

PHILIPPINE VETERANS BANK EMPLOYEES UNION-NUBE, DOMINGO C. LOPEZ, HERMAN B. PASILIAO, FELIZARDO B. SARAPAT, LADY LYDIA B. CORNISTA, ELIZABETH S. KARASIG, EDUARDO C. NIEVERA, NORM...*G.R. No. 67125. August 24, 1990*

Ponente: CRUZ, J.

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The Philippine Veterans Bank was created in 1963 with the hope that it would ensure the economic future and perhaps even prosperity of the hundreds of thousands of war veterans who were to be its stockholders. For a while the vision grew, but in time it dimmed and finally faded as the Bank found itself enmeshed in financial difficulties that threatened its very survival. Now the dream is in tatters. Efforts are at present being taken to piece together its severed sinews but it is doubtful if the Bank will ever be whole again.

I

The trouble began when on April 10, 1983, the Bank was placed under receivership by virtue of Resolution No. 334 of the Monetary Board of the Central Bank. The reason was the precarious condition of the Bank. A year later, on April 26, 1984, the Philippine Veterans Bank Employees Union questioned the retrenchment and reorganization program of the Bank and, on the ground of security of tenure, prayed that the said program be prohibited. In its petition, which was docketed as G.R. No. 67125, the Union also asked for a temporary restraining order, which we issued on May 9, 1984. Subsequently, while the case was pending, the Monetary Board ordered the liquidation of the Bank by Resolution No. 612 dated June 7, 1985, after finding that the Bank had incurred an outstanding liability of P540,835,860.79. This order was opposed by the Union in a supplemental petition for prohibition with preliminary injunction filed on September 25, 1985. On November 26, 1985, the Veterans Federation of the Philippines entered the picture and filed with leave of court a petition in intervention which, besides echoing the original petition in opposing the liquidation, asserted the additional claim that it was in the process of formulating plans for the rehabilitation and eventual expansion of the Bank. This was followed by an ancillary petition for the immediate payment of the wage or salary increase ordered by the NLRC in its resolution dated September 17, 1985. On March 26, 1987, a writ of preliminary injunction was issued by this Court reading as follows:

NOW THEREFORE, effective immediately and until further orders from this Court, you (Respondent Central Bank of the Philippines, and PVB Liquidator), your agents, representatives, and/or any person or persons acting upon your orders or in your place or stead, are hereby ENJOINED from liquidating the Phil. Veterans Bank and from taking or pursuing any act or transaction in pursuance of such liquidation, including sales or other disposal of properties of whatever kind, or disbursing PVB funds, except those incurred in the course of ordinary administration of the affairs of the bank, including payment of accrued and unpaid claims of PVB Employees under the 1982-1985 CBA, all of which should be subject to the prior approval of the respondent liquidation court.

On March 18, 1988, an original petition for restitution and for extraordinary and equitable writs was filed by Simeon Medalla et al. in their own right and "on behalf of the remaining 510,000 World War II veterans or their heirs." It sought inter alia a judicial declaration that the petitioners were entitled to the ownership, possession and control of the Bank and an order restraining the Central Bank from disposing of the assets of the Bank or making any disbursements therefrom except for ordinary administrative expenses and for the payment of accrued wages and other benefits of personnel as approved by the liquidator court. This petition was docketed as G.R. No. 82337 and consolidated with G.R. No. 67125.

Earlier, on June 11, 1987, then Judge Abelardo M. Dayrit of the Regional Trial Court of Manila had ordered the payment of the claims of the employees amounting to P37,920,310.82. This was followed on October 21, 1988, by another order issued by the same court for the payment of retirement benefits to two former board members of the Bank, namely, Agustin Marking and Jaime S. Mejia. Upon the representations of the petitioners, however, we prevented enforcement of this order with our temporary restraining order dated January 12, 1989.

