

**PRESIDENTIAL COMMISSION ON GOOD GOVERNMENT, PETITIONER,
VS. HON. BENJAMIN M. AQUINO, JR., AS PRESIDING JUDGE,
REGIONAL TRIAL COURT, NCJR, BRANCH LXXII MALABON, METRO
MANILA, AND...**

G.R. No. 77816. June 30, 1988

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-77816/>

In these special civil actions for certiorari, prohibition and/ or mandamus, the Supreme Court is tasked once more to delineate the jurisdiction of the Regional Trial Court vis-a-vis the Presidential Commission on Good Government.

Petitioner Presidential Commission on Good Government, [hereinafter referred to as PCGG] in G.R. No. 77816 assails the assumption of jurisdiction and interference with its orders and functions by public respondent Judge Benjamin Aquino of the Regional Trial Court, Branch LXXII of Malabon, Metro Manila in Civil Case No. 904-MN entitled "Marcelo Fiberglass Corporation vs. Presidential Commission on Good Government."

G.R. No. 78753 consists of private respondent Marcelo Fiberglass Corporation's comment to the petition in G.R. No. 77816 and counter-petition assailing the jurisdiction, power and authority of the PCGG to sequester assets of private respondent which allegedly do not constitute ill-gotten wealth.

Records show that on June 18, 1982, Edward T. Marcelo as president of private respondent Marcelo Fiberglass Corporation [hereinafter referred to as MFC] entered into a Contract to Buy and Sell with the Philippine Navy represented by Rear Admiral Simeon M. Alejandro, then Flag Officer in Command, for the construction and delivery by the former of fifty-five [55] units of fiberglass high-speed patrol boats at P7,200,000 each plus spare parts amounting to P29,700,000 for a total contract price of P425,700,000. It was stipulated in the contract that the patrol boats would be delivered within thirty-six [36] months from the date the Philippine Navy pays to private respondent the stipulated down payment of thirty per cent [30%] of the contract price.

The aforementioned contract as unilaterally initiated by Edward T. Marcelo as president of private respondent corporation with the conduct of negotiations favorably endorsed by then President Ferdinand Marcos to the Ministry of National Defense.

To facilitate funding of the initial down payment agreed upon under the contract, MFC, through Edward Marcelo, secured presidential approval for the issuance of a guarantee by the national government in acquiring either a foreign currency loan in behalf of the Philippine Navy with a foreign bank or offshore banking unit, or a peso term loan to be negotiated by the Philippine National Bank, also, in behalf of the Philippine Navy.[1]

Upon consultation with the Philippine National Bank and Central Bank officials, however, it was ascertained that it would not be feasible to obtain a foreign loan before the end of the year 1982 to finance the contract with private respondent. To beat the increase in engine prices, Marcelo again secured presidential approval to authorize the Ministry of Budget and the Bureau of Treasury to release the first down payment of P127,710,000 of the contract price from the unprogrammed funds appropriated under the Defense Capability Development Program of the Ministry of National Defense which had a remaining balance of some P300,000,000.00 and to subsequently

include in the national budget of the Ministry of National Defense starting 1984, the yearly loan amortizations to be paid to private respondent.[2]

On July 28, 1983, the Philippine Navy, with the approval of former President Marcos paid private respondent the amount of P127,710,000 representing the 30% initial down payment stipulated in the contract through Land Bank of the Philippines Cashier's Check No. 0093693[3] in violation of the contract which required that payment shall be made by confirmed, irrevocable, divisible letter of credit established by the Philippine Navy in favor of private respondent.

Petitioner alleged that this violation was made possible through Edward T. Marcelo's connection, influence and closeness to then President Marcos, the former being reputed to be a wedding godson, a business partner, front or dummy of the latter in several business corporations.

On February 22, 1985, the Philippine Navy made a second payment in the amount of P72,860,000 bringing the total payments to P200,570,000. Sometime in May or June, 1985, AFP Acting Chief of Staff, General Fidel Ramos approved and recommended the release of P136,867,000 from the Philippine Navy's 1985 appropriations which was set aside "for later release" under the Office of Budget Management by a Forward Obligational Authority dated May 5, 1983,[4] for use as partial payment in the acquisition of 55 Marcelo boats.

