UNITED COCONUT PLANTERS BANK, JERONIMO U. KILAYKO, LORENZO V. TAN, ENRIQUE L. GANA, JAIME W. JACINTO AND EMILY R. LAZARO, PETITIONERS, VS. E. GANZON, INC., RESPONDENT.

G.R. No. 168859. June 30, 2009

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

These are two consolidated[1] Petitions for Review on Certiorari under Rule 45 of the 1997 Revised Rules of Civil Procedure.

United Coconut Planters Bank (UCPB) is a universal bank duly organized and existing under Philippine Laws. In G.R. No. 168859, UCPB and its corporate officers, i.e., Jeronimo U. Kilayko, Lorenzo V. Tan, Enrique L. Gana, Jaime W. Jacinto and Emily R. Lazaro (UCPB, et al.) seek the reversal and setting aside of the Decision[2] dated 14 October 2004 and Resolution[3] dated 7 July 2005 of the Court of Appeals in CA-G.R. SP No. 81385 and the affirmation, instead, of the letter-decision[4] dated 16 September 2003 of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The Court of Appeals, in its assailed Decision, set aside the aforesaid letter-decision of the BSP Monetary Board and remanded the case to the latter for further proceedings; and in its questioned Resolution, denied for lack of merit the Motion for Reconsideration of UCPB, et al., as well as the Partial Motion for Reconsideration of E. Ganzon, Inc. (EGI).

On the other hand, EGI is a corporation duly organized and existing under Philippine laws and engaged in real estate construction and development business. In G.R. No. 168897, EGI prays for this Court to review the same Decision dated 14 October 2004 and Resolution dated 7 July 2005 of the Court of Appeals in CA-G.R. SP No. 81385, and to order the appellate court to (1) act on its findings in the case instead of remanding the same to the BSP Monetary Board for further proceedings; (2) direct the BSP Monetary Board to impose the applicable administrative sanctions upon UCPB, et al.; and (3) to amend its assailed Decision and Resolution by deleting therefrom the statements requiring the BSP Monetary Board to scrutinize and dig deeper into the acts of UCPB, et al., and to determine if, indeed, there were irregular and unsound practices in its business dealings with EGI.

The factual antecedents of these consolidated petitions are as follows:

Beginning 1995 to 1998, EGI availed itself of credit facilities from UCPB to finance its business expansion. To secure said credit facilities, EGI mortgaged to UCPB its condominium unit inventories in EGI Rufino Plaza, located at the intersection of Buendia and Taft Avenues, Manila.

Initially, EGI was able to make periodic amortization payments of its loans to UCPB. When the negative effects of the Asian economic crisis on the property development sector finally caught up with the corporation in the middle of 1998, EGI started defaulting in its payment of amortizations, thus, making all of its obligations due and demandable. Subsequently, EGI was declared in default by UCPB in its letters dated 2 October 1998[5] and 16 February 1999.[6] Thereafter, UCPB stopped sending EGI monthly statements of its accounts.

In 1999, EGI and UCPB explored the possibility of using the mortgaged condominium unit inventories of EGI in EGI Rufino Plaza as payment for the loans of EGI to UCPB. Upon agreeing on the valuation of said mortgaged properties, EGI and UCPB entered into a Memorandum of Agreement (MOA)[7] on 28 December 1998 in settlement of the loans of EGI from UCPB. Based on this MOA, the outstanding loan obligations of EGI with UCPB amounted to P915,838,822.50, inclusive of all interest, charges and fees. UCPB, through its corporate officers, assured EGI that the said amount already represented the total loan obligations of EGI to UCPB.

On 18 January 2000, EGI and UCPB executed an Amendment of Agreement[8] to reflect the true and correct valuation of the properties of EGI listed in the MOA that would be transferred to UCPB in settlement of the total loan obligations of the former with the latter. The properties of EGI to be used in paying for its debt with UCPB were valued at P904,491,052.00.

According to the MOA and its amendments, titles to the properties of EGI shall be transferred to UCPB by the following modes: (1) foreclosure of mortgage; (2) dacion en pago; (3) creation of a holding company; and (4) use of other alternatives as may be deemed appropriate by UCPB.

UCPB proceeded to foreclose some of the properties of EGI listed in the MOA. Per the Certificate of Sale[9] dated 13 April 2000, the foreclosure proceeds of said properties amounted only to P723,592,000.00, less than the value of the properties of EGI stipulated in its amended MOA with UCPB.

UCPB applied the entire foreclosure proceeds of P723,592,000.00 to the principal amount of the loan obligations of EGI, pursuant to BSP Circular No. 239,[10] which provided that partial property payments shall first be applied to the principal. After deducting the said amount from the total loan obligations of EGI, there was still an unpaid balance of P192,246,822.50.

On 8 May 2001, some of the other properties of EGI at EGI Rufino Plaza, valued at P166,127,369.50, were transferred by way of dacion en pago to UCPB. However, during the signing of the transaction papers for the dacion en pago, EGI Senior Vice-President, Architect Grace S. Layug (Layug), noticed that said papers stated that the remaining loan balance of EGI in the amount of P192,246,822.50 had increased to P226,963,905.50. The increase was allegedly due to the addition of the transaction costs amounting to P34,717,083.00. EGI complained to UCPB about the increase, yet UCPB did not take any action on the matter.

