

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
DEPARTMENT OF AGRARIAN REFORM, THROUGH THE HON.
SECRETARY NASSER C. PANGANDAMAN, PETITIONER, VS.
SALVADOR N. LOPEZ AGRI-BUSINESS ...**

G.R. No. 178895. January 10, 2011

Ponente: SERENO, J.

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SERENO, J.:

Before us are two Rule 45 Petitions [1] filed separately by the Department of Agrarian Reform (DAR), through the Office of the Solicitor General, and by the Salvador N. Lopez Agri-Business Corp. (SNLABC). Each Petition partially assails the Court of Appeals Decision dated 30 June 2006 [2] with respect to the application for exemption of four parcels of land - located in Mati, Davao Oriental and owned by SNLABC - from Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL).

There is little dispute as to the facts of the case, as succinctly discussed by the Court of Appeals and adopted herein by the Court, to wit:

Subject of this petition are four (4) parcels of land with an aggregate area of 160.1161 hectares registered in the name of Salvador N. Lopez Agri-Business Corporation. Said parcels of land are hereinafter described as follows:

Title No.

Area

Location

TCT No. T-12635 (Lot 1454-A & 1296)

49.5706 has.

Bo. Limot, Mati, Davao Oriental

TCT No. T-12637 (Lot 1298)

42.6822 has.

Bo. Don Enrique Lopez, Mati, Dvo. Or.

TCT No. T-12639 (Lot 1293-B)

67.8633 has.

Bo. Don Enrique Lopez, Mati, Dvo. Or.

On August 2, 1991, Municipal Agrarian Reform Officer (MARO) Socorro C. Salga issued a Notice of Coverage to petitioner with regards (sic) to the aforementioned landholdings which were subsequently placed under Compulsory Acquisition pursuant to R.A. 6657 (Comprehensive Agrarian Reform Law).

On December 10, 1992, petitioner filed with the Provincial Agrarian Reform Office (PARO), Davao Oriental, an Application for Exemption of the lots covered by TCT No. T-12637 and T-12639 from CARP coverage. It alleged that pursuant to the case of Luz Farms v. DAR Secretary said parcels of land are exempted from coverage as the said parcels of land with a total area of 110.5455 hectares are used for grazing and habitat of petitioner's 105 heads of cattle, 5 carabaos, 11 horses, 9 heads of goats and 18 heads of swine, prior to the effectivity of the Comprehensive Agrarian Reform Law (CARL).

On December 13, 1992 and March 1, 1993, the MARO conducted an onsite investigation on the two parcels of land confirming the presence of the livestock as enumerated. The Investigation Report dated March 9, 1993 stated:

That there are at least 2 [5] to 30 heads of cows that farrow every year and if the trend of farrowing persist (sic), then the cattle shall become overcrowded and will result to scarcity of grasses for the cattle to graze;

That during the week cycle, the herds are being moved to the different adjacent lots owned by the corporation. It even reached Lot 1454-A and Lot 1296. Thereafter, the herds are returned to their respective night chute corrals which are constructed under Lot 1293-B and Lot 1298.

x x x

That the age of coconut trees planted in the area are already 40 to 50 years and have been affected by the recent drought that hit the locality.

That the presence of livestock (sic) have already existed in the area prior to the Supreme Court decision on LUZ FARMS vs. Secretary of Agrarian Reform. We were surprised however, why the management of the corporation did not apply for Commercial Farm Deferment (CFD) before, when the two years reglamentary (sic) period which the landowner was given the chance to file their application pursuant to R.A. 6657, implementing Administrative Order No. 16, Series of 1989;

However, with regards to what venture comes (sic) first, coconut or livestock (sic), majority of the farmworkers including the overseer affirmed that the coconut trees and livestock (sic) were (sic) simultaneously and all of these were inherited by his (applicant) parent. In addition, the financial statement showed 80% of its annual income is derived from the livestock (sic) and only 20% from the coconut industry.

Cognitive thereto, we are favorably recommending for the exemption from the coverage of CARP based on LUZ FARMS as enunciated by the Supreme Court the herein Lot No. 1293-B Psd-65835 under TCT No. T-12639 except Lot No. 1298, Cad. 286 of TCT No. T-12637 which is already covered under the Compulsory Acquisition (CA) Scheme and had already been valued by the Land Valuation Office, Land Bank of the Philippines.

