

****Title:**** Karen E. Salvacion, et al. vs. Central Bank of the Philippines, et al.

****Facts:****

On February 4, 1989, Greg Bartelli y Northcott, an American tourist, kidnapped and raped 12-year-old Karen E. Salvacion multiple times over four days. After Karen was rescued and Bartelli was arrested, he managed to escape from jail. The Salvacion family filed both criminal charges against Bartelli and a civil case (No. 89-3214) for damages with the Regional Trial Court of Makati. They obtained a favorable judgment, awarding them over P1,000,000 in damages. However, when they tried to execute the judgment against Bartelli's dollar deposit in China Banking Corporation, the bank refused, citing Section 113 of Central Bank Circular No. 960, which exempts foreign currency deposits from attachment, garnishment, or any court order.

The Salvacions sought declaratory relief from the Supreme Court, challenging the constitutionality of Section 113 of Central Bank Circular No. 960 and Section 8 of R.A. 6426, as amended by P.D. 1246 (Foreign Currency Deposit Act), for being violative of due process, equal protection of the laws, and for providing a safe haven for criminals.

****Procedural Posture:****

Upon denial by lower courts based on the mentioned laws and circular, the Salvacions filed a petition directly to the Supreme Court for declaratory relief, effectively bypassing the traditional legal process due to the exceptional and significant implications of their case for justice and public interest.

****Issues:****

1. Whether the Supreme Court has jurisdiction to entertain a petition for declaratory relief which traditionally falls under the jurisdiction of lower courts.
2. Whether Section 113 of Central Bank Circular No. 960 and Section 8 of R.A. 6426, as amended, applies to a foreign transient such as Bartelli, and if they violate the Constitution.

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

The Supreme Court treated the petition for declaratory relief as a petition for mandamus, directing respondents to honor the writ of execution issued against Bartelli's dollar deposit. It ruled that Sections 113 of CB Circular No. 960 and Section 8 of R.A. 6426, as amended by P.D. 1246, are inapplicable to this unique case due to its peculiar circumstances. The Court

emphasized that the laws and circular were intended to protect and encourage foreign investments, not to serve as a shield for wrongdoers against civil liabilities, especially in heinous crimes.

****Doctrine:****

The Supreme Court established that the law's blanket protection of foreign currency deposits could not be used to unjustly prevent victims of crimes from obtaining rightful damages from foreign transients. The decision highlighted the principle of justice and equity over rigid application of laws when they lead to unjust and unreasonable conclusions.

****Class Notes:****

- Jurisdiction: The Supreme Court can exercise original jurisdiction in exceptional cases where significant public interest is involved, treating declaratory relief as mandamus when justice demands.
- Constitutional Law: Laws and regulations must not only comply with constitutional provisions such as due process and equal protection but also must be interpreted and applied in the context of fairness and justice.
- Legal Interpretation: When a law or statute is silent, ambiguous, or leads to an unjust outcome, courts may interpret it in a manner that promotes justice and equity.

****Historical Background:****

This case emerged during a period when the Philippine economy was recovering, and laws like R.A. 6426 aimed at encouraging foreign investments by offering protection to foreign currency deposits were enacted. However, this case underscores the unintended consequence of such laws when applied without considering the societal and moral implications, especially when justice for victims of heinous crimes is at stake. The Supreme Court's decision reflects its role in adapting the law to contemporary values and ensuring that legal mechanisms do not inadvertently shield criminal behavior.