This prompted EGI President Engineer Eulalio Ganzon (Ganzon) and Senior Vice-President Layug to review their files to verify the figures on the loan obligations of EGI as computed by UCPB. In the process, they discovered the UCPB Internal Memorandum dated 22 February 2001,[11] signed by UCPB corporate officers. The said Internal Memorandum presented two columns, one with the heading "ACTUAL" and the other "DISCLOSED TO EGI." The figures in the two columns were conflicting. The figures in the "DISCLOSED TO EGI" column computed the unpaid balance of the loan obligations of EGI to be P226,967,194.80, the amount which UCPB actually made known to and demanded from EGI. The figures in the "ACTUAL" column calculated the remaining loan obligations of EGI to be only P146,849,412.58.

Consequently, EGI wrote UCPB a letter dated 21 May 2001,[12] which included, among other demands, the refund by UCPB to EGI of the over-payment of P83,000,000.00;[13] return to EGI of all the remaining Transfer Certificates of Title (TCTs)/Condominium Certificates of Title (CCTs) in the possession of UCPB; and cost of damage to EGI for the delay in the release of its certificates of title.

In response, UCPB explained[14] that the "ACTUAL" column in its Internal Memorandum dated 22 February 2001 contained the same amounts reflected or recorded in its financial statements, in accordance with the Manual of Accounts for Banks, Manual of Regulations for Banks[15] and BSP Circular No. 202,[16] Series of 1999. In

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contrast, the "DISCLOSED TO EGI" column showed the total amount still due from EGI, including the total principal, interests, transaction and other costs after the foreclosure, whether reflected in the financial books of UCPB or not. Further, UCPB maintained that the difference in the figures in the two columns was because BSP Circular No. 202 and Section X305.4 of the Manual of Regulations for Bank disallowed banks from accruing in its books interest on loans which had become non-performing.

Despite the explanation of UCPB, EGI insisted that the figures appearing in the "ACTUAL" column of the former's Internal Memorandum dated 22 February 2001 revealed the true and actual amount of its loan obligations to UCPB, P146,849,412.58.

EGI Senior Vice-President Layug met with UCPB Vice-President, Jaime W. Jacinto (Jacinto) to discuss the demand of EGI for the return of its overpayment. UCPB Vice-President Jacinto, however, refused to concede that UCPB had any obligation to make a refund to EGI and, instead, insisted that EGI Senior Vice-President Layug disclose who gave her a copy of the UCPB Internal Memorandum dated 22 February 2001.

Based on the possession by EGI of the UCPB Internal Memorandum dated 22 February 2001, UCPB filed a criminal case for theft and/or discovery of secrets against EGI President Ganzon and Senior Vice-President Layug, but the said case was dismissed.[17]

On 5 November 2002, EGI, also on the basis of the UCPB Internal Memorandum dated 22 February 2001, EGI filed with the BSP an administrative complaint[18] against UCPB, et al., for violation of Sections 36[19] and 37,[20] Article IV of Republic Act No. 7653,[21] in relation to Section 55.1(a)[22] of Republic Act No. 8791;[23] and for the commission of irregularities and conducting business in an unsafe or unsound manner.

In a letter-decision[24] dated 16 September 2003, the BSP Monetary Board dismissed the administrative complaint of EGI, holding as follows:

> Please be informed that the Monetary Board decided to dismiss the complaint based on the evaluation conducted by the Supervision and Examination Department I and the Office of the General Counsel and Legal Services to the effect that:
>
> - UCPB computed interest on the loans based on BSP rules and regulations which prohibit banks from accruing interest on loans that have become non-performing (BSP Circular No. 202). This is different from interest which may have run and accrued based on the promissory notes/loan documents from the date of default up to settlement date.
>
> - Fair market value of assets to be foreclosed is different from the bid price submitted during foreclosure and there is no statutory obligation for the latter to be equivalent to the former.
>
> - Regarding the alleged P145,163,000.00 fabricated loan, the documents showed that there were the EGI Board Resolution to borrow, promissory note signed by Mr. Eulalio Ganzon, and Loan Agreement stating that the proceeds shall be used to pay outstanding availments and interest servicing.
>
> - There is no finding by Supervision and Examination Department I on the alleged double charging and/or padding of transaction costs.[25]

EGI filed a Motion for Reconsideration and a Supplemental Motion for Reconsideration of the aforequoted letter-decision of the BSP Monetary Board. The BSP Monetary Board denied both motions in its letter[26] dated 8 December 2003 as there was no sufficient basis to grant the same.

EGI then filed a Petition for Review under Rule 43 of the 1997 Revised Rules of Civil Procedure with the Court of Appeals raising the sole issue of "whether the Bangko Sentral ng Pilipinas erred in dismissing the

administrative complaint filed by EGI against UCPB, et al." The case was docketed as CA-G.R. SP No. 81385.

On 14 October 2004, the Court of Appeals rendered its assailed Decision granting the Petition for Review of EGI, thus, setting aside the BSP letter-decision dated 16 September 2003 and remanding the case to the BSP Monetary Board for further proceedings.

UCPB, et al., moved for the reconsideration of the 14 October 2004 Decision of the appellate court, praying for a new judgment dismissing the appeal of EGI for lack of jurisdiction and/or lack of merit. EGI also filed a Partial Motion for Reconsideration of the same Court of Appeals Decision, with the prayer that the appellate court, instead of still remanding the case to the BSP Monetary Board for further proceedings, already direct the latter to impose the applicable administrative sanctions upon UCPB, et al.,.