On June 24, 1993, TCT No. T-12635 covering Lots 1454-A & 1296 was cancelled and a new one issued in the name of the Republic of the Philippines under RP T-16356. On February 7, 1994, petitioner through its President, Salvador N. Lopez, Jr., executed a letter-affidavit addressed to the respondent-Secretary requesting for the exclusion from CARP coverage of Lots 1454-A and 1296 on the ground that they needed the additional area for its livestock business. On March 28, 1995, petitioner filed before the DAR Regional Director of Davao City an application for the exemption from CARP coverage of Lots 1454-A and 1296 stating that it has been operating grazing lands even prior to June 15, 1988 and that the said two (2) lots form an integral part of its grazing land.

The DAR Regional Director, after inspecting the properties, issued an Order dated March 5, 1997 denying the

application for exemption of Lots 1454-A and 1296 on the ground that it was not clearly shown that the same were actually, directly and exclusively used for livestock raising since in its application, petitioner itself admitted that it needs the lots for additional grazing area. The application for exemption, however of the other two (2) parcels of land was approved.

On its partial motion for reconsideration, petitioner argued that Lots 1454-A & 1296 were taken beyond the operation of the CARP pursuant to its reclassification to a Pollutive Industrial District (Heavy Industry) per Resolution No. 39 of the Sangguniang Bayan of Mati, Davao Oriental, enacted on April 7, 1992. The DAR Regional Director denied the Motion through an Order dated September 4, 1997, ratiocinating that the reclassification does not affect agricultural lands already issued a Notice of Coverage as provided in Memorandum Circular No. 54-93: Prescribing the Guidelines Governing Section 20 of R.A. 7160.

Undaunted, petitioner appealed the Regional Director's Orders to respondent DAR. On June 10, 1998, the latter issued its assailed Order affirming the Regional Director's ruling on Lots 1454-A & 1296 and further declared Lots 1298 and 1293-B as covered by the CARP. Respondent ruled in this wise considering the documentary evidence presented by petitioner such as the Business Permit to engage in livestock, the certification of ownership of large cattle and the Corporate Income Tax Returns, which were issued during the effectivity of the Agrarian Reform Law thereby debunking petitioner's claim that it has been engaged in livestock farming since the 1960s. Respondent further ruled that the incorporation by the Lopez family on February 12, 1988 or four (4) months before the effectivity of R.A. 6657 was an attempt to evade the noble purposes of the said law.

On October 17, 2002, petitioner's Motion for Reconsideration was denied by respondent prompting the former to file the instant petition. [3]

In the assailed Decision dated 30 June 2006, [4] the Court of Appeals partially granted the SNLABC Petition and excluded the two (2) parcels of land (Transfer Certificate of Title [TCT] Nos. T-12637 and T-12639) located in Barrio Don Enrique Lopez (the "Lopez lands") from coverage of the CARL.

However, it upheld the Decisions of the Regional Director [5] and the DAR [6] Secretary denying the application for exemption with respect to Lots 1454-A and 1296 (previously under TCT No. T-12635) in Barrio Limot (the "Limot lands"). These lots were already covered by a new title under the name of the Republic of the Philippines (RP T-16356).

The DAR and SNLABC separately sought a partial reconsideration of the assailed Decision of the Court of Appeals, but their motions for reconsideration were subsequently denied in the Court of Appeals Resolution dated 08 June 2007. [7]

The DAR and SNLABC elevated the matter to this Court by filing separate Rule 45 Petitions (docketed as G.R. No. 178895 [8] and 179071, [9] respectively), which were subsequently ordered consolidated by the Court.

The main issue for resolution by the Court is whether the Lopez and Limot lands of SNLABC can be considered grazing lands for its livestock business and are thus exempted from the coverage of the CARL under the Court's ruling in *Luz Farms v. DAR*. [10] The DAR questions the disposition of the Court of Appeals, insofar as the latter allowed the exemption of the Lopez lands, while SNLABC assails the inclusion of the Limot lands within the coverage of the CARL.

The Court finds no reversible error in the Decision of the Court of Appeals and dismisses the Petitions of DAR and SNLABC.