On December 15, 1988, the writ of preliminary injunction dated March 26, 1987, was amended "to exclude from its coverage the sale or disposal by the Central Bank or the Bank Liquidator of the acquired assets of the PVB." This was done in response to petitions filed by several persons seeking to redeem or repurchase the properties which had earlier been purchased by the Bank through foreclosure sales.[1]

On August 25, 1989, another ancillary petition was filed for the immediate payment of backwages of the Bank personnel on the regular payroll as of June 1985 equivalent to five months' gross salary. On May 25, 1990, the City Government of Davao filed a motion to lift the preliminary injunction dated March 26, 1987, with respect to its deposit of P3,700,000, which it wanted to withdraw to finance several programs and projects. And on June 11, 1990, Dolores V. Molina filed her own motion to withdraw her deposit of P1,100,000.00.

II

The Court has purposely delayed resolution of these cases in the hope that it would not be necessary to do so in view of the efforts being taken by the Executive Department for the rehabilitation of the Bank. The agency in charge of this matter is the Special Presidential Committee on the Philippine Veterans Bank, which was created by Adm. Order No. 29 dated July 10, 1987, and renewed by Adm. Order No. 62 dated February 23, 1988 and by Adm. Order No. 90 dated September 2, 1988, to study the financial condition of the Bank and determine the feasibility of its rehabilitation. However, although we may assume that the Committee has been assiduously pursuing its objectives and while there are optimistic statements every now and then that the Bank will be reopening soon, that prospect does not really seem to be in sight yet. We have therefore decided to finally resolve these cases, applying a judicial solution which, when all is said and done, will still be less acceptable than a practical administrative settlement.

III

The basic issue in these petitions is whether the Central Bank has the power to liquidate the Philippine Veterans Bank.

The petitioners dispute this authority. In G.R. No. 67125, they claim that as the Bank was created by a special law, a contractual relationship now exists between the Government and the stockholders of the Bank that cannot be disturbed without violation of the impairment clause. The acceptance of the benefits of that law by the petitioners had conferred a vested right on them that cannot now be withdrawn without their consent as this would constitute a deprivation of their property without due process of law. Assuming that such benefits could be validly revoked, this cannot be done by the Central Bank only but by the legislature itself which conferred the franchise

on the Bank in the first place. Moreover, the Central Bank cannot exercise any authority over the Bank because the latter is itself also a government bank with the same status as the Development Bank of the Philippines, the Land Bank of the Philippines, and the Philippine National Bank. The Central Bank has no control over these government lending institutions.

We sustain the position of the respondents that these arguments are not well-taken.

The mere fact that the Bank was created by special law does not confer upon it extraordinary privileges over and above those granted similar charters like the Development Bank of the Philippines and the Land Bank of the Philippines. As a lending institution, it is part of the banking system and therefore covered by the regulatory power exercised over such entities by the Central Bank. Such authority is expressly provided for in the Central Bank Act, as follows:

Sec. 25. Creation of the appropriate departments. - In order to assure the observance of this Act and of other pertinent laws, and of the rules and regulations of the Monetary Board, the Central Bank shall have appropriate supervising and examining departments which shall be charged with the supervision and periodic or special examinations of banking institutions operating in the Philippines, including all Government credit institutions, including their subsidiaries and affiliates of non-bank financial intermediaries, and subsidiaries and affiliates of non-bank financial intermediaries performing quasi-banking functions: x x x The supervising and/or examining departments shall discharge their responsibilities in accordance with the instructions of the Monetary Board.

The department heads and the examiners of the supervising and/or examining departments are hereby authorized to administer oaths to any director, officer, or employee of any institution under their respective supervision or subject to their examination and to compel the presentation of all books, documents, papers or records necessary in their judgment to ascertain the facts relative to the true condition of any institution as well as the books and records of persons and entities relative to or in connection with the operations, activities or transactions of the institution under examination.

No restraining order or injunction shall be issued by the court enjoining the Central Bank from examining any institution subject to supervision or examination by the Central Bank, unless there is convincing proof that the action of the Central Bank is plainly arbitrary and made in bad faith and the petitioner or plaintiff files with the clerk or judge of the court in which the action is pending a bond executed in favor of the Central Bank, in an amount to be fixed by the court. The restraining order or injunction shall be refused or, if granted, shall be dissolved upon filing by the Central Bank of a bond, which shall be in the form of cash or Central Bank cashier's check, in an amount twice the amount of the bond of the petitioner or plaintiff conditioned that it will pay the damages which the petitioner or plaintiff may suffer by the refusal or the dissolution of the injunction. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this Section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this Section.