In a Resolution dated 7 July 2005, the Court of Appeals denied for lack of merit both the Motion for Reconsideration of UCPB, et al. and the Motion for Partial Reconsideration of EGI.

G.R. No. 168859

Aggrieved by the 14 October 2004 Decision and 7 July 2005 Resolution of the Court of Appeals, UCPB, et al. comes before this Court, via a Petition for Review on Certiorari under Rule 45 of the 1997 Revised Rules of Civil Procedure, based on the following assignment of errors:

> - THE HONORABLE COURT OF APPEALS ACTED WITHOUT JURISDICTION AND GRAVELY ERRED IN HOLDING THAT IT HAS APPELLATE JURISDICTION OVER DECISIONS OF THE BSP/MONETARY BOARD.
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> - THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN HOLDING THAT THE BANGKO SENTRAL SUMMARILY DISMISSED THE COMPLAINT OF [EGI].
>
> - THE HONORABLE COURT OF APPEALS GRAVELY ERRED IN DISREGARDING THE FINDINGS OF FACT OF THE BANGKO SENTRAL AND IN HOLDING THAT [UCPB, et al.] COMMITTED IRREGULAR AND UNSOUND BANKING PRACTICES IN THE SUBJECT TRANSACTIONS.[27]

The Petition is docketed as G.R. No. 168859.

UCPB, et al., aver that the Court of Appeals has no appellate jurisdiction over decisions, orders and/or resolutions of the BSP Monetary Board on administrative matters. The BSP Monetary Board is not among the quasi-judicial agencies enumerated under Rule 43 of the 1997 Revised Rules of Civil Procedure, over which the Court of Appeals has appellate jurisdiction. Further, there is nothing in Republic Act No. 7653 or in Republic Act No. 8791 which explicitly allows an appeal of the decisions or orders of the BSP Monetary Board to the Court of Appeals. Resultantly, the Court of Appeals has no power to review, much less set aside, the findings of fact of the BSP Monetary Board as contained in its letter-decision dated 16 September 2003.

UCPB, et al. also claim that, contrary to the ruling of the Court of Appeals, the letter-decision dated 16 September 2003 of the BSP Monetary Board plainly reveals that the administrative complaint of EGI against UCPB, et al. was not summarily dismissed. The charges of EGI against UCPB, et al. was resolved only after the BSP Monetary Board thoroughly reviewed pertinent bank records and studied the arguments raised by EGI in its complaint and Motion for Partial Reconsideration. In its letter-decision dated 16 September 2003, the BSP Monetary Board stated in no uncertain terms that the dismissal of the complaint of EGI was based on the evaluation conducted by its Supervision and Examination Department I and the Office of the General Counsel and Legal Services. Also, in its letter dated 8 December 2003, the BSP Monetary Board denied the Motion for Reconsideration and Supplemental Motion for Reconsideration of EGI because the latter did not present any new evidence in support of its motions. Hence, there is no basis for the claim of EGI that the BSP Monetary Board overlooked and

completely ignored its accusations of irregular and unsound banking practice against UCPB, et al.

Finally, UCPB, et al., maintain that the findings of fact of administrative bodies like the BSP Monetary Board are accorded great respect, if not finality, especially if supported by substantial evidence. Such findings are to be respected by the courts, especially in the absence of grave abuse of discretion or grave errors by the BSP Monetary Board. No other office, much less an appellate tribunal, can substitute its own findings of fact over that of the concerned administrative agency in view of the expertise and specialized knowledge acquired by it on matters falling within its areas of concern. UCPB, et al. insist that it is the BSP which has the necessary expertise to draft guidelines for the evaluation of the performance and conduct of banks. Thus, the Court of Appeals committed grave error in disregarding the findings of fact of the BSP Monetary Board which justified the latter's dismissal of the administrative complaint of EGI against UCPB, et al.

The issue of jurisdiction of the Court of Appeals over appeals of decisions, orders and/or resolutions of the BSP Monetary Board on administrative matters must first be resolved, before the other issues raised herein by UCPB, et al.

Truly, there is nothing in Republic Act No. 7653 or in Republic Act No. 8791 which explicitly allows an appeal of the decisions of the BSP Monetary Board to the Court of Appeals. However, this shall not mean that said decisions are beyond judicial review.

Section 9(3) of Batas Pambansa Blg. 129, otherwise known as The Judiciary Reorganization Act of 1980, as amended, reads:

> SEC. 9. Jurisdiction. - The Court of Appeals shall exercise:
>
> x x x x
>
> (3) Exclusive appellate jurisdiction over all final judgments, decisions, resolutions, orders or awards of Regional Trial Courts and quasi-judicial agencies, instrumentalities, boards or commissions, including the Securities and Exchange Commission, the Social Security Commission, the Employees Compensation Commission and the Civil Service Commission, except those falling within the appellate jurisdiction of the Supreme Court in accordance with the Constitution, the Labor Code of the Philippines under Presidential Decree No. 442, as amended, the provisions of this Act, and of subparagraph (1) of the third paragraph and subparagraph 4 of the fourth paragraph of Section 17 of the Judiciary Act of 1948. (Emphasis ours.)