On November 28, 1985, an amendment was executed by Rear Admiral Simeon Alejandro and Marcelo to respond to the depreciation of the Philippine peso adjusting the contract price from P425,700,000 to P926,524,500 based on the prevailing exchange rate of PI 8.50 to US\$1.00 subject to further adjustment in the event of future devaluation.[5]

Despite payments in the total amount of P337,437,000 which is equivalent to 79% of the original contract price of P425,700,000 or 36% of the amended contract price of P926,524,500, private respondent has not delivered a single boat to the Philippine Navy. Under the new government of President Corazon Aquino, Marcelo continued to press the Philippine Navy to make the required payments to enable it to complete the project.

In the light thereof, the Minister of National Defense recommended to petitioner the sequestration of the assets of private respondent and of Edward Marcelo for the recovery by the government of the full amount of P337,437,000 advanced to private respondent under the contract.

Thus on February 16, 1987, PCGG Commissioners Raul Daza and Quintin Doromal issued the questioned writ of sequestration[6] over all the assets, properties, records and documents of private respondent.

Private respondent asserted that the writ of sequestration was issued without a finding of a prima facie case, without prior notice and without affording private respondent an opportunity to show why a writ of sequestration should not be issued since said writ was immediately implemented on February 17, 1987 by agents of the PCGG with the support and aid of soldiers in full battle gear who then occupied the premises of private respondent corporation. The PCGG allegedly padlocked the premises, barred private respondent's personnel from entering the same and refused to allow anyone to take out anything therefrom, including purely personal effects and even items belonging to third persons brought to the premises for service or repair by private respondent.

These circumstances prompted private respondent to file a case for certiorari and prohibition with the Regional Trial Court of Malabon presided by respondent Judge Benjamin M. Aquino in Civil Case No. 904-MN with a prayer for the issuance of a restraining order and injunction.

On March 2, 1987, respondent judge issued the assailed restraining order enjoining the PCGG from issuing, executing, and implementing general warrants of search and seizure against MFC; searching and seizing

documents, assets, properties and records of MFC; taking over the business of MFC; and/or otherwise interfering with the exercise of the duties and powers of the board of directors and officers thereof. The temporary restraining order also required the PCGG to immediately turn over control of the premises; return immediately all assets, properties, and documents illegally searched and seized from MFC; and furnish copies of all proceedings, if any, including evidence, testimonial and/or documentary, presented and considered thereat prior to the issuance of said writ of sequestration.

The PCGG filed a Motion to Dismiss and Opposition dated March 9, 1987 to which private respondent filed an Opposition on March 12, 1987.

On March 19, 1987, after receiving evidence on the petition in Civil Case No. 904-MN, respondent judge issued a writ of preliminary injunction ordering the PCGG to refrain or desist from doing the acts enumerated in its restraining order.

Hence, on April 1, 1987, PCGG filed the instant petition in G.R. No. 77816 with a prayer for the issuance of a writ of preliminary injunction and/or temporary restraining order, raising the principal issue of whether respondent judge gravely abused his discretion or acted without or in excess of jurisdiction in assuming jurisdiction and interfering with the orders and functions of PCGG.

In a resolution dated April 2, 1987, the Court resolved to require private respondent to comment on the petition and further resolved to issue a temporary restraining order effective immediately and continuing until further orders from this Court, ordering respondent judge to cease and desist from enforcing his orders dated March 2, 1987 and March 19, 1987 and from proceeding with Civil Case No. 904-MN entitled "Marcelo Fiberglass Corporation vs. PCGG, et al." [7]

On June 22, 1987, private respondent filed its comment and counter-petition docketed as G.R. No. 78753 asking leave from this Court to also consider its comment as a counter-petition for certiorari, prohibition and/or mandamus with a prayer for preliminary injunction and/or temporary restraining order. Private respondent resorted to this remedy to submit the following substantive issues" [1] that the PCGG does not have the jurisdiction, power and authority to sequester the assets of MFC which do not constitute ill-gotten wealth, and [2] that the issuance and implementation of the writ of sequestration violates the constitutional rights of private respondent against impairment of obligation of contracts and deprivation of property without due process of law.