SEC. 25-A. - The department heads and the examiners of the supervising and examining departments, in the conduct of the periodic or special examination of banking institutions may be specifically authorized by the Monetary Board to examine, inquire or look into all deposits of whatever nature with banking institutions in the Philippines including investments in debt instruments issued by the Government of the Philippines, its political subdivisions and its instrumentalities, 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.

SEC. 28. Examination and fees. – It shall be the duty of the head of the appropriate supervising and examining department, personally or by deputy, at least once in every twelve months, and at such other times as either he or the Monetary Board may deem expedient, to make an examination of the books of every banking institution within the purview of this Act and make a report on the same to the Monetary Board.

Every such institution shall afford to the head of the appropriate supervising and examining departments and to his authorized deputies full opportunity to examine its books, cash and available assets and general condition at any time when requested so to do by the Central Bank: Provided, however, That none of the reports and other papers relative to such examinations shall be open to inspection by the public except insofar as such publicity is incidental to the proceeding hereinafter authorized or is necessary for the prosecution of violations in connection with the business of such institutions. x x x

SEC. 28-A. Appointment of conservator. - Whenever, on the basis of a report submitted by the appropriate supervising or examining department, the Monetary Board finds that a bank or a non-bank financial intermediary performing quasi-banking functions is in a state of continuing inability or unwillingness to maintain a condition of liquidity deemed adequate to protect the interest of depositors and creditors, the Monetary Board may appoint a conservator to take charge of the assets, liabilities, and the management of that institution, collect all monies and debts due said institution and exercise all powers necessary to preserve the assets of the institution, reorganize the management thereof, and restore its viability. He shall have the power to overrule or revoke the actions of the previous management and board of directors of the bank or non-bank financial intermediary performing quasi-banking functions, any provision of law to the contrary notwithstanding, and such other powers as the Monetary Board shall deem necessary.

As much as practicable, the conservator should not be connected with the Central Bank but should be competent and knowledgeable in bank operations and management. x x x He shall report and be responsible to the Monetary Board until such time as the Monetary Board is satisfied that the institution can continue to operate on its own and the conservatorship is no longer necessary. The conservatorship shall likewise be terminated should the Monetary Board, on the basis of the report of the conservator or of its own findings, determine that the continuance in business of the institution would involve probable loss to its depositors or creditors, in which case the provision of Section 29 shall apply.

SEC. 29. Proceedings upon insolvency. - Whenever, upon examination by the head of the appropriate supervising or examining department or his examiners or agents into the condition of any bank or non-bank financial intermediary performing quasi-banking functions, it shall be disclosed that the condition of the same is one of insolvency, or that its continuance in business would involve probable loss to its depositors or creditors, it shall be the duty of the department head concerned forthwith, in writing, to inform the Monetary Board of the facts. The Board may, upon finding the statements of the department head to be true, forbid the institution to do business in the Philippines and designate an official of the Central Bank or a person of recognized competence in banking or finance as receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its creditors, and represent the bank personally or through counsel as he may retain in all actions or proceedings for or against the institution, exercising all the powers necessary for these purposes including, but not limited to, bringing and foreclosing mortgages in the name of the bank or non-bank financial intermediary performing quasi-banking functions.

The Monetary Board shall thereupon determine within sixty days whether the institution may be recognized or otherwise placed in such a condition so that it may be permitted to resume business with safety to its depositors and creditors and the general public and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions. In such case, the expenses and fees in the collection and administration of the assets of the institution shall be determined by the Board and shall be paid to the Central Bank out of the assets of such institution.

If the Monetary Board shall determine and confirm within the said period that the bank or non-bank financial intermediary performing quasi-banking functions is insolvent or cannot resume business with safety to its depositors, creditors and the general public, it shall, if the public interest requires, order its liquidation, indicate the manner of its liquidation and approve a liquidation plan which may, when warranted, involve disposition of any or all assets in consideration for the assumption of equivalent liabilities. The liquidator designated as

