

**DOÑA ADELA EXPORT INTERNATIONAL, INC., PETITIONER, VS.
TRADE AND INVESTMENT DEVELOPMENT CORPORATION
(TIDCORP), AND THE BANK OF THE PHILIPPINE ISLANDS (BPI),
RESPONDENTS.**

G.R. No. 201931. February 11, 2015

Ponente: VILLARAMA, JR., J.

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VILLARAMA, JR., J.:

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[2] dated November 15, 2011 and the Order[3] dated May 14, 2012 of the Regional Trial Court (RTC) of Mandaluyong City, Branch 211 in SEC Case No. MC06-103 for Voluntary Insolvency. The RTC approved the Joint Motion to Approve Agreement filed by respondents Trade and Investment Development Corporation of the Philippines (TIDCORP) and the Bank of the Philippine Islands (BPI). Respondents stipulated in their agreement that petitioner shall waive its rights to confidentiality under the provisions of the Law on Secrecy of Bank Deposits and the General Banking Law of 2000.

The facts follow:

On August 23, 2006, petitioner Doña Adela Export International, Inc., (petitioner, for brevity) filed a Petition for Voluntary Insolvency.[4] The case was docketed as SEC Case No. MC06-103 and raffled off to the RTC of Mandaluyong City, Branch 211.

On August 28, 2006, the RTC, after finding the petition sufficient in form and substance, issued an order declaring petitioner as insolvent and staying all civil proceedings against petitioner. In the same order, the RTC set the initial hearing on October 19, 2006.[5]

Thereafter, Atty. Arlene Gonzales was appointed as receiver. After taking her oath, Atty. Gonzales proceeded to make the necessary report, engaged appraisers and required the creditors to submit proof of their respective claims.

On October 22, 2010, Atty. Gonzales filed a Motion for Parties to Enter Into Compromise Agreement[6] incorporating therein her proposed terms of compromise, the pertinent portion of which reads:

- The remaining assets of the Petitioner Dona Adela Export Int'l, Inc., (Dona Adela) consists of the following:

Asset

Appraised Value

Remarks

1.1 Land

P5,616,000

w/ REM to TRC

1.2 Building

6,480,000

w/ REM to TRC

1.3 Sewing machines

942,000

w/o chattel mortgage to TRC (sic)

1.4 Sewing machines

755,000

w/chattel mortgage

1.5 Furnitures and Fixtures

w/o appraised value

The detailed list of the abovementioned assets and the corresponding appraised value is attached hereto as Annex A;

- The claims of the creditors of Petitioner previously submitted with their respective proofs of claim are shown below:

NAME OF CREDITOR

AMOUNT

Technology Resource Center

29,546,342.45

BPI

11,069,575.82

*TIDCORP

City of Mandaluyong as of 3/25/09

1,061,370.12

*TIDCORP has not yet submitted its peso amount of claim

x x x x

WHEREFORE, undersigned receiver respectfully proposed for the concerned parties of this (sic) proceedings to enter into a compromise Agreement under the following terms and conditions:

- That the remaining assets of the Petitioner mentioned under 1 above be assigned and applied to their respective claims in the following manner:

a.1. The real estate property mentioned under 1.1 and 1.2 above with real estate mortgage (REM) to Technology Resource Center (TRC) be assigned and applied to its credit. All costs and expenses for the

transfer of the registration of the said property, including its unpaid real estate taxes due to the City of Mandaluyong, and cost for cancellation of real estate mortgage shall be borne by TRC.

a.2. For TRC to assign and waive its rights over the sewing machines and equipments under chattel mortgage to it mentioned under 1.3 above as its share for the administrative costs of this proceedings.

a.3. To assign to BPI and TIDCORP the sewing machines and equipments mentioned under 1.3 and 1.4 above in proportion with their credits.

a.4. All other remaining assets of Petitioner under 1.5 above be assigned to the Court-appointed receiver, Atty. Arlene T. Gonzales for payment of receiver's fees.

a.5. All other administrative expenses, if any, shall be for the account of TRC, BPI and TIDCORP, in proportion to their respective credits.