In accordance with the afore-quoted provision, Rule 43 of the 1997 Revised Rules of Civil Procedure, on Appeals from the Court of Tax Appeals and Quasi-Judicial Agencies to the Court of Appeals, defines its scope as follows:

> SECTION 1. Scope. - This Rule shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi-judicial functions. Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals, Securities and Exchange Commission, Office of the President, Land Registration Authority, Social Security Commission, Civil Aeronautics Board, Bureau of Patents, Trademarks and Technology Transfer, National Electrification Administration, Energy Regulatory Board, National Telecommunications Commission, Department of Agrarian Reform under Republic Act No. 6657, Government Service Insurance System, Employees Compensation Commission, Agricultural Inventions Board, Insurance Commission, Philippine Atomic Energy Commission, Board of Investments, Construction Industry Arbitration Commission, and voluntary arbitrators authorized by law. (Emphasis ours.)

A perusal of Section 9(3) of Batas Pambansa Blg. 129, as amended, and Section 1, Rule 43 of the 1997 Revised Rules of Civil Procedure reveals that the BSP Monetary Board is not included among the quasi-judicial agencies explicitly named therein, whose final judgments, orders, resolutions or awards are appealable to the Court of

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Appeals. Such omission, however, does not necessarily mean that the Court of Appeals has no appellate jurisdiction over the judgments, orders, resolutions or awards of the BSP Monetary Board.

It bears stressing that Section 9(3) of Batas Pambansa Blg. 129, as amended, on the appellate jurisdiction of the Court of Appeals, generally refers to quasi-judicial agencies, instrumentalities, boards, or commissions. The use of the word "including" in the said provision, prior to the naming of several quasi-judicial agencies, necessarily conveys the very idea of non-exclusivity of the enumeration. The principle of expressio unius est exclusio alterius does not apply where other circumstances indicate that the enumeration was not intended to be exclusive, or where the enumeration is by way of example only.[28]

Similarly, Section 1, Rule 43 of the 1997 Revised Rules of Civil Procedure merely mentions several quasi-judicial agencies without exclusivity in its phraseology.[29] The enumeration of the agencies therein mentioned is not exclusive.[30] The introductory phrase "[a]mong these agencies are" preceding the enumeration of specific quasi-judicial agencies only highlights the fact that the list is not meant to be exclusive or conclusive. Further, the overture stresses and acknowledges the existence of other quasi-judicial agencies not included in the enumeration but should be deemed included.[31]

A quasi-judicial agency or body is an organ of government other than a court and other than a legislature, which affects the rights of private parties through either adjudication or rule-making.[32] The very definition of an administrative agency includes its being vested with quasi-judicial powers. The ever increasing variety of powers and functions given to administrative agencies recognizes the need for the active intervention of administrative agencies in matters calling for technical knowledge and speed in countless controversies which cannot possibly be handled by regular courts.[33] A "quasi-judicial function" is a term which applies to the action, discretion, etc., of public administrative officers or bodies, who are required to investigate facts, or ascertain the existence of facts, hold hearings, and draw conclusions from them, as a basis for their official action and to exercise discretion of a judicial nature.[34]

Undoubtedly, the BSP Monetary Board is a quasi-judicial agency exercising quasi-judicial powers or functions. As aptly observed by the Court of Appeals, the BSP Monetary Board is an independent central monetary authority and a body corporate with fiscal and administrative autonomy, mandated to provide policy directions in the areas of money, banking and credit.[35] It has power to issue subpoena, to sue for contempt those refusing to obey the subpoena without justifiable reason,[36] to administer oaths and compel presentation of books, records and others, needed in its examination,[37] to impose fines and other sanctions and to issue cease and desist order.[38] Section 37 of Republic Act No. 7653,[39] in particular, explicitly provides that the BSP Monetary Board shall exercise its discretion in determining whether administrative sanctions should be imposed on banks and quasi-banks, which necessarily implies that the BSP Monetary Board must conduct some form of investigation or hearing regarding the same.

Having established that the BSP Monetary Board is indeed a quasi-judicial body exercising quasi-judicial functions; then as such, it is one of those quasi-judicial agencies, though not specifically mentioned in Section 9(3) of Batas Pambansa Blg. 129, as amended, and Section 1, Rule 43 of the 1997 Revised Rules of Civil Procedure, are deemed included therein. Therefore, the Court of Appeals has appellate jurisdiction over final judgments, orders, resolutions or awards of the BSP Monetary Board on administrative complaints against banks and quasi-banks, which the former acquires through the filing by the aggrieved party of a Petition for Review under Rule 43 of the 1997 Revised Rules of Civil Procedure.

As a futile effort of UCPB, et al. to convince this Court that the Court of Appeals has no appellate jurisdiction over the final judgments, orders, resolutions or awards of the BSP Monetary Board, it cited Salud v. Central Bank

of the Philippines.[40]

The invocation of UCPB, et al. of Salud is evidently misplaced.

The present case involves a decision of the BSP Monetary Board as regards an administrative complaint against a bank and its corporate officers for the alleged violation of Sections 36 and 37, Article IV of Republic Act No. 7653, in relation to Section 55.1(a) of Republic Act No. 8791, and for the commission of irregularity and unsafe or unsound banking practice. There is nothing in the aforesaid laws which state that the final judgments, orders, resolutions or awards of the BSP Monetary Board on administrative complaints against banks or quasi-banks shall be final and executory and beyond the subject of judicial review. Without being explicitly excepted or exempted, the final judgments, orders, resolutions or awards of the BSP Monetary Board are among those appealable to the Court of Appeals by way of Petition for Review, as provided in Section 9(3) of Batas Pambansa Blg. 129, as amended, and Section 1, Rule 43 of the 1997 Revised Rules of Civil Procedure.