hereunder provided shall, by the Solicitor General, file a petition in the regional trial court reciting the proceedings which have been taken and praying the assistance of the court in the liquidation of such institution. The court shall have jurisdiction in the same proceedings to assist in the adjudication of the disputed claims against the bank or non-bank financial intermediary performing quasi-banking functions and in the enforcement of individual liabilities of the stockholders and do all that is necessary to preserve the assets of such institution and to implement the liquidation plan approved by the Monetary Board. The Monetary Board shall designate an official of the Central Bank or a person of recognized competence in banking or finance, as liquidator who shall take over and continue the functions of the receiver previously appointed by the Monetary Board under this Section. The liquidator shall, with all convenient speed, convert the assets of the banking institution or non-bank financial intermediary performing quasi-banking functions to money or sell, assign or otherwise dispose of the same to creditors and other parties for the purpose of paying the debts of such institution and he may, in the name of the bank or non-bank financial intermediary performing quasi-banking functions and with the assistance of counsel as he may retain, institute such actions as may be necessary in the appropriate court to collect and recover accounts and assets of such institution or defend any action filed against the institution: Provided, however, That after having reasonably established all claims against the institution, the liquidator may, with the approval of the court, effect partial payments of such claims for assets of the institution in accordance with their legal priority.

The assets of an institution under receivership or liquidation shall be deemed in custodia legis in the hands of the receiver or liquidator and shall, from the moment of such receivership or liquidation, be exempt from any order of garnishment, levy, attachment, or execution.

The provisions of any law to the contrary notwithstanding, the actions of the Monetary Board under this Section, Section 28-A, and the second paragraph of Section 34 of this Act shall be final and executory, and can be set aside by a court only if there is convincing proof, after hearing, that the action is plainly arbitrary and made in bad faith: Provided, That the same is raised in an appropriate pleading filed by the stockholders of record representing the majority of the capital stock within ten (10) days from the date the receiver takes charge of the assets and liabilities of the bank or non-bank financial intermediary performing quasi-banking functions or, in case of conservatorship or liquidation, within ten (10) days from receipt of notice by the said majority stockholders of said bank or non-bank financial intermediary of the order of its placement under conservatorship or liquidation. No restraining order or injunction shall be issued by any court enjoining the Central Bank from implementing its actions under this Section and the second paragraph of Section 34 of this Act in the absence of any convincing proof that the action of the Monetary Board is plainly arbitrary and made in bad faith and the petitioner or plaintiff files a bond, executed in favor of the Central Bank, in an amount to be fixed by the court. The restraining order or injunction shall be refused or, if granted, shall be dissolved upon filing by the Central Bank of a bond, which shall be in the form of cash or Central Bank cashier's check, in an amount twice the amount of the bond of the petitioner or plaintiff conditioned that it will pay the damages which the petitioner or plaintiff may suffer by the refusal or the dissolution of the injunction. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this Section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this Section.

Insolvency, under this Act, shall be understood to mean that the realizable assets of a bank or a non-bank financial intermediary performing quasi-banking functions as determined by the Central Bank are insufficient to meet its liabilities.

The appointment of a conservator under Section 28-A of this Act or the appointment of a receiver or liquidator under this Section shall be vested exclusively with the Monetary Board, the provision of any law, general or special, to the contrary notwithstanding.

It is stressed that in Section 25 of the said Act, the Department of Supervision and Examination is charged with the supervision and periodic examination of all banking institutions operating in the Philippines, including all

government credit institutions. Assuming for the moment that the Bank is owned or controlled by the government, it is nevertheless not exempt from but in fact expressly placed under the jurisdiction of the Central Bank.

More to the point, R.A. No. 3518 itself, which created the Philippine Veterans Bank, provides in its Section 14 that the Bank shall be subject to the authority of the Department of Supervision and Examination.

The said Section 14 reads as follows:

Sec. 14. Inspection by Department of Supervision and Examination of the Central Bank. - The Veterans Bank shall be subject to inspection by the Department of Supervision and Examination of the Central Bank in accordance with Republic Act Numbered Two hundred sixty-five and Republic Act Numbered Three hundred thirty-seven.

The purpose of these provisions is to enable the Central Bank, as the entity charged with the responsibility of maintaining the stability of the banking and monetary systems of the country, to take the necessary steps against any banking institution whose continued operation may cause prejudice to its depositors and creditors, and the general public as well.