Preliminarily, in a petition for review on certiorari filed under Rule 45, the issues that can be raised are, as a general rule, limited to questions of law. [11] However, as pointed out by both the DAR and SNLABC, there are

several recognized exceptions wherein the Court has found it appropriate to re-examine the evidence presented. [12] In this case, the factual findings of the DAR Regional Director, the DAR Secretary and the CA are contrary to one another with respect to the following issue: whether the Lopez lands were actually, directly and exclusively used for SNLABC's livestock business; and whether there was intent to evade coverage from the Comprehensive Agrarian Reform Program (CARP) based on the documentary evidence. On the other hand, SNLABC argues that these authorities misapprehended and overlooked certain relevant and undisputed facts as regards the inclusion of the Limot lands under the CARL. These circumstances fall within the recognized exceptions and, thus, the Court is persuaded to review the facts and evidence on record in the disposition of these present Petitions.

The Lopez lands of SNLABC are actually and directly being used for livestock and are thus exempted from the coverage of the CARL.

Briefly stated, the DAR questions the object or autoptic evidence relied upon by the DAR Regional Director in concluding that the Lopez lands were actually, directly and exclusively being used for SNLABC's livestock business prior to the enactment of the CARL.

In *Luz Farms v. Secretary of the Department of Agrarian Reform*, [13] the Court declared unconstitutional the CARL provisions [14] that included lands devoted to livestock under the coverage of the CARP. The transcripts of the deliberations of the Constitutional Commission of 1986 on the meaning of the word "agricultural" showed that it was never the intention of the framers of the Constitution to include the livestock and poultry industry in the coverage of the constitutionally mandated agrarian reform program of the government. [15] Thus, lands devoted to the raising of livestock, poultry and swine have been classified as industrial, not agricultural, and thus exempt from agrarian reform. [16]

Under the rules then prevailing, it was the Municipal Agrarian Reform Officer (MARO) who was primarily responsible for investigating the legal status, type and areas of the land sought to be excluded; [17] and for ascertaining whether the area subject of the application for exemption had been devoted to livestock-raising as of 15 June 1988. [18] The MARO's authority to investigate has subsequently been replicated in the current DAR guidelines regarding lands that are actually, directly and exclusively used for livestock raising. [19] As the primary official in charge of investigating the land sought to be exempted as livestock land, the MARO's findings on the use and nature of the land, if supported by substantial evidence on record, are to be accorded greater weight, if not finality.

Verily, factual findings of administrative officials and agencies that have acquired expertise in the performance of their official duties and the exercise of their primary jurisdiction are generally accorded not only respect but, at times, even finality if such findings are supported by substantial evidence. [20] The Court generally accords great respect, if not finality, to factual findings of administrative agencies because of their special knowledge and expertise over matters falling under their jurisdiction. [21]

In the instant case, the MARO in its ocular inspection [22] found on the Lopez lands several heads of cattle, carabaos, horses, goats and pigs, some of which were covered by several certificates of ownership. There were likewise structures on the Lopez lands used for its livestock business, structures consisting of two chutes where the livestock were kept during nighttime. The existence of the cattle prior to the enactment of the CARL was positively affirmed by the farm workers and the overseer who were interviewed by the MARO. Considering these factual findings and the fact that the lands were in fact being used for SNLABC's livestock business even prior to 15 June 1988, the DAR Regional Director ordered the exemption of the Lopez lands from CARP coverage. The Court gives great probative value to the actual, on-site investigation made by the MARO as affirmed by the DAR

Regional Director. The Court finds that the Lopez lands were in fact actually, directly and exclusively being used as industrial lands for livestock-raising.

Simply because the on-site investigation was belatedly conducted three or four years after the effectivity of the CARL does not perforce make it unworthy of belief or unfit to be offered as substantial evidence in this case. Contrary to DAR's claims, the lack of information as regards the initial breeders and the specific date when the cattle were first introduced in the MARO's Report does not conclusively demonstrate that there was no livestock-raising on the Lopez lands prior to the CARL. Although information as to these facts are significant, their non-appearance in the reports does not leave the MARO without any other means to ascertain the duration of livestock-raising on the Lopez lands, such as interviews with farm workers, the presence of livestock infrastructure, and evidence of sales of cattle - all of which should have formed part of the MARO's Investigation Report.