- That for the abovementioned purpose mentioned under 3.a. above, the appraisal value of the property (as appraised by Royal Asia Appraisers which was previously submitted to the Honorable Court) be made as the basis in determining the value of the properties; and the amount of the claims that will be approved by this Honorable Court be made as the basis in the determination of the amount of credits due to the respective creditors.

- Furthermore, that the Compromise Agreement being proposed herein shall be without prejudice to rights of the creditors to enforce actions against other debtors who are jointly and solidarily liable with the petitioner.

- Finally, that the petitioner, Dona Adela Int'l., Inc., be discharged from its debts to the party-creditors by virtue of the Compromise Agreement as being proposed herein.[7]

On May 26, 2011, petitioner, through its President Epifanio C. Ramos, Jr., and Technology Resource Center (TRC) entered into a Dacion En Pago by Compromise Agreement[8] wherein petitioner agreed to transfer a 351-square meter parcel of land covered by TCT No. 10027 with existing improvements situated in the Barrio of Jolo, Mandaluyong City, in favor of TRC in full payment of petitioner's obligation. The agreement bears the conformity of Atty. Gonzales as receiver. TRC filed on May 26, 2011 a Compliance, Manifestation and Motion to Approve Dacion En Pago by Compromise Agreement.[9]

On August 11, 2011, creditors TIDCORP and BPI also filed a Joint Motion to Approve Agreement[10] which contained the following terms:

- OBLIGATION OF PETITIONER. – The parties agree that the outstanding principal obligation of petitioner to TIDCORP shall be in the amount of NINE MILLION FORTY-FOUR THOUSAND SEVEN HUNDRED EIGHT & 15/100 PESOS (P9,044,708.15), while to BPI in the amount of ELEVEN MILLION SIXTY NINE THOUSAND FIVE HUNDRED SEVENTY FIVE & 82/100 PESOS (P11,069,575.82).

- SETTLEMENT. – TIDCORP and BPI both hereby agree to accept all the machineries in petitioner's inventory set aside pursuant to the Motion for Parties to Enter Into Compromise Agreement dated 18 October 2010 filed by the Receiver, Atty. Arlene T. Gonzales. The said machineries valued at THREE HUNDRED FIFTY THOUSAND PESOS (P350,000.00) shall be divided equally between TIDCORP and BPI.

- SETTLEMENT OF CLAIMS. – TIDCORP and BPI hereby agree that acceptance of the abovementioned settlement shall constitute payment of petitioner's aforesaid obligation pursuant to Act No. 1956 (Insolvency Act). However, the benefit of payment under the said Insolvency Act shall only be in favor of petitioner and shall not in any manner affect the claims of TIDCORP and BPI as against its sureties and/or guarantors.

- EXPENSES AND TAXES. – All necessary expenses, including but not limited to, fees of the Receiver, documentation and notarization, as well as all fees incurred or to be incurred in connection to the full

implementation of this Agreement shall be for the account of Mr. Epifanio C. Ramos, Jr.

All taxes and fees incurred or to be incurred including but not limited to gross receipts tax shall be for the account of the petitioner.

- **WAIVER OF CONFIDENTIALITY.** – The petitioner and the members of its Board of Directors shall waive all rights to confidentiality provided under the provisions of Republic Act No. 1405, as amended, otherwise known as the Law on Secrecy of Bank Deposits, and Republic Act No. 8791, otherwise known as The General Banking Law of 2000. Accordingly, the petitioner and the members of its Board of Directors by these presents grant TIDCORP and BPI access to any deposit or other accounts maintained by them with any bank. For this purpose, the petitioner and the members of its Board of Directors shall authorize TIDCORP and BPI to make, sign, execute and deliver any document of whatever kind or nature which may be necessary or proper to allow them access to such deposits or other accounts.

