

IN THE MATTER OF THE INTESTATE ESTATE OF MIGUELITA C. PACIOLES AND EMMANUEL C. CHING, PETITIONER, V. EMILIO B. PACIOLES, JR., RESPONDENT.

G.R. No. 214415. October 15, 2018

Ponente: TIJAM, J.

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TIJAM, J.:

Before Us is a Petition for Review on Certiorari[1] under Rule 45 of the Rules of Court, assailing the Decision[2] dated February 27, 2014 and the Resolution[3] dated September 4, 2014 of the Court of Appeals (CA) in CA-G.R. SP No. 130666, affirming the Orders dated May 31, 2012[4] and September 3, 2012[5] of the Regional Trial Court (RTC) of Quezon City, Branch 224, in SP. Proc. No. Q-92-13155, which ordered the release of funds from a joint foreign currency deposit account.

Facts of the Case

Upon the death of Miguelita Ching Pacioles (Miguelita), she left several real properties, stock investments, bank deposits and interests. She was survived by her husband, respondent Emilio B. Pacioles, Jr. (Emilio), their two minor children, Miguelita's mother, Miguela Chuatoco-Ching (Miguela), now deceased and Miguelita's brother, herein petitioner Emmanuel C. Ching (Emmanuel).[6]

On August 20, 1992, Emilio filed a petition for the settlement of Miguelita's estate with prayer for his appointment as its regular administrator. Thereafter, Emilio and Emmanuel were appointed as co--administrators.[7]

However, the appointment of Emmanuel was nullified in the CA Decision[8] dated July 22, 2002 in CA-G.R. CV No. 46763.

Among the properties left by Miguelita and included in the inventory of her estate were her two dollar accounts with the Bank of the Philippine Islands (BPI)-San Francisco Del Monte (SFDm) Branch (subject BPI account), the subject matter of the instant case.[9]

However, said dollar accounts were closed and consolidated into a single account (consolidated account) which is Account No. 003248-2799-14 under the names of Emilio and Miguela Chuatoco or Emmanuel upon their written request addressed to the bank.[10]

On September 30, 2011, Emilio filed a motion to allow him to withdraw money from the subject BPI account to defray the cost of property taxes due on the real properties of Miguelita's estate.[11]

Ruling of the RTC

In an Order[12] dated November 28, 2011, the intestate court granted the motion, to wit:

WHEREFORE, in the interest of substantial justice, the instant Motion to Allow Withdrawal of Bank Deposit

filed by the Administrator is partly GRANTED for the sole purpose of paying the subject realty obligation and the costs thereof.

Accordingly, the Branch Manager of the [BPI], Del Monte Branch, or any authorized representative is hereby [o]rdered to immediately RELEASE in favor of the Administrator, [Emilio], the total amount of Four Hundred Thirty Thousand Pesos (Php 430,000.00) from Account No. 003248-2799-14 while the difference shall remain in the custody of the said bank under the same type of account until further orders from this court.

Thereafter, the said Branch Manager and the Administrator or any authorized representative are each [o]rdered to SUBMIT to this Court a Compliance/Report with the pertinent document/s on the matter within five (5) days from receipt thereof.

SO ORDERED.[13]

BPI-SFDM, through its bank manager, requested for a clarification on the abovementioned Order and gave an opinion that the subject BPI account is covered by the Foreign Currency Deposit Act of the Philippines. As such, it is exempt from orders of judicial and quasi-judicial bodies and that withdrawals therefrom can only be made with the written consent of the account holders, who are Emilio and Emmanuel.[14]

In an Order[15] dated May 31, 2012, the intestate court held that:

WHEREFORE, premises considered, this Court affirms and reiterates the Order dated November 28, 2011 as substantial justice requires. To further clarify the same, the Administrator, [Emilio], shall personally express his conformity and consent to the Branch Manager of the [BPI], Del Monte Branch, or any authorized representative for the withdrawal of the subject amount of money which shall be deemed sufficient for the purpose.

After such conformity and consent are expressed, the said Branch Manager or any authorized representative is [o]rdered to immediately RELEASE in favor of the said Administrator, [Emilio], the total amount of Four Hundred Thirty Thousand Pesos (Php 430,000.00) from Account No. 003248-2799-14 while the difference shall remain in the custody of the said bank under the same type of account until further orders from this Court.

Accordingly, the said Branch Manager and the Administrator or any authorized representative are each [o]rdered to SUBMIT to this Court a Compliance/Report with the pertinent document/s on the matter within five (5) days from receipt thereof.