Although in Salud, this Court declared that the Intermediate Appellate Court (now Court of Appeals) has no appellate jurisdiction over resolutions or orders of the Monetary Board of the Central Bank of the Philippines (CBP, now BSP), because no law prescribes any mode of appeal therefrom, the factual settings of the said case are totally different from the one presently before us. Salud involved a resolution issued by the Monetary Board, pursuant to Section 29 of Republic Act No. 265, otherwise known as the old Central Bank Act, forbidding banking institutions to do business on account of a "condition of insolvency" or because "its continuance in business would involve probable loss to depositors or creditors;" or appointing a receiver to take charge of the assets and liabilities of the bank; or determining whether the banking institutions should be rehabilitated or liquidated, and if in the latter case, appointing a liquidator towards this end. The said Section 29 of the old Central Bank Act was explicit that the determination by the Monetary Board of whether a banking institution is insolvent, or should be rehabilitated or liquidated, is final and executory. However, said determination could be set aside by the trial court if there was convincing proof that the Monetary Board acted arbitrarily or in bad faith. Under the circumstances obtaining in Salud, it is apparent that our ruling therein is limited to cases of insolvency, and not to all cases cognizable by the Monetary Board.

At any rate, under the new law, i.e., Section 30 of Republic Act No. 7653, otherwise known as The New Central Bank Act, which took effect on 3 July 1993, the order of the BSP Monetary Board, even regarding the liquidation of a bank, can be questioned via a Petition for Certiorari before a court when the same was issued in excess of jurisdiction or with such grave abuse of discretion as to amount to lack or excess of jurisdiction. The court referred to therein can be construed to mean the Court of Appeals because it is in the said court where a Petition for Certiorari can be filed following the hierarchy of courts.

Moreover, the appellate jurisdiction of the Court of Appeals over the final judgments, orders, resolutions or awards of the BSP Monetary Board in administrative cases involving directors and officers of banks, quasi-banks, and trust entities, is affirmed in BSP Circular No. 477, Series of 2005. The said BSP Circular expressly provides that the resolution rendered by the BSP Monetary Board in administrative cases may be appealed to the Court of Appeals within the period and the manner provided under Rule 43 of the 1997 Revised Rules of Civil Procedure.

With all the foregoing, it cannot now be questioned that the Court of Appeals has appellate jurisdiction over the final judgments, orders, resolutions or awards rendered by the BSP Monetary Board in administrative cases against banks and their directors and officers, such as UCPB, et al.

The Court then proceeds to resolve the issue of whether the Court of Appeals erred in holding that the BSP Monetary Board summarily dismissed the administrative complaint of EGI against UCPB, et al.

After a meticulous scrutiny of the 16 September 2003 letter-decision of the BSP Monetary Board, this Court rules in the negative and affirms the finding of the Court of Appeals that the BSP Monetary Board did, indeed, summarily dismiss administrative complaint of EGI against UCPB, et al., for violation of Sections 36 and 37, Article IV of Republic Act No. 7653, in relation to Section 55.1(a) of Republic Act No. 8791, and for the commission of irregularity and unsafe or unsound banking practice.

Given the gravity and seriousness of the charges of EGI against UCPB, et al., the sweeping statement of the BSP Monetary Board that it was inclined to dismiss the complaint of EGI based on the evaluation made by its Supervision and Examination Department I and Office of the General Counsel and Legal Services, is simply insufficient and unsatisfactory. Worse, the BSP Monetary Board merely presented the following conclusions without bothering to explain its bases for the same: (1) UCPB computed interest on loans based on BSP rules and regulations which prohibit banks from accruing interest on loans that have become non-performing (BSP Circular No. 202); (2) fair market value of assets to be foreclosed is different from the bid price submitted during foreclosure and there is no statutory obligation for the latter to be equivalent to the former; (3) regarding the alleged P145,163,000.00 fabricated loan, the documents showed that there were the EGI Board resolution to borrow, promissory note signed by Mr. Eulalio Ganzon, and Loan Agreement stating the proceeds shall be used to pay outstanding availments and interest servicing; and (4) there is no finding by Supervision and Examination Department I on the alleged double charging and/or padding of transaction costs.

Further, in resolving the matter before it, the BSP Monetary Board never considered the UCPB Internal Memorandum dated 22 February 2001, which was the heart of the administrative complaint of EGI against UCPB, et al. The BSP Monetary Board did not even attempt to establish whether it was regular or sound practice for a bank to keep a record of its borrower's loan obligations with two different sets of figures, one higher than the other; and to disclose to the borrower only the higher figures. The explanation of UCPB, et al., adopted by the BSP Monetary Board - that the figures in the "ACTUAL" column were lower than those in the "DISCLOSED TO EGI" column because the former was computed in accordance with BSP rules and regulations prohibiting the accrual of interest on loans that have become non-performing - gives rise to more questions than answers. Examples of some of these questions would be whether the loan obligations of EGI have become non-performing; whether the differences between the figures in the "ACTUAL" and "DISCLOSED TO EGI" columns indeed corresponded to the interest that should be excluded from the figures in the first column per BSP rules and regulations; and whether the computations of the figures in both columns should have been freely disclosed and sufficiently explained to EGI in the name of transparency.