TIDCORP and BPI shall be further authorized to delegate to any person, who may exercise in their stead, any or all of the powers and authority herein granted to them or substitute any person in their place to do and perform said powers and authority.

- **HOLD FREE AND HARMLESS.** – The petitioner shall indemnify and hold TIDCORP and BPI, their respective Board of Directors, and officers free and harmless against any liability or claim of whatever kind or nature which may arise from, or in connection with, or in relation to this Agreement.[11] (Underscoring supplied)

Epifanio Ramos, Jr. filed a Manifestation and Motion to the Proposed Compromise Agreement[12] of TIDCORP and BPI wherein he stated that petitioner has a personality separate and distinct from its stockholders and officers. He argued that he cannot be held liable for the expenses and taxes as a consequence of the auction or distribution/payment of said machineries to the creditors; hence, his name should be deleted as a party to the Compromise Agreement.

Likewise, Atty. Gonzales filed a Manifestation and Comment (On Dacion En Pago by Compromise Agreement with TRC and Joint Motion to Approve Agreement of BPI and TIDCORP) with Motion for Payment of Administrative Expenses and Receiver's Fees.[13] Atty. Gonzales manifested that she is entitled to payment of administrative expenses and receiver's fees in the total amount of P740,200.00. She further stated that it is just and fair for her to ask her due for services rendered as officer of the Court from TRC who benefitted the most from the insolvency proceedings; and, that she is waiving the administrative expenses and receiver's fees due from TIDCORP and BPI.

In its Comment,[14] TRC requested that the receiver's fee be reduced to P106,000.00. In her Reply,[15] Atty. Gonzales said that she will accept the amount of P106,000.00 being offered by TRC.

On November 15, 2011, the RTC rendered the assailed Decision approving the Dacion En Pago by Compromise Agreement and the Joint Motion to Approve Agreement, to wit:

WHEREFORE, premises considered, judgment is hereby rendered based on the foregoing exchange of pleadings, as follows:

- Finding the aforementioned Dacion En Pago by Compromise Agreement dated May 26, 2011 executed by and between Dona Adela Export International, Inc., represented by its president Epifanio C. Ramos, Jr., and Technology Resource Center, represented by its Director General Dennis L. Cunanan, to be in order and not contrary to law, morals, good customs, public order or public policy, and the fact that the Court-Appointed Receiver in her Reply filed on October 24, 2011 intimated her conformity to the Dacion En Pago by Compromise Agreement, the same is hereby APPROVED and is made the basis of this judgment;

- As regards the Joint Motion to Approve Agreement dated July 29, 2011, filed by creditors Trade and Investment Development Corporation of the Philippines and the Bank of the Philippine Islands, with the exception of paragraph 4 thereof pertaining to Expenses and Taxes, the same is likewise APPROVED, for the same is not contrary to law, morals, good customs, public order or public policy, and the fact that the Court-Appointed Receiver in her Reply filed on October 24, 2011 intimated her conformity to said Joint Motion to Approve Agreement;

- Pursuant to its Comment filed on October 19, 2011, Technology Resource Center is hereby ordered to pay the Court-Appointed Receiver, Atty. Arlene T. Gonzales the sum of P106,000.00, representing its proportionate share of the administrative expenses incurred by the receiver with legal interest from date of termination of this insolvency proceedings.

Let a copy of this Decision be furnished to the Securities and Exchange Commission who is directed to cause the removal of petitioner Dona Adela Export International, Inc., from the list of registered legal entities and to make a report to this Court of its Compliance within fifteen (15) days from said elimination so that the Court could terminate the instant insolvency proceedings and release the Court-Appointed receiver from her duties and responsibilities.