SO ORDERED.[16]

Emmanuel filed a motion for reconsideration.[17] In his motion, he asserted that the trial court erred in directing the withdrawal of funds from the subject BPI account. Such motion was however denied in an Order[18] dated September 3, 2012.

Undaunted, Emmanuel filed a Petition for Certiorari,[19] assailing the abovesited Orders of the trial court, before the CA.

Ruling of the CA

In a Decision[20] dated February 27, 2014, the CA dismissed the petition. The CA found that the intestate court did not err in allowing the withdrawal of funds from the subject BPI account as such court has jurisdiction over the properties of Miguelita until the same have been distributed among the heirs entitled thereto. The fallo the Decision reads:

WHEREFORE, premises considered, the instant Petition for Certiorari is DENIED for lack of merit and the assailed orders of the [RTC] of Quezon City, Branch 224 dated 31 May 2012 and 03 September 2012 are

hereby AFFIRMED.

SO ORDERED.[21]

A motion for reconsideration[22] filed by Emmanuel was denied by the CA in a Resolution[23] dated September 4, 2014, viz.:

WHEREFORE, premises considered, the motion for reconsideration is hereby DENIED for lack of merit.

SO ORDERED.[24]

Hence, this Petition.

Issue

Essentially, the issue in the present case is whether or not the order of release of funds from a joint foreign currency deposit account without securing the consent of a co-depositor is proper.

Ruling of the Court

We proceed with the nature of the subject BPI account.

It is established that the subject joint account, which involves foreign currency deposits, is under the names of Emilio and Miguela (now deceased) or Emmanuel.

The rule on foreign currency deposits is embodied in Section 8 of Republic Act No. 6426,[25] also known as the Foreign Currency Deposit Act of the Philippines, which provides that:

Sec. 8. Secrecy of foreign currency deposits. – All foreign currency deposits authorized under this Act, as amended by PD No. 1035, as well as foreign currency deposits authorized under PD No. 1034, are hereby declared as and considered of an absolutely confidential nature and, except upon the written permission of the depositor, in no instance shall foreign currency deposits be examined, inquired or looked into by any person, government official, bureau or office whether judicial or administrative or legislative, or any other entity whether public or private; Provided, however, That said foreign currency deposits shall be exempt from attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body whatsoever. (As amended by PD No. 1035, and further amended by PD No. 1246, prom. Nov. 21, 1977.)

This provision was reproduced in Section 87[26] of the Central Bank of the Philippines Circular No. 1318 series of 1992.

In this case, the intestate court's assailed May 31, 2012 Order, ordered the bank and its officers to release the money contained in the subject BPI account, thus:

[T]he said Branch Manager [of the BPI, Del Monte Branch], or any authorized representative is hereby [o]rdered to immediately RELEASE in favor of the Administrator, [Emilio], the total amount of Four Hundred Thirty Thousand Pesos (Php 430,000.00) from Account No. 003248-2799-14 x x x.[27]

It is apparent that in ordering the branch manager or any representative of BPI to release the money contained in a foreign currency deposit account, the intestate court committed a violation of the law, which expressly provides that all foreign currency deposits as defined by applicable laws are not subject to any form of attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body.

Moreover, the subject BPI account is in the nature of a joint account. "[It] is one that is held jointly by two or

more natural persons, or by two or more juridical persons or entities. Under such setup, the depositors are joint owners or co-owners of the said account, and their share in the deposits shall be presumed equal, unless the contrary is proved." [28] In an "and" joint account, as in this case, the depositors are joint creditors of the bank and the signatures of all depositors are necessary to allow withdrawal. [29]

Thus, it is indispensable that all the persons named as account holders give their consent before any withdrawal could be made.

In its disposition, the intestate court simply deemed sufficient the consent of Emilio to allow the withdrawal from the subject BPI account without further reasons therefor, to wit:

It must also be noted that the subject Time Deposit Certificate with Account No. 003248-2799-14 appears to be under the names of herein Administrator and [Miguelita] or [Emmanuel], hence the consent or conformity of the depositor or herein Administrator [Emilio] is already deemed sufficient for this purpose. x x x. [30]

Thus, the intestate court likewise erred in allowing the withdrawal of funds sans the consent of a co-depositor.