The BSP Monetary Board similarly failed to clarify whether UCPB can foreclose the mortgaged properties of EGI in amounts that were less than the values of the said properties as determined and stipulated by EGI and UCPB in their amended MOA. The Court once more agrees in the ruling of the Court of Appeals that the MOA entered into by EGI and UCPB serves as a contract between them, and it is the law that should govern their relationship, which neither of the parties can simply abrogate, violate, or disregard. Unfortunately, the BSP Monetary Board never even referred to the MOA executed by the parties in its letter-decision dated 16 September 2003.

Moreover, the BSP Monetary Board found that the P145,163,000.00 loan of EGI from UCPB was not fabricated based on several documents. However, there is absolute lack of explanation by the BSP Monetary Board as to why said documents deserved more weight vis-à-vis evidence of EGI of suspicious circumstances surrounding the said loan, such as UCPB granting EGI said loan even when the latter was already in default on its prior loan obligations, and without requiring additional security, detailed business plan, and financial projections from EGI.

The disregard by BSP Monetary Board of all the foregoing facts and issues in its letter-decision dated 16 September 2003 leads this Court to declare that it summarily dismissed the administrative complaint of EGI

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against UCPB, et al. There can be no complete resolution of the administrative complaint of EGI without consideration of these facts and judgment on said issues.

Finally, there is no merit in the assertion of UCPB, et al. that the Court of Appeals erred in disregarding the findings of fact of the BSP Monetary Board in the absence of grave abuse of discretion or lack of basis for the same.

Although, as a general rule, findings of facts of an administrative agency, which has acquired expertise in the particular field of its endeavor, are accorded great weight on appeal, such rule cannot be applied with respect to the assailed findings of the BSP Monetary Board in this case. Rather, what applies is the recognized exception that if such findings are not supported by substantial evidence, the Court can make its own independent evaluation of the facts.[41]

The standard of substantial evidence required in administrative proceedings is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. While rules of evidence prevailing in courts of law and equity shall not be controlling, the obvious purpose being to free administrative boards from the compulsion of technical rules so that the mere admission of matter which would be deemed incompetent in judicial proceedings would not invalidate the administrative order, this assurance of a desirable flexibility in administrative procedure does not go so far as to justify orders without basis in evidence having rational probative force.[42]

It cannot be convincingly said herein that the factual findings of the BSP Monetary Board in its letter-decision dated 16 September 2003 was supported by substantial evidence since (1) most of the findings were not supported by references to specific evidence; and (2) the findings were made without consideration of the primary evidence presented by EGI (i.e., the MOA and its amendments and the UCPB Internal Memorandum dated 22 February 2001).

Even then, the Court of Appeals stopped short of categorically ruling that UCPB, et al. committed irregularities, or unsound or unsafe banking practice in its transactions with EGI. What the Court of Appeals positively pronounced was that the BSP Monetary Board failed to give the necessary consideration to the administrative complaint of EGI, summarily dismissing the same in its 16 September 2003 letter-decision. The 14 October 2004 Decision of the Court of Appeals clearly remanded the case to the BSP for further proceedings since the BSP, with its specialized knowledge and expertise on banking matters, is more up to task to receive evidence, hold hearings, and thereafter resolve the issues based on its findings of fact and law.

G.R. No. 168897

Also unsatisfied with the Decision dated 14 October 2004 and Resolution dated 7 July 2005 of the Court of Appeals, EGI filed with this Court its own Petition for Review on Certiorari under Rule 45 of the 1997 Revised Rules of Civil Procedure, raising the following issues:

> - The Honorable Court of Appeals does have appellate jurisdiction over decisions, orders, and resolutions of the BSP/Monetary Board.
>
> - The Honorable Court of Appeals was correct in FINDING that the [BSP] summarily dismissed the complaint of EGI.
>
> - Whether or not the Honorable Court of Appeals committed patent, grave, and reversible error when it remanded the case to the [BSP] for further proceedings instead of acting upon its findings as narrated in its Decision.

IV. Whether or not the Honorable Court of Appeals committed patent, grave, and reversible error in not directing the [BSP] to impose the appropriate penalties against [UCPB, et al.].[43]

The Petition is docketed as G.R. No. 168897.

Since the first two "issues" have already been addressed by this Court in its previous discussion herein on G.R. No. 168859, we now proceed to resolve the next two issues raised by EGI in its Petition in G.R. No. 168897.

EGI avers that the Court of Appeals committed reversible error when it remanded the case to the BSP for further proceedings instead of directing the BSP to impose the applicable sanctions on UCPB, et al. EGI reasons that the appellate court, in its Decision dated 14 October 2004, already found that UCPB had committed several acts of serious irregularity and conducted business in an unsafe and unsound manner. By reason thereof, there was no more need for the Court of Appeals to remand this case to the BSP for a further determination of whether there were irregular and unsound practices by UCPB, et al. in its dealings with EGI. Should this case be remanded to the BSP, there would be nothing to prevent the BSP from ruling again that UCPB, et al., did not commit any irregularity and unsafe or unsound business practice. To require that this case be reviewed by the BSP would only lead to multiplicity of suits, promote unnecessary delay and negate the constitutional rights of all persons to a speedy disposition of their cases before all judicial, quasi-judicial or administrative bodies.