SO ORDERED.[16]

Petitioner filed a motion for partial reconsideration[17] and claimed that TIDCORP and BPI's agreement imposes on it several obligations such as payment of expenses and taxes and waiver of confidentiality of its bank deposits but it is not a party and signatory to the said agreement.

In its Order[18] dated May 14, 2012, the RTC denied the motion and held that petitioner's silence and acquiescence to the joint motion to approve compromise agreement while it was set for hearing by creditors BPI and TIDCORP is tantamount to admission and acquiescence thereto. There was no objection filed by petitioner to the joint motion to approve compromise agreement prior to its approval, said the RTC. The RTC also noted that petitioner's President attended every hearing of the case but did not interpose any objection to the said motion when its conditions were being discussed and formulated by the parties and Atty. Gonzales.[19]

Hence, this petition.

Petitioner asserts that express and written waiver from the depositor concerned is required by law before any third person or entity is allowed to examine bank deposits or bank records. According to petitioner, it is not a party to the compromise agreement between BPI and TIDCORP and its silence or acquiescence is not tantamount to an admission that binds it to the compromise agreement of the creditors especially the waiver of confidentiality of bank deposits. Petitioner cites the rule on relativity of contracts which states that contracts can only bind the parties who entered into it, and it cannot favor or prejudice a third person, even if he is aware of such contract and has knowledge thereof. Petitioner also maintains that waivers are not presumed, but must be clearly and convincingly shown, either by express stipulation or acts admitting no other reasonable explanation.

Respondent BPI counters that petitioner is estopped from questioning the BPI-TIDCORP compromise agreement because petitioner and its counsel participated in all the proceedings involving the subject compromise agreement and did not object when the compromise agreement was considered by the RTC.

Respondent TIDCORP contends that the waiver of confidentiality under Republic Act (R.A.) Nos. 1405 and 8791 does not require the express or written consent of the depositor. It is TIDCORP's position that upon declaration of insolvency, the insolvency court obtains complete jurisdiction over the insolvent's property which includes the authority to issue orders to look into the insolvent's bank deposits. Since bank deposits are considered debts owed by the banks to the petitioner, the receiver is empowered to recover them even without petitioner's express or

written consent, said TIDCORP.

TIDCORP further avers that the BPI-TIDCORP compromise agreement approved by the RTC is binding on petitioner and its Board of Directors by reason of estoppel. The compromise agreement is not an ordinary contract. Since it was approved by the insolvency court, the compromise agreement has the force and effect of judgment; it is immediately executory and not appealable, except for vices of consent or forgery, TIDCORP concluded.

The main issue for our consideration is whether the petitioner is bound by the provision in the BPI-TIDCORP Joint Motion to Approve Agreement that petitioner shall waive its rights to confidentiality of its bank deposits under R.A. No. 1405, as amended, otherwise known as the Law on Secrecy of Bank Deposits and R.A. No. 8791, otherwise known as The General Banking Law of 2000.

The petition is meritorious.

A judgment rendered on the basis of a compromise agreement between the parties in a civil case is final, unappealable, and immediately executory.[20]

However, if one of the parties claims that his consent was obtained through fraud, mistake, or duress, he must file a motion with the trial court that approved the compromise agreement to reconsider the judgment and nullify or set aside said contract on any of the said grounds for annulment of contract within 15 days from notice of judgment. Under Rule 37, said party can either file a motion for new trial or reconsideration. A party can file a motion for new trial based on fraud, accident or mistake, excusable negligence, or newly discovered evidence. On the other hand, a party may decide to seek the recall or modification of the judgment by means of a motion for reconsideration on the ground that “the decision or final order is contrary to law” if the consent was procured through fraud, mistake, or duress. Thus, the motion for a new trial or motion for reconsideration is the readily available remedy for a party to challenge a judgment if the 15-day period from receipt of judgment for taking an appeal has not yet expired.[21]

In this case, petitioner sought partial reconsideration of the decision based on compromise agreement assailing the waiver of confidentiality provision in the Agreement between its two creditors, TIDCORP and BPI, in which petitioner was not a party. After the trial court denied the motion on the ground of estoppel, petitioner sought a direct recourse to this Court.