Nevertheless, We recognize the functions and duties of an administrator of an estate. One of which is to administer all goods, chattels, rights, credits, and estate which shall at any time come to his possession or to the possession of any other person for him, and from the proceeds to pay and discharge all debts, legacies, and charges on the same, or such dividends thereon. [31]

In this case, there were two administrators of Miguelita's estate, i.e., Emilio and Emmanuel. However, it is important to highlight that Emmanuel's appointment was revoked by the CA in its Decision in CA-G.R. CV No. 46763. Necessarily, as the revocation of Emmanuel's appointment as administrator was established, his right over the funds contained in the joint account no longer exists. It must be emphasized that his right over the same merely emanates from his being a co-administrator.

Considering the nature of a joint account, we cannot but adhere to banking laws which requires the consent of all the depositors before any withdrawal could be made. However, since Emmanuel no longer has a right over the subject joint account in view of his removal as a co-administrator, it is necessary that his name should be removed as an account holder and co-depositor of Emilio in a proper forum for Emilio to be able to completely perform his functions and duties as an administrator.

On this note, emphasis must be made on the jurisdiction of a trial court, sitting as an intestate court, as regards the proper disposition of the estate of the deceased. Such jurisdiction continues until after the payment of all the debts and the remaining estate delivered to the heirs entitled to receive the same. [32] Thus, proper proceedings must be had before the intestate court so that the subject joint account should be administered solely by Emilio, who is the lone administrator.

WHEREFORE, the petition is partly GRANTED. Accordingly, the Decision dated February 27, 2014 and the Resolution dated September 4, 2014 of the Court of Appeals in CA-G.R. SP No. 130666 are REVERSED and SET ASIDE.

The case is remanded to the intestate court for proper proceedings.

SO ORDERED.

Bersamin[*] (Acting Chairperson) and Del Castillo, JJ., concur.
Jardeleza, J., on official business.
Gesmundo, [**] J., on leave.

[*] Designated Acting Chairperson per Special Order No. 2606 dated October 10, 2018.

[**] Designated Additional Member per Special Order No. 2609 dated October 11, 2018; on leave.

[1] Rollo, pp. 58-83.

[2] Penned by Associate Justice Marlene Gonzales-Sison, concurred in by Associate Justices Rosmari D. Carandang and Edwin D. Sorongon; id. at 9-18.

[3] Id. at 20-21.

[4] Rendered by Presiding Judge Tita Marilyn Payoyo-Villordon; id. at 271-272.

[5] Id. at 300-301.

[6] Id. at 11.

[7] Id.

[8] Id. at 126-134.

[9] Id. at 12.

[10] Id.

[11] Id.

[12] Id. at 179-180.

[13] Id. at 180.

[14] Id. at 308-309.

[15] Id. at 271-272.

[16] Id. at 272.

[17] Id. at 273-281.

[18] Id. at 300-301.

[19] Id. at 302-318.

[20] Id. at 9-18.

[21] Id. at 17.

[22] Id. at 356-370.

[23] Id. at 20-21.

[24] Id. at 20.

[25] AN ACT INSTITUTING A FOREIGN CURRENCY DEPOSIT SYSTEM IN THE PHILIPPINES, AND FOR OTHER PURPOSES. Approved April 4, 1974.

[26] SEC. 87. Exemption from Court Order or Process. — Foreign currency deposits shall be exempt from attachment, garnishment, or any other order or process of any court, legislative body, government agency or any

administrative body whatsoever.

[27] Rollo, p. 272.

[28] *Apique v. Fahnenstich*, 765 Phil. 915, 922 (2015).

[29] Aquino, Timoteo B., *NOTES AND CASES ON BANKS, NEGOTIABLE INSTRUMENTS AND OTHER COMMERCIAL DOCUMENTS*, First Edition, 2003, p. 592.

[30] Rollo, p. 272.

[31] Section 1(b) of Rule 81 of the Rules of Court.

Sec. 1. Bond to be given before issuance of letters; Amount; Conditions. - Before an executor or administrator enters upon the execution of his trust, and letters testamentary or of administration issue, he shall give a bond, in such sum as the court directs, conditioned as follows:

x x x x

(b) To administer according to these rules, and, if an executor, according to the will of the testator, all goods, chattels, rights, credits, and estate which shall at any time come to his possession or to the possession of any other person for him, and from the proceeds to pay and discharge all debts, legacies, and charges on the same, or such dividends thereon as shall be decreed by the court[.]

[32] *Vda. de Gurrea v. Suplico*, 522 Phil. 295, 309 (2006).

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