The Court reiterates that the Court of Appeals did not yet make conclusive findings in its Decision dated 14 October 2004, that UCPB, et al., committed irregularities and unsound or unsafe banking practices in their business dealings with EGI. The appellate court only adjudged that the BSP Monetary Board summarily dismissed the administrative complaint of EGI, without fully appreciating the facts and evidence presented by the latter. Given the seriousness of the charges of EGI against UCPB, et al., the BSP Monetary Board should have conducted a more intensive inquiry and rendered a more comprehensive decision.

By remanding the case to the BSP Monetary Board, the Court of Appeals only acted in accordance with Republic Act No. 7653 and Republic Act No. 8791, which tasked the BSP, through the Monetary Board, to determine whether a particular act or omission, which is not otherwise prohibited by any law, rule or regulation affecting banks, quasi-banks or trust entities, may be deemed as conducting business in an unsafe or unsound manner. Also, the BSP Monetary Board is the proper body to impose the necessary administrative sanctions for the erring bank and its directors or officers.

The Court of Appeals did not deem it appropriate, on appeal, to outright reverse the judgment of the BSP Monetary Board. The Court of Appeals held that the BSP Monetary Board did not have sufficient basis for dismissing the administrative complaint of EGI in its 16 September 2003 letter-decision; yet, the appellate court likewise did not find enough evidence on record to already resolve the administrative complaint in favor of EGI and against UCPB, et al., precisely the reason why it still remanded the case to the BSP Monetary Board for further proceedings. The Court of Appeals never meant to give EGI an assurance of a favorable judgment; it only ensured that the BSP Monetary Board shall accord all parties concerned to equal opportunity for presentation and consideration of their allegations, arguments, and evidence. While the speedy disposition of cases is a constitutionally mandated right, the paramount duty of the courts, as well as quasi-judicial bodies, is to render justice by following the basic rules and principles of due process and fair play.

WHEREFORE, premises considered, the Petition for Review on Certiorari of United Coconut Planters Bank, Jeronimo U. Kilayko, Lorenzo V. Tan, Enrique L. Gana, Jaime W. Jacinto and Emily R. Lazaro, in G.R. No. 168859; as well as the Petition for Review on Certiorari of E. Ganzon, Inc. in G.R. No. 168897, are hereby DENIED. The Decision dated 14 October 2004 and Resolution dated 7 July 2005 of the Court of Appeals in CA-G.R. SP No. 81385 are hereby AFFIRMED in toto. No costs.

SO ORDERED.

Ynares-Santiago, (Chairperson), Velasco, Jr., Nachura, and Peralta, JJ., concur.

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[1] These two Petitions were consolidated per Resolution dated 19 September 2005, rollo (G.R. No. 168859), p. 836.

[2] Penned by Associate Justice Lucenito N. Tagle with Associate Justices Eloy R. Bello, Jr. and Regalado E. Maambong, concurring, rollo (G.R. No. 168859), pp. 8-24.

[3] Penned by Associate Justice Lucenito N. Tagle with Associate Justices Rosmari D. Carandang and Estela Perlas M. Bernabe, concurring, rollo (G.R. No. 168859), pp. 26-29.

[4] Signed by Juan de Zuñiga, Jr., BSP's Assistant Governor and General Counsel, and Ma. Corazon J. Guerrero, BSP's Supervision and Examination Department; rollo (G.R. No. 168859), pp. 339-340.

[5] Rollo (G.R. No. 168859), p. 342.

[6] Id. at 343.

[7] Id. at 193-200.

[8] Id. at 363-372.

[9] Id. at 374-375.

[10] Amendments to the Manual of Regulations and the Manual of Accounts for Banks and for Non-Bank Financial Institutions, Series of 2000; id. at 217-221.

[11] Rollo (G.R. No. 168859), pp. 376-380.

[12] Id. at 386-387.

[13] Based on EGI's letter dated 21 May 2001, EGI claimed that after the foreclosure its remaining obligation to UCPB was only P83M as indicated in UCPB's own documents. The said P83M is composed of the following: 1) remaining principal balance of P41,605,981.73; 2) accrued interest receivable of P2,436,457.00; and 3) P38,963,060.51. Thus, when it transferred to UCPB via dacion en pago some of its properties in the EGI Rufino Plaza valued at P166,127,369.50, it overpaid UCPB in the amount of P83M.

[14] This was the explanation given by UCPB, et al. when they were confronted as regards the discrepancy appearing in its Internal Memorandum with a "DISCLOSED TO EGI" and "ACTUAL" columns. But, there was no mention if this explanation was made through a letter sent to EGI or it is just done verbally.

[15] Rollo (G.R. No. 168859), pp. 212-213.

[16] Policies on the Non-Performing Loans and Restructured Loans of Banks; id. at 209-211.

[17] The case was filed before the Office of the Prosecutor of Makati City but it was dismissed. UCPB, et al. then filed a Petition for Review before the Department of Justice (DOJ), but the DOJ similarly dismissed the same in its Resolution dated 2 September 2002, rollo (G.R. No. 168859), pp. 395-396.

[18] Id. at 407-425.

[19] Section 36. Proceedings Upon Violation of This Act and Other Banking Laws, Rules, Regulations, Orders or

Instructions. -- Whenever a bank or quasi-bank, or whenever any person or entity willfully violates this Act or other pertinent banking laws being enforced or implemented by the Bangko Sentral or any order, instruction, rule or regulation issued by the Monetary Board, the person or persons responsible for such violation shall unless otherwise provided in this Act be punished by a fine of not less than Fifty thousand pesos (P50,000) nor more than Two hundred thousand pesos (P200,000) or by imprisonment of not less than two (2) years nor more than ten (10) years, or both, at the discretion of the court.

