

CENTRAL BANK OF THE PHILIPPINES, PETITIONER, VS. COURT OF APPEALS AND PABLO R. ROMAN, ET AL., ETC., RESPONDENTS.

G.R. No. L-38224. July 31, 1975

Ponente: ESGUERRA, J.

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ESGUERRA, J.:

This case was terminated by the petitioners and respondents pursuant to the compromise agreement entered into by them on November 29, 1974, the terms and conditions of which are embodied in the Decision of December 10, 1974, based on the compromise agreement.

By motion dated January 17, 1975, the parties hereto submitted an amendatory agreement with particular reference to paragraph (g) of the original compromise agreement supersede paragraph (d) of the original compromise agreement. The amendatory agreement reads in full as follows:

"AMENDATORY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AMENDATORY AGREEMENT entered into in the City of Manila, Philippines this 16th day of July, 1975 among:

The CENTRAL BANK OF THE PHILIPPINES, with principal offices at Roxas Boulevard, Manila, Philippines, herein represented by its Governor, G. S. LICAROS;

The REPUBLIC BANK, a domestic banking corporation organized under the law of the Philippines, with principal office at 277 Escolta, Manila, Philippines, represented by its President, PABLO R. ROMAN;

PABLO R. ROMAN, VICTORIA B. ROMAN, LOURDES R. ABELLO, ARACELI R. MATHAY, LUCILA R. REYES, and the STOCKHOLDERS of Republic Bank, who are all parties to Civil Case G.R. No. 38224, entitled "Central Bank of the Philippines v. Court of Appeals, et al, etc." all of legal age, with addresses at 78 Panay Avenue, Quezon City (for spouses Pablo R. Roman and Victoria B. Roman), 37 Timog Avenue, Quezon City (for Lourdes R. Abello), 19 South 2, Quezon City (for Araceli R. Mathay) and 69 Macopa, Quezon City (for Lucila R. Reyes), respectively;

- and -

The REPUBLIC OF THE PHILIPPINES, represented herein by its Secretary of Finance, CESAR VIRATA

WITNESSETH:

WHEREAS, on December 10, 1974, a decision was rendered by this Honorable Court in the above-entitled case based on a Compromise Agreement entered into on November 29, 1974 among the Central Bank of the Philippines, the Republic Bank, Pablo R. Roman, Victoria B. Roman, Lourdes R. Abello, Araceli R. Mathay, Lucila R. Reyes, and the stockholders of Republic Bank, who are parties to the above-entitled case, and the Republic of the Philippines.

WHEREAS, on of the stipulations in aforesaid Compromise Agreement approved by this Honorable Court

states:

'(d) It is further agreed that all present shareholders of Republic Bank holding preferred shares shall waive all dividends that have accumulated, vested and become due on such preferred shares vested and become due on such preferred shares up to such time that the Development Bank of the Philippines shall have acquired ten per cent (10%) cumulative preferred shares of stock of Republic Bank as stipulated under sub-paragraph (i) hereof;'

WHEREAS, the principal stockholders of Republic Bank who are signatories to the aforesaid Compromise Agreement could only obtain waivers from present preferred shareholders of Republic Bank corresponding to 60.75% of the preferred stock, and said principal stockholders feel the further attempts to require small preferred shareholders numbering about 1,500 to waive their accumulated dividends will ultimately injure the public image of Republic Bank;

WHEREAS, instead of securing waivers to the other preferred shareholders corresponding to 39.25% of the preferred stock, respondent principal stockholders proposed that Republic Bank shall issue prepared shares to the Development Bank of the Philippines containing features which will protect the latter's right from claims of existing features which will protect the latter's right from claims of existing preferred shareholders who did not waive their accumulated dividends; however, the waivers corresponding to 60.75% of the preferred stock which already have been obtained shall remain in full force and effect.

WHEREAS, Under its Resolution No. 1245 dated June 20, 1975, the Monetary Board approved aforesaid proposal subject to certain conditions.