Even if it be conceded that the charter of the Bank constitutes a contract between the Government and the stockholders of the Bank, it would not follow that the relationship cannot be altered without violating the impairment clause. This is a too simplistic conclusion that loses sight of the vulnerability of this "precious little clause," as it is called, to the inherent powers of the State when the public interest demands their exercise. The clause, according to Corwin, "is lately of negligible importance, and might well be stricken from the Constitution. For most practical purposes, in fact, it has been." [2]

The undeniable fact is that the notion of public interest has made such considerable inroads into the constitutional guaranty that one could validly say now that it has become the exception rather than the rule. The impact of the modern society upon hitherto private agreements has left the clause in a shambles, as it were, making practically every contract susceptible to change on behalf of the public. The modern understanding is that the contract is protected by the guaranty only if it does not affect public interest, but there is hardly any contract now that does not somehow or other affect public interest as not to come under the powers of the State. Part of that understanding therefore is that, conversely, the contract may be altered validly if it involves the public interest, to which private interests must yield "as a postulate of the existing social order."

In the landmark case of *Norman v. Baltimore*, [3] the U.S. Supreme Court stressed that every contract involving the public interest suffers a congenital infirmity, and that is its susceptibility to change whenever required by the public interest. The police power can be validly asserted to make that change to meet any one of the several great public needs, such as, in that case, regulation of the value of money. In upholding a legislative enactment providing for the payment of existing debts dollar for dollar in the current legal tender, as against contracts calling for such payment in gold coin of specified weight and fineness, the decision stressed:

Contracts, however express, cannot fetter the constitutional authority of the Congress. Contracts may create rights of property, but when contracts deal with a subject matter which lies within the control of the Congress, they have a congenital infirmity. Parties cannot remove their transactions from the reach of dominant constitutional power by making contracts about them.

The need in the case at bar is no less compelling, to wit, the preservation of the integrity and stability of our banking system. Unless adequate and determined efforts are taken by the government against distressed and mismanaged banks, public faith in the banking system is certain to deteriorate to the prejudice of the national economy itself, not to mention the losses suffered by the bank depositors, creditors, and stockholders, who all deserve the protection of the government. The government cannot simply cross its arms while the assets of a bank

are being depleted through mismanagement or irregularities. It is the duty of the Central Bank in such an event to step in and salvage the remaining resources of the bank so that they may not continue to be dissipated or plundered by those entrusted with their management.

The petitioners' argument that by accepting the stocks granted to them by the law, the same have become their inalienable and irrevocable property is clearly untenable. These stockholdings do not enjoy any special immunity over and above shares of stock in any other corporation, which are always subject to the vicissitudes of business. Their value may appreciate or decline or the stocks may become worthless altogether. Like any other property, they do not have a fixed but a fluctuating price. Certainly, the mere acceptance of these shares of stock by the petitioners did not create any legal assurance from the Government that their original value would be preserved and that the owners could not be deprived of such property under any circumstance no matter how justified.

Nor is the charter subject to revocation only by the legislature, as the petitioners also erroneously contend. The mere circumstance that the charter was granted directly by Congress does not signify that only Congress can modify or abrogate it by another enactment. In fact, the charter itself says that the Bank shall be subject to regulation by the Central Bank which is empowered inter alia, by express provision of law, to order its liquidation. Also, by its own terms, the charter will automatically become functus officio after fifty years and the Bank itself will cease to exist unless its life is extended by positive act of the legislature. It may also be noted that quo warranto proceedings may be filed against the Bank by the Solicitor General on behalf of the Republic of the Philippines pursuant to the Rules of Court on any of the grounds enumerated in Rule 66 thereof. All these can be done without the necessity of direct legislative action and, no less importantly, without violation of the legislative will.

There is also the practical difficulty of Congress itself decreeing liquidation, presumably to be made after examination of the financial condition of the Bank. In effect, the legislature, through its corresponding appropriate committees, will be undertaking the function purposely assigned by law to the Department of Examination and Supervision of the Central Bank. This is an intricate administrative function wisely entrusted by Congress to the said body, from which the petitioners would now recall it for its direct exercise by the lawmaking body. Such a procedure would bring us back to square one, so to speak, and revoke the authority confided by Congress to the Central Bank in recognition of its established expertise in the regulation of banks.