We stress that a direct recourse to this Court from the decisions, final resolutions and orders of the RTC may be taken where only questions of law are raised or involved. There is a question of law when the doubt or difference arises as to what the law is on a certain state of facts, which does not call for an examination of the probative value of the evidence presented by the parties-litigants. On the other hand, there is a question of fact when the doubt or controversy arises as to the truth or falsity of the alleged facts. Simply put, when there is no dispute as to fact, the question of whether the conclusion drawn therefrom is correct or not, is a question of law.[22]

Petitioner submits the lone question of law on whether the waiver of confidentiality provision in the Agreement between TIDCORP and BPI is valid despite petitioner not being a party and signatory to the same. According to petitioner, R.A. No. 1405 requires the express and written consent of the depositor to make the waiver effective.

Section 2 of R.A. No. 1405, the Law on Secrecy of Bank Deposits enacted in 1955, was first amended by Presidential Decree No. 1792 in 1981 and further amended by R.A. No. 7653 in 1993. It now reads:

SEC. 2. All deposits of whatever nature with banks or banking institutions in the Philippines including investments in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities, are hereby considered as of an absolutely confidential nature and may not be examined,

inquired or looked into by any person, government official, bureau or office, except when the examination is made in the course of a special or general examination of a bank and is specifically authorized by the Monetary Board after being satisfied that there is reasonable ground to believe that a bank fraud or serious irregularity has been or is being committed and that it is necessary to look into the deposit to establish such fraud or irregularity, or when the examination is made by an independent auditor hired by the bank to conduct its regular audit provided that the examination is for audit purposes only and the results thereof shall be for the exclusive use of the bank, or upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation.

R.A. No. 1405 provides for exceptions when records of deposits may be disclosed. These are under any of the following instances: (a) upon written permission of the depositor, (b) in cases of impeachment, (c) upon order of a competent court in the case of bribery or dereliction of duty of public officials or, (d) when the money deposited or invested is the subject matter of the litigation, and (e) in cases of violation of the Anti-Money Laundering Act, the Anti-Money Laundering Council may inquire into a bank account upon order of any competent court.[23]

In this case, the Joint Motion to Approve Agreement was executed by BPI and TIDCORP only. There was no written consent given by petitioner or its representative, Epifanio Ramos, Jr., that petitioner is waiving the confidentiality of its bank deposits. The provision on the waiver of the confidentiality of petitioner's bank deposits was merely inserted in the agreement. It is clear therefore that petitioner is not bound by the said provision since it was without the express consent of petitioner who was not a party and signatory to the said agreement.

Neither can petitioner be deemed to have given its permission by failure to interpose its objection during the proceedings. It is an elementary rule that the existence of a waiver must be positively demonstrated since a waiver by implication is not normally countenanced. The norm is that a waiver must not only be voluntary, but must have been made knowingly, intelligently, and with sufficient awareness of the relevant circumstances and likely consequences. There must be persuasive evidence to show an actual intention to relinquish the right. Mere silence on the part of the holder of the right should not be construed as a surrender thereof; the courts must indulge every reasonable presumption against the existence and validity of such waiver.[24]

In addition, considering that petitioner was already declared insolvent by the RTC, all its property, assets and belongings were ordered delivered to the appointed receiver or assignee. Thus, in the order of the RTC appointing Atty. Gonzales as receiver, petitioner was directed to assign and convey to Atty. Gonzales all its real and personal property, monies, estate and effects with all the deeds, books and papers relating thereto,[25] pursuant to Section 32[26] of the Insolvency Law.[27] Such assignment shall operate to vest in the assignee all of the estate of the insolvent debtor not exempt by law from execution.[28] Corollarily, the stipulation in the Joint Motion to Approve Compromise Agreement that petitioner waives its right to confidentiality of its bank deposits requires the approval and conformity of Atty. Gonzales as receiver since all the property, money, estate and effects of petitioner have been assigned and conveyed to her[29] and she has the right to recover all the estate, assets, debts and claims belonging to or due to the insolvent debtor.[30]