NOW, THEREFORE, for and in consideration of the foregoing premises, the CENTRAL BANK OF THE PHILIPPINES, the REPUBLIC BANK, the respondent SHAREHOLDERS in G.R. No. L-38224, and the REPUBLIC OF THE PHILIPPINES, throughout the SECRETARY OF FINANCE, have agreed as follows:

- To revise condition (d) of their Compromise Agreement dated November 29, 1974 which was approved by the Supreme Court on December 10, 1974, so as to read as follows:

'(d) It is further agreed that present stockholders of Republic Bank holding preferred shares CORRESPONDING TO AT LEAST SIXTY PER CENT (60%) OUTSTANDING PREFERRED SHARES shall waive all dividends that have accumulated, vested and become due on such preferred shares up to such time that the Development Bank of the Philippines shall have acquired ten per cent (10%) cumulative preferred shares of stock of Republic Bank as stipulated under sub paragraph (i) hereof;

'FOR PURPOSES OF PROTECTING THE INVESTMENT OF DEVELOPMENT BANK OF THE PHILIPPINES WITH REPUBLIC BANK AGAINST CLAIMS OF EXISTING PREFERRED SHAREHOLDERS OF THE LATTER, WHOSE ACCUMULATED DIVIDENDS ARE NOT WAIVED, THE PREFERRED SHARES WHICH SHALL BE ISSUED BY REPUBLIC BANK TO DEVELOPMENT BANK OF THE PHILIPPINES SHALL BE SUPERIOR TO THE RIGHTS OF THE EXISTING PREFERRED SHARES AND THAT HOLDERS OF THESE NEW PREFERRED SHARES SHALL HAVE THE RIGHT TO RECEIVE A QUARTERLY DIVIDEND OF 2-1/2%, CUMULATIVE, OUT OF THE NET PROFITS OF THE CORPORATION AVAILABLE FOR DIVIDENDS UNDER EXISTING LAWS AND REGULATIONS, IN PREFERENCE OVER THOSE DIVIDENDS WHICH HAVE ACCUMULATED AND HAVE ACCRUED BUT WHICH ARE UNPAID. ON ALL PREVIOUSLY ISSUED OR MAY HEREINAFTER BE ISSUED, SHARES OF STOCK OF THE BANK, WHETHER PREFERRED OR COMMON. THIS IS IN ADDITION TO THE OTHER FEATURES OF THE PREFERRED SHARES AS AUTHORIZED BY THE STOCKHOLDERS IN THE MEETING OF SEPTEMBER 14, 1974, WHICH ARE CONVERTIBILITY TO COMMON STOCK

AFTER 7- 1/2 YEARS FROM DATE OF ISSUE AND PREFERENCE AS TO DISTRIBUTION OF ASSETS UPON DISSOLUTION AND LIQUIDATION;

'ALL WAIVERS WHICH, AS OF DATE OF APPROVAL OF THIS AMENDATORY AGREEMENT BY THE SUPREME COURT HAVE BEEN EFFECTED IN COMPLIANCE WITH THE FIRST PARAGRAPH HEREOF SHALL REMAIN IN FULL FORCE AND EFFECT;'

- (b) All other terms and conditions of the Compromise Agreement dated November 29, 1974 approved by the Supreme Court shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date and at the place first hereinabove written.

CENTRAL BANK OF THE PHILIPPINES REPUBLIC BANK

Petitioner Respondent

By: By:

(S/) G. S. LICAROS (S/) PABLO R. ROMAN

(T/) G. S. LICAROS (T/) PABLO R. ROMAN

Governor President

REPUBLIC OF THE PHILIPPINES

By: (S/) PABLO R. ROMAN

(T/) PABLO R. ROMAN

(S/) CESAR VIRATA Respondent, Stockholder and as

(T/) CESAR VIRATA Representative of majority

Secretary of Finance stockholders of Republic Bank

Assisted by:

ESTELITO P. MENDOZA (S/) VICTORIA B. ROMAN

Solicitor General (T/) VICTORIA B. ROMAN

(S/) REYNATO S. PUNO (S/) LUCILA R. REYES

(T/) REYNATO S. PUNO (T/) LUCILA R. REYES

Assistant Solicitor General Respondent

(S/) F. E. EVANGELISTA (S/) LOURDES R. ABELLO

(T/) F. E. EVANGELISTA (T/) LOURDES R. ABELLO

Director, CB Legal Department Respondent

(S/) ARACELI R. MATHAY

(T/) ARACELI R. MATHAY

Respondent

Assisted by:

NORBERTO J. QUISUMBING

by:

(S/) NORBERTO J. QUISUMBING JR.

WITH OUR AGREEMENT:

(S/) JOSE A. ROJAS

(T/) JOSE A. ROJAS

As stockholder and representative of majority stockholders of Republic Bank"

After considering the above-quoted amendatory agreement and finding the same not contrary to the law, or to the pertinent rules and regulations, the same is hereby approved and the parties (petitioner and respondents herein) are enjoined to strictly comply with the terms and conditions thereof.

SO ORDERED.

This agreement shall be effective and executory immediately.

Castro (Chairman), Makasiar, Muñoz Palma, and Martin, JJ., concur.

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