Hence, the Court looks with favor on the expertise of the MARO in determining whether livestock-raising on the Lopez lands has only been recently conducted or has been a going concern for several years already. Absent any clear showing of grave abuse of discretion or bias, the findings of the MARO - as affirmed by the DAR Regional Director - are to be accorded great probative value, owing to the presumption of regularity in the performance of his official duties. [23]

The DAR, however, insisted in its Petition [24] on giving greater weight to the inconsistencies appearing in the documentary evidence presented, and noted by the DAR Secretary, in order to defeat SNLABC's claim of exemption over the Lopez lands. The Court is not so persuaded.

In the Petition, the DAR argued that that the tax declarations covering the Lopez lands characterized them as agricultural lands and, thus, detracted from the claim that they were used for livestock purposes. The Court has since held that "there is no law or jurisprudence that holds that the land classification embodied in the tax declarations is conclusive and final nor would proscribe any further inquiry"; hence, "tax declarations are clearly not the sole basis of the classification of a land." [25] Applying the foregoing principles, the tax declarations of the Lopez lands as agricultural lands are not conclusive or final, so as to prevent their exclusion from CARP coverage as lands devoted to livestock-raising. Indeed, the MARO's on-site inspection and actual investigation showing that the Lopez lands were being used for livestock-grazing are more convincing in the determination of the nature of those lands.

Neither can the DAR in the instant case assail the timing of the incorporation of SNLABC and the latter's operation shortly before the enactment of the CARL. That persons employ tactics to precipitously convert their lands from agricultural use to industrial livestock is not unheard of; they even exploit the creation of a new corporate vehicle to operate the livestock business to substantiate the deceitful conversion in the hopes of evading CARP coverage. Exemption from CARP, however, is directly a function of the land's usage, and not of the identity of the entity operating it. Otherwise stated, lands actually, directly and exclusively used for livestock are exempt from CARP coverage, regardless of the change of owner. [26] In the instant case, whether SNLABC was incorporated prior to the CARL is immaterial, since the Lopez lands were already being used for livestock-grazing purposes prior to the enactment of the CARL, as found by the MARO. Although the managing entity had been changed, the business interest of raising livestock on the Lopez lands still remained without any indication that it was initiated after the effectivity of the CARL.

As stated by SNLABC, the Lopez lands were the legacy of Don Salvador Lopez, Sr. The ownership of these lands was passed from Don Salvador Lopez, Sr., to Salvador N. Lopez, Jr., and subsequently to the latter's children before being registered under the name of SNLABC. Significantly, SNLABC was incorporated by the same

members of the Lopez family, which had previously owned the lands and managed the livestock business. [27] In all these past years, despite the change in ownership, the Lopez lands have been used for purposes of grazing and pasturing cattle, horses, carabaos and goats. Simply put, SNLABC was chosen as the entity to take over the reins of the livestock business of the Lopez family. Absent any other compelling evidence, the inopportune timing of the incorporation of the SNLABC prior to the enactment of the CARL was not by itself a categorical manifestation of an intent to avoid CARP coverage.

Furthermore, the presence of coconut trees, although an indicia that the lands may be agricultural, must be placed within the context of how they figure in the actual, direct and exclusive use of the subject lands. The DAR failed to demonstrate that the Lopez lands were actually and primarily agricultural lands planted with coconut trees. This is in fact contradicted by the findings of its own official, the MARO. Indeed, the DAR did not adduce any proof to show that the coconut trees on the Lopez lands were used for agricultural business, as required by the Court in *DAR v. Uy*, [28] wherein we ruled thus:

It is not uncommon for an enormous landholding to be intermittently planted with trees, and this would not necessarily detract it from the purpose of livestock farming and be immediately considered as an agricultural land. It would be surprising if there were no trees on the land. Also, petitioner did not adduce any proof to show that the coconut trees were planted by respondent and used for agricultural business or were already existing when the land was purchased in 1979. In the present case, the area planted with coconut trees bears an insignificant value to the area used for the cattle and other livestock-raising, including the infrastructure needed for the business. There can be no presumption, other than that the "coconut area" is indeed used for shade and to augment the supply of fodder during the warm months; any other use would be only be incidental to livestock farming. The substantial quantity of livestock heads could only mean that respondent is engaged in farming for this purpose. The single conclusion gathered here is that the land is entirely devoted to livestock farming and exempted from the CARP.