While it was Atty. Gonzales who filed the Motion for Parties to Enter Into Compromise Agreement, she did not sign or approve the Joint Motion to Approve Agreement submitted by TIDCORP and BPI. In her Manifestation and Comment (on Dacion En Pago by Compromise Agreement with TRC and Joint Motion to Approve Agreement of BPI and TIDCORP) there is no showing that Atty. Gonzales signified her conformity to the waiver of confidentiality of petitioner's bank deposits. Atty. Gonzales stated thus:

13. COMPROMISE AGREEMENT OF TIDCORP AND BPI

The undersigned receiver is in conformity with the compromise agreement of TIDCORP and BPI, attached hereto as Annex C, which they submitted to this Honorable Court under the abovementioned Joint Motion in so far as the sharing scheme of the sewing machine inventories of Dona Adela is concerned. However, the undersigned receiver has the following comments on the other provisions of the said compromise agreement:

x x x x

13.2.

The undersigned receiver reiterates that Dona Adela has no cash or other assets to source payment for expenses and taxes provided under no. 4 of the Joint Motion to Approve Agreement. In fact, except for the amount of P5,000.00 she initially asked for administrative expenses and the appraisal fees for the assets of Dona Adela advanced by MR. EPIFANIO RAMOS, she has been shouldering all the administrative expenses of this insolvency proceedings.

x x x x

21. As also mentioned under 13.2. above, Dona Adela has no cash to source payment for the abovementioned administrative expenses and receiver's fees, and its assets, which should have been the source for payment for administrative expenses and receiver's fees before the distribution to the creditors, have already been assigned to the creditors by compromise agreement.

22. After considering its savings from foreclosure expenses, sheriff's fees and other related expenses had it pursued foreclosure proceedings, it is just fair for the undersigned receiver to ask her due for services rendered as officer of this Honorable Court from TRC who benefitted the most from the insolvency proceedings.[31] (Emphasis ours)

Clearly, the waiver of confidentiality of petitioner's bank deposits in the BPI-TIDCORP Joint Motion to Approve Agreement lacks the required written consent of petitioner and conformity of the receiver. We, thus, hold that petitioner is not bound by the said provision.

It is basic in law that a compromise agreement, as a contract, is binding only upon the parties to the compromise, and not upon non-parties. This is the doctrine of relativity of contracts.[32] The rule is based on Article 1311 (1) of the Civil Code which provides that "contracts take effect only between the parties, their assigns and heirs x x x." [33] The sound reason for the exclusion of non-parties to an agreement is the absence of a vinculum or juridical tie which is the efficient cause for the establishment of an obligation.[34] Consistent with this principle, a judgment based entirely on a compromise agreement is binding only on the parties to the compromise the court approved, and not upon the parties who did not take part in the compromise agreement and in the proceedings leading to its submission and approval by the court. Otherwise stated, a court judgment made solely on the basis of a compromise agreement binds only the parties to the compromise, and cannot bind a party litigant who did not take part in the compromise agreement.[35]

WHEREFORE, premises considered, the petition is hereby GRANTED. The second paragraph of the November 15, 2011 Decision of the Regional Trial Court of Mandaluyong City, Branch 211, in SEC Case No. MC06-103 is hereby MODIFIED to read as follows:

2. As regards the Joint Motion to Approve Agreement dated July 29, 2011, filed by creditors Trade and Investment Development Corporation of the Philippines and the Bank of the Philippine Islands, with the exception of paragraph 4 and paragraph 5 thereof pertaining to Expenses and Taxes and Waiver of Confidentiality, the same is likewise APPROVED, for the same is not contrary to law, morals, good customs, public order or public policy, and the fact that the Court-Appointed Receiver in her Reply filed on October 24, 2011 intimated her conformity to said Joint Motion to Approve Agreement.