Whenever a bank or quasi-bank persists in carrying on its business in an unlawful or unsafe manner, the Board may, without prejudice to the penalties provided in the preceding paragraph of this section and the administrative sanctions provided in Section 37 of this Act, take action under Section 30 of this Act.

[20] Section 37. Administrative Sanctions on Banks and Quasi-banks.-- Without prejudice to the criminal sanctions against the culpable persons provided in Sections 34, 35, and 36 of this Act, the Monetary Board may, at its discretion, impose upon any bank or quasi-bank, their directors and/or officers, for any willful violation of its charter or by-laws, willful delay in the submission of reports or publications thereof as required by law, rules and regulations; any refusal to permit examination into the affairs of the institution; any willful making of a false or misleading statement to the Board or the appropriate supervising and examining department or its examiners; any willful failure or refusal to comply with, or violation of, any banking law or any order, instruction or regulation issued by the Monetary Board, or any order, instruction or ruling by the Governor; or any commission of irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Monetary Board, the following administrative sanctions, whenever applicable:

(a) fines in amounts as may be determined by the Monetary Board to be appropriate, but in no case to exceed Thirty thousand pesos (P30,000) a day for each violation, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity and the size of the bank or quasi-bank;
(b) suspension of rediscounting privileges or access to Bangko Sentral credit facilities;
(c) suspension of lending or foreign exchange operations or authority to accept new deposits or make new investments;
(d) suspension of interbank clearing privileges; and/or
(e) revocation of quasi-banking license.

Resignation or termination from office shall not exempt such director or officer from administrative or criminal sanctions.

The Monetary Board may, whenever warranted by circumstances, preventively suspend any director or officer of a bank or quasi-bank pending an investigation: Provided, That should the case be not finally decided by the Bangko Sentral within a period of one hundred twenty (120) days after the date of suspension, said director or officer shall be reinstated in his position: Provided, further, That when the delay in the disposition of the case is due to the fault, negligence or petition of the director or officer, the period of delay shall not be counted in computing the period of suspension herein provided.

The above administrative sanctions need not be applied in the order of their severity.

Whether or not there is an administrative proceeding, if the institution and/or the directors and/or officers concerned continue with or otherwise persist in the commission of the indicated practice or violation, the Monetary Board may issue an order requiring the institution and/or the directors and/or officers concerned to cease and desist from the indicated practice or violation, and may further order that immediate action be taken to correct the conditions resulting from such practice or violation. The cease and desist order shall be immediately effective upon service on the respondents.

The respondents shall be afforded an opportunity to defend their action in a hearing before the Monetary Board or any committee chaired by any Monetary Board member created for the purpose, upon request made by the respondents within five (5) days from their receipt of the order. If no such hearing is requested within said period, the order shall be final. If a hearing is conducted, all issues shall be determined on the basis of records, after which the Monetary Board may either reconsider or make final its order.

The Governor is hereby authorized, at his discretion, to impose upon banking institutions, for any failure to comply with the requirements of law, Monetary Board regulations and policies, and/or instructions issued by the Monetary Board or by the Governor, fines not in excess of Ten thousand pesos (P10,000) a day for each violation, the imposition of which shall be final and executory until reversed, modified or lifted by the Monetary Board on appeal.

[21] Known as "The New Central Bank Act."

[22] Section 55. Prohibited Transactions. --

55.1. No director, officer, employee, or agent of any bank shall --

(a) Make false entries in any bank report or statement or participate in any fraudulent transaction, thereby affecting the financial interest of, or causing damage to, the bank or any person;

[23] Otherwise known as "The General Banking Law of 2000."

[24] Rollo (G.R. No. 168859), pp. 290-291.

[25] Id.

[26] Id. at 331.

[27] Id. at 59.

[28] Binay v. Sandiganbayan, 374 Phil. 413, 440-441 (1999).

[29] Land Bank of the Philippines v. De Leon, 437 Phil. 347, 357 (2002).

[30] Sy v. Commission on Settlement of Land Problems, 417 Phil. 378, 393-394 (2001).

[31] Metro Construction, Inc. v. Chatham Properties, Inc., 418 Phil. 176, 203 (2001).

[32] The Presidential Anti-Dollar Salting Task Force v. Court of Appeals, G.R. No. 83578, 16 March 1989, 171 SCRA 348, 360.

[33] Tropical Homes, Inc. v. National Housing Authority, G.R. No. L-48672, 31 July 1987, 152 SCRA 540, 548-549.

[34] Villarosa v. Commission on Elections, 377 Phil. 497, 506-507 (1999).

[35] Section 3, Chapter 1, Article 1, Republic Act No. 7653.

[36] Section 23, Chapter 1, Article IV, Republic Act No. 7653.

[37] Section 25, Chapter 1, Article IV, Republic Act No. 7653.

[38] Sections 36 and 37, Chapter 1, Article IV, Republic Act No. 7653.

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appeal.

[40] 227 Phil. 551 (1986).

[41] Pepsi-Cola Distributors of the Philippines, Inc. v. National Labor Relations Commission, 338 Phil. 773, 780-781 (1997).

[42] Spouses Boyboy v. Atty. Yabut, Jr., 449 Phil. 664, 670 (2003).

[43] Rollo (G.R. No. 168897), p. 1013.

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