On the assumption that five thousand five hundred forty-eight (5,548) coconut trees were existing on the Lopez land (TCT No. T-12637), the DAR did not refute the findings of the MARO that these coconut trees were merely incidental. Given the number of livestock heads of SNLABC, it is not surprising that the areas planted with coconut trees on the Lopez lands where forage grass grew were being used as grazing areas for the livestock. It was never sufficiently adduced that SNLABC was primarily engaged in agricultural business on the Lopez lands, specifically, coconut-harvesting. Indeed, the substantial quantity of SNLABC's livestock amounting to a little over one hundred forty (140) livestock heads, if measured against the combined 110.5455 hectares of land and applying the DAR-formulated ratio, leads to no other conclusion than that the Lopez lands were exclusively devoted to livestock farming. [29]

In any case, the inconsistencies appearing in the documentation presented (albeit sufficiently explained) pale in comparison to the positive assertion made by the MARO in its on-site, actual investigation - that the Lopez lands were being used actually, directly and exclusively for its livestock-raising business. The Court affirms the findings of the DAR Regional Director and the Court of Appeals that the Lopez lands were actually, directly and exclusively being used for SNLABC's livestock business and, thus, are exempt from CARP coverage.

The Limot lands of SNLABC are not actually and directly being used for livestock and should thus be covered by the CARL.

In contrast, the Limot lands were found to be agricultural lands devoted to coconut trees and rubber and are thus not subject to exemption from CARP coverage.

In the Report dated 06 April 1994, the team that conducted the inspection found that the entire Limot lands were

devoted to coconuts (41.5706 hectares) and rubber (8.000 hectares) and recommended the denial of the application for exemption. [30] Verily, the Limot lands were actually, directly and exclusively used for agricultural activities, a fact that necessarily makes them subject to the CARP. These findings of the inspection team were given credence by the DAR Regional Director who denied the application, and were even subsequently affirmed by the DAR Secretary and the Court of Appeals.

SNLABC argues that the Court of Appeals misapprehended the factual circumstances and overlooked certain relevant facts, which deserve a second look. SNLABC's arguments fail to convince the Court to reverse the rulings of the Court of Appeals.

In the 07 February 1994 Letter-Affidavit addressed to the DAR Secretary, SNLABC requested the exemption of the Limot lands on the ground that the corporation needed the additional area for its livestock business. As pointed out by the DAR Regional Director, this Letter-Affidavit is a clear indication that the Limot lands were not directly, actually and exclusively used for livestock raising. SNLABC casually dismisses the clear import of their Letter-Affidavit as a "poor choice of words." Unfortunately, the semantics of the declarations of SNLABC in its application for exemption are corroborated by the other attendant factual circumstances and indicate its treatment of the subject properties as non-livestock.

Verily, the MARO itself, in the Investigation Report cited by no less than SNLABC, found that the livestock were only moved to the Limot lands sporadically and were not permanently designated there. The DAR Secretary even described SNLABC's use of the area as a "seasonal extension of the applicant's 'grazing lands' during the summer." Therefore, the Limot lands cannot be claimed to have been actually, directly and exclusively used for SNLABC's livestock business, especially since these were only intermittently and secondarily used as grazing areas. The said lands are more suitable -- and are in fact actually, directly and exclusively being used -- for agricultural purposes.

SNLABC's treatment of the land for non-livestock purposes is highlighted by its undue delay in filing the application for exemption of the Limot lands. SNLABC filed the application only on 07 February 1994, or three years after the Notice of Coverage was issued; two years after it filed the first application for the Lopez lands; and a year after the titles to the Limot lands were transferred to the Republic. The SNLABC slept on its rights and delayed asking for exemption of the Limot lands. The lands were undoubtedly being used for agricultural purposes, not for its livestock business; thus, these lands are subject to CARP coverage. Had SNLABC indeed utilized the Limot lands in conjunction with the livestock business it was conducting on the adjacent Lopez lands, there was nothing that would have prevented it from simultaneously applying for a total exemption of all the lands necessary for its livestock.

