.

****Court's Decision:****

The Supreme Court found merit in the Ligots' petition, emphasizing the importance of due process rights and determining that a freeze order could not be extended indefinitely without proper justification. The Court highlighted the distinction between the probable cause required for a freeze order's issuance and that for initiating a criminal action, underscoring that the former is a temporary measure intended to preserve assets potentially related to unlawful activities.

The Supreme Court ruled that the Court of Appeals should not have extended the freeze order indefinitely based on the Rule in Civil Forfeiture Cases, which was enforced while the Ligots' motion for reconsideration was pending and limited the extension period of a freeze order to a maximum of six months. The extension beyond this period was deemed a violation of the Ligots' due process rights.

Consequently, the Supreme Court granted the petition, lifted the freeze order effective from the CA in CA G.R. SP No. 90238, but clarified that this decision did not affect the preservation orders issued by lower courts in related forfeiture proceedings.

****Doctrine:****

The decision reiterates the principle that provisional judicial measures like freeze orders under the Anti-Money Laundering Act must have clear limits to respect the due process rights of individuals. Specifically, an extended freeze order should not exceed six months unless justified, aligning with constitutional safeguards against property deprivation without due process.

****Class Notes:****

- Probable cause for issuing a freeze order in the context of Anti-Money Laundering (AML) operations is distinct from the probable cause required to initiate criminal proceedings.
- The Anti-Money Laundering Act allows for the issuance of freeze orders to preserve assets suspected of being related to unlawful activities. However, these orders are intended as temporary measures.
- Due process rights necessitate that freeze orders have a defined duration, with the Rule in Civil Forfeiture mandating a six-month limit for extensions, absent exceptional circumstances justifying further delays.
- The government must balance the need to prevent crime and protect public interest with the individual's right to due process, including the right to property and the presumption of innocence.

****Historical Background:****

This case underscores the challenges in enforcing anti-money laundering measures in the Philippines, balancing state interests in combating corruption and illicit wealth with the fundamental rights of individuals. It reflects the ongoing evolution of legal standards and procedures in the AML framework to ensure both effective law enforcement and adherence to constitutional rights.