No costs.

SO ORDERED.

Velasco, Jr., Peralta, Reyes, and Jardeleza, JJ., concur.

March 23, 2015

NOTICE OF JUDGMENT

Sirs/Mesdames:

Please take notice that on ___February 11, 2015___ a Decision, copy attached herewith, was rendered by the Supreme Court in the above-entitled case, the original of which was received by this Office on March 23, 2015 at 2:45 p.m.

Very truly yours,
(SGD)
WILFREDO V. LAPITAN
Division Clerk of Court

- [1] Dona Adela in some parts of the records.
- [2] Rollo, pp. 29-39. Penned by Presiding Judge Ofelia L. Calo.
- [3] Id. at 49-53.
- [4] Records, Vol. 1, pp. 2-7.
- [5] Id. at 74-75.
- [6] Records, Vol. III, pp. 1061-1072.
- [7] Id. at 61-64.
- [8] Id. at 1185-1188.
- [9] Id. at 1182-1184.
- [10] Id. at 1223-1228.
- [11] Id. at 1223-1224.
- [12] Id. at 1237-1238.
- [13] Id. at 1271-1279.
- [14] Id. at 1325-1327.
- [15] Id. at 1334-1339.
- [16] Rollo, pp. 37-38.
- [17] Id. at 40-44.

[18] Id. at 49-53.

[19] Id. at 51-52.

[20] Domingo Realty, Inc. v. Court of Appeals, 542 Phil. 39, 55 (2007).

[21] Id.

[22] Republic v. Sagun, G.R. No. 187567, February 15, 2012, 666 SCRA 321, 329.

[23] Government Service Insurance System v. 15th Division of the Court of Appeals, G.R. No. 189206, June 8, 2011, 651 SCRA 661, 675.

[24] Premiere Dev't. Bank v. Central Surety & Insurance Co., Inc., 598 Phil. 827, 847-848 (2009).

[25] Order dated February 22, 2008, records, Vol. I, pp. 495-496.

[26] Sec. 32. Transfer of property to assignee. – As soon as an assignee is elected or appointed and qualified, the clerk of the court shall, by an instrument under his hand and seal of the court, assign and convey to the assignee all the real and personal property, estate, and effects of the debtor with all his deeds, books, and papers relating thereto, and such assignment shall relate back to the commencement of the proceedings in insolvency, and shall relate back to the acts upon which the adjudication was founded, and by operation of law shall vest the title to all such property, estate, and effects in the assignee, although the same is then attached on mesne process, as the property of the debtor. Such assignment shall operate to vest in the assignee all of the estate of the insolvent debtor not exempt by law from execution. x x x

[27] Act No. 1956. AN ACT PROVIDING FOR THE SUSPENSION OF PAYMENTS, THE RELIEF OF INSOLVENT DEBTORS, THE PROTECTION OF CREDITORS, AND THE PUNISHMENT OF FRAUDULENT DEBTORS.

[28] Supra note 26.

[29] Supra note 25.

[30] Sec. 36. The said assignee shall have power:

- To sue and recover all the estate, assets, debts, and claims, belonging to or due to such debtor; x x x.

- To take in to his possession all the estate of such debtor except property exempt by law from execution, whether attached or delivered to him, or afterwards discovered, and all books, vouchers, evidence of indebtedness, and securities belonging to the same.

x x x x

[31] Records, Vol. III, pp. 1274 & 1276.

[32] Philippine National Bank v. Banatao, et al., 602 Phil. 508, 517 (2009).

[33] Limpo v. Court of Appeals, 517 Phil. 529, 534 (2006).

[34] Id.

[35] Philippine National Bank v. Banatao, et al., supra note 32.

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