

Title:

Rodolfo M. Cuenca and Cuenca Investment Corp. vs. Presidential Commission on Good Government, Independent Realty Corp., and Universal Holdings Corp.

Facts:

1. **Background and Initial Agreements:**

- In 1978, Rodolfo M. Cuenca and Cuenca Investment Corp. (CIC) engaged in negotiations with Independent Realty Corp. (IRC) and Universal Holdings Corp. (UHC), resulting in an agreement for Cuenca to purchase all of IRC's shares and subscription rights in UHC for PhP 10,000,000, and to assume IRC's unpaid subscription of PhP 30,000,000.
- Cuenca transferred shares of stock from CDCP, Sta. Ines, and Resort Hotels to UHC worth PhP 67,233,405, with UHC assuming Cuenca's various bank obligations.

2. **Implementation and Acquisition:**

- On October 21, 1978, Cuenca was elected Chairperson and President of UHC.
- Despite fulfilling the agreed payment, IRC did not transfer the shares and subscription rights to Cuenca.

3. **Political Changes and Sequestration:**

- After the 1986 EDSA Revolution, the new Aquino government sequestered many assets linked to the Marcoses, including IRC and its subsidiary UHC, as per testimony from Marcos crony Jose Yao Campos.

4. **Litigation Commencement:**

- On October 2, 1991, Cuenca and CIC filed a complaint against IRC, UHC, APT, and Bacani to compel the stock transfer or the reconveyance of assets to them.

Procedural Posture:

- **Motion to Dismiss:**

Respondents (IRC and UHC) filed motions to dismiss on grounds of lack of jurisdiction and *litis pendentia*, referencing a related case (Civil Case No. 0016) filed by PCGG before the Sandiganbayan.

- **RTC Orders:**

RTC denied the motions, maintaining jurisdiction on the basis that PCGG was not a party to this case.

The RTC eventually proceeded to issue orders compelling discovery and motion practice.

- **Default and Receivership:**

- On failure to comply with discovery orders, respondents were declared in default, allowing Cuenca to present evidence ex-parte.

- The RTC appointed a receiver for UHC due to lack of compliance from respondents.

- **RTC Decision**:

On April 23, 1998, the RTC ruled in favor of Cuenca, ordering the reconveyance of shares and stock dividends to Cuenca.

- **Appeals**:

Both IRC and UHC appealed to the Court of Appeals (CA) (CA-G.R. CV No. 60338), and PCGG filed a certiorari petition (remanded to CA) contesting their denied motion for intervention (CA-G.R. SP No. 49686).

- **CA Decision**:

- The CA reversed the RTC's decision and dismissed the case for lack of jurisdiction, holding that the Sandiganbayan had exclusive jurisdiction over the dispute due to the involvement of sequestered corporations.

Issues:

1. **Jurisdiction**:

- Whether the RTC or Sandiganbayan has jurisdiction over the lawsuit involving a sequestered company.

- The application of EO 14, §§1 and 2, granting Sandiganbayan exclusive jurisdiction over cases instituted by the PCGG.

Court's Decision:

Supreme Court Held:

1. **Exclusive Jurisdiction**:

- The Court upheld the CA's determination that the Sandiganbayan had exclusive jurisdiction as per EO 14, §§ 1 and 2. The shares of stock in question were tied to alleged ill-gotten wealth linked to the Marcoses and thus fell squarely within the Sandiganbayan's domain.

2. **Sequestration**:

- The Court confirmed that UHC's shares were indeed sequestered, supported by the factual accounts and previous acknowledgments in Republic v. Sandiganbayan.

3. **Intervention and Inclusion of PCGG**:

- The CA properly allowed PCGG's intervention, making it a party to the suit which further affirmed the exclusive jurisdiction of the Sandiganbayan over the matter.

Doctrine:

- ****Doctrine of Exclusive Jurisdiction of Sandiganbayan****:
- The Sandiganbayan has exclusive jurisdiction over cases involving the recovery and management of ill-gotten wealth where the PCGG is a party, as established under EO 14 and applicable jurisprudence.

Class Notes:

1. ****Exclusive Jurisdiction****:

- EO 14 §§1 and 2 grant Sandiganbayan exclusive jurisdiction over both civil and criminal cases related to ill-gotten wealth.
- Jurisdiction over the subject matter is determined by law, not by the parties' agreements or actions.

2. ****Sequestration****:

- Sequestration involves the provisional assumption of government control over assets suspected of being ill-gotten to prevent dissipation pending judicial proceedings.

3. ****Case Consolidation and Non-Splitting****:

- To avoid multiplicity of suits and ensure a coherent legal process, cases involving the same issues or facts should be consolidated.

Historical Background:

- ****1986 EDSA Revolution****:

- Following the ousting of President Ferdinand Marcos, the Aquino administration established mechanisms to recover assets allegedly amassed through corrupt practices, leading to the formation of the Presidential Commission on Good Government (PCGG).

- ****Executive Orders****:

- EO Nos. 1, 2, 14, and 14-A emanated, substantially impacting jurisdictional arrangements, specifically focusing Sandiganbayan's role in all cases related to PCGG's mandate.

This legal brief provides a comprehensive understanding of the jurisdictional complexities and legal doctrines considered in *Cuenca v. PCGG*, essential for students assessing Philippine jurisprudence on adjudicating sequestration and ill-gotten wealth cases.