The defense of SNLABC that it wanted to "save" first the Lopez lands where the corrals and chutes were located, before acting to save the other properties does not help its cause. The piecemeal application for exemption of SNLABC speaks of the value or importance of the Lopez lands, compared with the Limot lands, with respect to its livestock business. If the Lopez and the Limot lands were equally significant to its operations and were actually being used for its livestock business, it would have been more reasonable for it to apply for exemption for the entire lands. Indeed, the belated filing of the application for exemption was a mere afterthought on the part of SNLABC, which wanted to increase the area of its landholdings to be exempted from CARP on the ground that these were being used for its livestock business.

In any case, SNLABC admits that the title to the Limot lands has already been transferred to the Republic and subsequently awarded to SNLABC's farm workers. [31] This fact only demonstrates that the land is indeed being used for agricultural activities and not for livestock grazing.

The confluence of these factual circumstances leads to the logical conclusion that the Limot lands were not being used for livestock grazing and, thus, do not qualify for exemption from CARP coverage. SNLABC's belated filing of the application for exemption of the Limot lands was a ruse to increase its retention of its landholdings and an attempt to "save" these from compulsory acquisition.

WHEREFORE, the Petitions of the Department of Agrarian Reform and the Salvador N. Lopez Agri-Business Corp. are DISMISSED, and the rulings of the Court of Appeals and the DAR Regional Director are hereby AFFIRMED.

SO ORDERED.

Carpio Morales, (Chairperson), Brion, Bersamin, and Villarama, Jr., JJ., concur.

[1] Department of Agrarian Reform's Petition for Review on Certiorari dated 14 August 2007, rollo (G.R. No. 178895), pp. 9-80; Salvador N. Lopez Agri-Business Corporation's Petition for Review on Certiorari dated 04 September 2007, rollo (G.R. No. 179071), pp. 10-72.

[2] Rollo (G.R. No. 178895), pp. 44-56; rollo (G.R. No. 179071), pp. 31-43.

[3] Court of Appeals Decision dated 30 June 2006, pp. 2-6; rollo (G.R. No. 178895), pp. 45-49; Rollo (G.R. No. 179071), pp. 32-36.

[4] Supra. Note 2.

[5] DAR Regional Director's Order dated 05 March 1997. (Annex "C" of DAR's Petition; rollo [G.R. No. 178895], pp. 59-62; and Annex "F" of SNLABC's Petition); rollo [G.R. No. 179071], pp. 69-72.)

[6] DAR Secretary's Order dated 10 June 1998 (Annex "C" of DAR's Petition; rollo [G.R. No. 178895], pp. 63-80)

[7] Court of Appeals Resolution 08 June 2007; rollo (G.R. No. 178895), pp. 57-58, and rollo (G.R. No. 179071), pp. 45-46.

[8] DAR's Petition for Review on Certiorari dated 14 August 2007; rollo (G.R. No. 178895), pp. 9-80.

[9] SNLABC's Petition for Review on Certiorari dated 04 September 2007; rollo (G.R. No. 179071), pp. 10-72.

[10] The Court ruled that lands devoted to livestock and poultry-raising are not included in the definition of agricultural land; and declared as unconstitutional certain provisions of the CARL insofar as they included livestock farms in the coverage of agrarian reform. (*Luz Farms v. DAR*, G.R. No. 86889, 04 December 1990, 192 SCRA 51; *DAR v. Sutton*, G.R. No. 162070, 19 October 2005, 473 SCRA 392; *DAR v. Berenguer*, G.R. No. 154094, 09 March 2010)

[11] Rules of Court, Rule 45, Section 1; *New Rural Bank of Guimba (N.E.), Inc. v. Abad*, G.R. No. 161818, 20 August 2008, 562 SCRA 503.