Coming now to the ownership of the Bank, we find it is not a government bank, as claimed by the petitioners. The fact is that under Section 3(b) of its charter, while 51% of the capital stock of the Bank was initially fully subscribed by the Republic of the Philippines for and in behalf of the veterans, their widows, orphans or compulsory heirs, the corresponding shares of stock were to be turned over within 5 years from the organization by the Bank to the said beneficiaries who would thereafter have the right to vote such common shares. The balance of about 49% was to be divided into preferred shares which would be opened for subscription by any recognized veteran, widow, orphans or compulsory heirs of said veteran at the rate of one preferred share per veteran, on the condition that in case of failure of any particular veteran to subscribe for any preferred share of stock so offered to him within thirty (30) days from the date of receipt of notice, said share of stock shall be available for subscription to other veterans in accordance with such rules or regulations as may be promulgated by the Board of Directors. Moreover, under Sec. 6(a), the affairs of the Bank are managed by a board of directors composed of eleven members, three of whom are ex officio members, with the other eight being elected annually by the stockholders in the manner prescribed by the Corporation Law. Significantly, Sec. 28 also provides as follows:

Sec. 28. Articles of incorporation. - This Act, upon its approval, shall be deemed and accepted to all legal intents and purposes as the statutory articles of incorporation or Charter of the Philippine Veterans' Bank; and

that, notwithstanding the provisions of any existing law to the contrary, said Bank shall be deemed registered and duly authorized to do business and operate as a commercial bank as of the date of approval of this Act.

This point is important because the Constitution provides in its Article IX-B, Section 2(1) that "the Civil Service embraces all branches, subdivisions, instrumentalities, and agencies of the Government, including government-owned or controlled corporations with original charters." As the Bank is not owned or controlled by the Government although it does have an original charter in the form of R.A. No. 3518, it clearly does not fall under the Civil Service and should be regarded as an ordinary commercial corporation. Section 28 of the said law so provides. The consequence is that the relations of the Bank with its employees should be governed by the labor laws, under which in fact they have already been paid some of their claims.

Applying the Labor Code, the Court rules that the petitioners' claim for back wages must be rejected. The reason is that the employees making this claim have not been illegally dismissed but lawfully separated as a result of the liquidation of the Bank on orders of higher authority. This move was not the decision of the Bank; it was forced upon it by the resolution of the Monetary Board of the Central Bank. Back pay is awarded for work that could have been performed by the employee except that he was prevented from doing so because of his illegal dismissal by the employer. It is clearly not due in the case at bar to the employees whose services were terminated as a result of the forcible closure of the Bank.

As regards the claims of Marking and Mejia for the payment of their retirement benefits, which we restrained temporarily on January 12, 1989, we find with the public respondents that such payment is in order. We so hold, considering that although the said retirees are members of the board of directors, they are nevertheless covered by the Retirement Plan of the Bank per the following pertinent provisions:

Article II, Section 1. - The following words and phrases, as used herein shall have the meaning indicated, unless a different meaning is plainly required by the text:

x x x

c) "Employee" means any person who is employed by the Bank on a regular and permanent basis, including officers; and such members of the Board of Directors and other hired workers not employed on a regular and permanent basis but who, because of their extended service, would qualify under the retirement categories under Article IV hereof and who for purposes of this Plan, shall be deemed employees.

Article III, Section 1 - Eligibility at Effective Date

All employees as herein defined shall automatically be eligible to participate in the Plan, as of its effective date. (Stress supplied)

However, for purposes of the application of Article 110 of the Labor Code, the said directors must be considered managerial employees, or officers, and so not entitled to the preference of claims granted thereunder to workers in general or the rank-and-file employees. The claims of these workers must be accorded priority over all other claims, including those of the said directors, and indeed even of the Government itself.* This provision, as amended by Republic Act No. 6715, reads as follows:

Article 110. Worker preference in case of bankruptcy. In the event of bankruptcy or liquidation of an employer's business, his workers shall enjoy first preference as regards their unpaid wages and other monetary claims, any provision of law to the contrary notwithstanding. Such unpaid wages and monetary claims shall be paid in full before the claims of the Government and other creditors may be paid. (Amendments underlined).