[12] "The rule in our jurisdiction is that only questions of law may be entertained by this Court in a petition for review on certiorari. This rule, however, is not ironclad and admits certain exceptions, such as when (1) the conclusion is grounded on speculations, surmises or conjectures; (2) the inference is manifestly mistaken, absurd or impossible; (3) there is grave abuse of discretion; (4) the judgment is based on a misapprehension of facts; (5) the findings of fact are conflicting; (6) there is no citation of specific evidence on which the factual findings are based; (7) the findings of absence of facts are contradicted by the presence of evidence on record; (8) the findings

of the CA are contrary to those of the trial court; (9) the CA manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion; (10) the findings of the CA are beyond the issues of the case; and (11) such findings are contrary to the admissions of both parties." (Emphasis supplied; *Malayan Insurance Co., v. Jardine Davies Transport Services, Inc.*, G.R. No. 181300, 18 September 2009, 600 SCRA 706, citing *International Container Services, Inc. v. FGU Insurance Corporation*, G.R. No. 161539, 27 June 2008, 556 SCRA 194, 199)

[13] *Luz Farms v. Secretary of the Department of Agrarian Reform*, G.R. No. 86889, 04 December 1990, 192 SCRA 51.

[14] CARL, Sections 3(b), 11, 13 and 32.

[15] *Luz Farms v. Secretary of the Department of Agrarian Reform*, *supra*.

[16] *DAR v. Sutton*, G.R. No. 162070, 19 October 2005, 473 SCRA 392.

[17] DAR Administrative Order No. 9-1993, Rule IV (A) (2).

[18] DAR Administrative Order No. 9-1993, Rule IV (A) (3).

[19] "The Municipal Agrarian Reform Officer (MARO), together with a representative of the DAR Provincial Office (DARPO), shall conduct an inventory and ocular inspection of all agricultural lands with livestock raising activities." (DAR Administrative Order No. 07-08 dated 03 September 2008)

[20] *Taguinod v. Court of Appeals*, G.R. No. 154654, 14 September 2007, 533 SCRA 403.

[21] *A.Z. Arnaiz Realty, Inc., v. Office of the President*, G.R. No. 170623, 09 July 2010.

[22] Investigation Report dated 09 March 1993. (Annex "E" of SNLABC's Petition for Review on Certiorari; rollo [G.R. No. 179071], pp. 67-68)

[23] Rules of Court, Rule 131, Sec. 3(m).

[24] DAR's Petition for Review on Certiorari dated 04 September 2007, pp. 26-29 (Rollo [G.R. No. 178895], pp. 34-37).

[25] *Republic v. Court of Appeals*, G.R. No. 139592, 05 October 2000, 342 SCRA 189.

[26] "Lands devoted to raising of livestock, poultry and swine have been classified as industrial, not agricultural, lands and thus exempt from agrarian reform. Petitioner DAR argues that, in issuing the impugned A.O., it was seeking to address the reports it has received that some unscrupulous landowners have been converting their agricultural lands to livestock farms to avoid their coverage by the agrarian reform. Again, we find neither merit nor logic in this contention. The undesirable scenario which petitioner seeks to prevent with the issuance of the A.O. clearly does not apply in this case. Respondents' family acquired their landholdings as early as 1948. They have long been in the business of breeding cattle in Masbate which is popularly known as the cattle-breeding capital of the Philippines. Petitioner DAR does not dispute this fact. Indeed, there is no evidence on record that respondents have just recently engaged in or converted to the business of breeding cattle after the enactment of the CARL that may lead one to suspect that respondents intended to evade its coverage. It must be stressed that what the CARL prohibits is the conversion of agricultural lands for non-agricultural purposes after the effectivity of the CARL. There has been no change of business interest in the case of respondents." (*DAR v. Sutton*, *supra* note 10; emphasis supplied.)

[27] Memorandum dated 03 June 2009, pp. 5-6; rollo (G.R. No. 178895), pp. 155-156.

[28] G.R. No. 169277, 09 February 2007, 515 SCRA 376.

[29] Under DAR Administrative Order No. 09-1993, for land to be excluded from the coverage of the CARL because it is devoted to livestock, there must be established a proportion of a minimum ratio of one head of cattle to one hectare of land, and one head of cattle to 1.7815 hectares of infrastructure as of 15 June 1998, the date of the effectivity of the CARL. (DAR v. Berenguer, G.R. No. 154904, 09 March 2010)

[30] Order dated 05 March 1997 at 3; rollo (G.R. No. 178895), p. 61; rollo (G.R. No. 179071), p. 71.

[31] SNLABC's Petition for Review on Certiorari, p. 6, para. 12; rollo (G.R. No. 179071), p. 15, and SNLABC's Memorandum dated 03 June 2009, p. 8; rollo (G.R. No. 178895), p. 158.

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