Focusing now on G.R. No. 82337, the Court notes that the petitioners therein are asking that the ownership and management of the Bank be turned over to them in accordance with R.A. No. 3518. They point out that the deficit

incurred by the Bank when its liquidation was ordered by the Central Bank in 1985 is not imputable to them and suggest they can do better in rehabilitating the Bank, given the proper support from the Government. For this reason, they ask the Court to order inter alia the Central Bank to grant them the necessary loans and other facilities, the Secretary of the Budget to certify as appropriated the amount needed to fully pay all common and preferred shares of the Bank, and the National Treasurer to release such amounts to the Bank.

We agree with the Solicitor General that there is a procedural flaw in the petition, in that -

The Rules of Court, the Judiciary Reorganization Act of 1980 and the Interim Rules of Court quite clearly delineate the jurisdiction of the Supreme Court in civil cases as encompassing a review on appeal only on questions of law as well as original petitions in certain special civil actions like certiorari, prohibition and mandamus.

The present petition does not come under any of the above. Obviously, the petition is not an appeal from the decision of any lower court or quasi-judicial body, as in fact, the same is indeed an original petition for restitution. Also, the present petition is certainly not one for certiorari, prohibition or mandamus because there is no tribunal, board or officer that has acted without or in excess of jurisdiction or with grave abuse of discretion, or has neglected the performance of an act which the law enjoins as a duty, and from whose acts or negligence the petitioners were supposed to have been aggrieved thereby. On the basis alone of jurisdiction, the petition at bar should be dismissed.

A reading of the instant petition would show, however, that the same partakes of the nature of mandamus because it seeks judgment directing and commanding the Secretary of Budget, the National Treasurer, the CB, the Monetary Board and the PVB Liquidator to do certain specific acts. Unfortunately, the facts hereof do not present a case where such offices and officials are, by law, mandated to do the adverted acts, even less, that they have neglected to perform them.

Moreover, from what has already been said of the power of the Central Bank to regulate commercial banks, and to order their liquidation whenever warranted, it would seem that the affairs of the Bank are best entrusted to the liquidator court at this time rather than managed directly by the petitioners. This is no reflection on their competence and sincerity, not to mention their genuine concern for the Bank, of which they are the intended beneficiaries and owners. It is only that, considering the expertise of the Central Bank on this matter, and the familiarity of the liquidator court with the ramifications of the problem at hand, we feel it is advisable that they be allowed, as long as the administration has not yet adopted its own plans, to devise the proper steps to relieve the Bank of its present difficulties.

III

The Court reiterates its hope that the administrative authorities may still find a way to rehabilitate the Bank even at this late hour. This is still possible even with this decision, for all we are saying here is that the Central Bank has the power to liquidate the Bank under existing laws and that, in the present circumstances, its liquidation may be undertaken under the control of the liquidator court in accordance with the procedure prescribed by R.A. No. 265 and the guidelines herein laid down. Such rehabilitation may still be ordered by the President of the Philippines if she sees fit, without violation of the import of this decision or of the pertinent laws here interpreted and applied.

WHEREFORE, judgment is hereby rendered: (a) DIS-MISSING the petitions in G.R. Nos. 67125 and 82337; and (b) LIFTING the writ of preliminary injunction dated March 26, 1987, and the temporary restraining order dated January 21, 1989. Costs against the petitioners.

SO ORDERED.

Fernan, C.J., Narvasa, Melencio-Herrera, Gancayco, Padilla, Bidin, Cortes, Griño-Aquino, Medialdea, and Regalado, JJ., concur.

Gutierrez, Jr., J., in the results, believes that overbroad grant of powers to Central Bank should be re-examined in a more appropriate case..

Paras, J., no part, son is a Partner at Sycip Law Office.

Feliciano, J., no part, one of the parties is represented by his former firm.

Sarmiento, J., on leave.

[1] Estrella F. Javier, Plaridel and Jorja S. Pasis, Isidro and Virginia Holgado, Maximo Cotoner, and Lockwell Builders, Inc.

[2] Edward B. Corwin, The Constitution and What It Means Today, 1st Atheneun Ed., p. 85.

[3] 294 U.S. 240.

* Subject to DBP vs. NLRC, G.R. Nos. 82763-64, March 19, 1990.

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