On the issue of jurisdiction of the Regional Trial Court over petitioner PCGG, private respondent contends that Section 2 of Executive Order No. 14 vests the Sandiganbayan with jurisdiction over civil and criminal cases filed by the PCGG but not over special civil actions filed by private parties. Section 2 of Executive Order No. 14 reads:

"Section 2. The Presidential Commission on Good Government shall file all such cases, whether civil or criminal, with the Sandiganbayan, which shall have exclusive and original jurisdiction thereof."

According to private respondent, Section 2 does not limit the filing of special civil actions by private persons exclusively with the Sandiganbayan.

Private respondent further asserts that Presidential Decree No. 1606 which created the Sandiganbayan does not vest such court with jurisdiction over special civil actions such as those involved herein and as enumerated in Section 4 of Presidential Decree No. 1606.

The issue of whether or not the Regional Trial Courts have jurisdiction over the Presidential Commission on Good Government in the exercise of the latter's powers and functions under the applicable Executive Orders and Section 26, Article XVIII of the 1987 Constitution has been laid to rest in PCGG vs. Hon. Emmanuel G. Pena, et al, G.R. No. 77663, April 12, 1988 where Mr. Chief Justice Claudio Teehankee articulated the opinion of an

almost unanimous court as follows:

"On the issue of jurisdiction squarely raised, as above indicated, the Court sustains petitioner's stand and holds that regional trial courts and the Court of Appeals for that matter have no jurisdiction over the Presidential Commission on Good Government in the exercise of its powers under the applicable Executive Orders and Article XVIII, Section 26 of the Constitution and therefore may not interfere with and restrain or set aside the orders, and actions of the Commission. Under Section 2 of the President's Executive Order No. 14 issued on May 7, 1986, all cases of the Commission regarding 'the Funds, Moneys, Assets and Properties Illegally Acquired or Misappropriated by Former President Ferdinand Marcos, Mrs. Imelda Romualdez Marcos, their Close Relatives, Subordinates, Business Associates, Dummies, Agents or Nominees' whether civil or criminal, are lodged within the 'exclusive and original jurisdiction of the Sandiganbayan' and all incidents arising from, incidental to, or related to, such cases necessarily fall likewise under the Sandiganbayan's exclusive and original jurisdiction, subject to review on certiorari exclusively by the Supreme Court."

It will be noted that the Sandiganbayan was held to have exclusive and original jurisdiction in civil or criminal cases lodged before it, as well as incidents arising from, incidental, or related to such cases, subject to review on certiorari exclusively by the Supreme Court. The attempt to remove special civil actions from the Sandiganbayan's exclusive jurisdiction is of no avail if they similarly involve the powers and functions of the Presidential Commission on Good Government.

The reasons for the exclusivity of the Sandiganbayan's jurisdiction are more than amply explained in said decision and We find it superfluous to restate the same.

Suffice it to say that the matters involved in these cases [G.R. Nos. 77816 and 78753] are orders of the PCGG issued in the exercise of its powers and functions for they involve the sequestration of the assets of private respondent Marcelo Fiberglass Corporation and Edward T. Marcelo, its president. The propriety of said sequestration and any incident arising from, incidental or related to such sequestration is within the exclusive jurisdiction of the Sandiganbayan.

WHEREFORE, the petition for certiorari, prohibition and/ or mandamus in G.R. No. 77816 is hereby granted. The orders issued by respondent judge on March 2, 1987 and March 19, 1987 in Civil Case No. 904-MN are hereby set aside as null and void. Respondent judge is ordered to cease and desist from any further proceedings in Civil Case No. 904-MN, which is hereby ordered dismissed.

The counter-petition in G.R. No. 78753 is dismissed for lack of merit.

SO ORDERED.

Yap, C. J., Narvasa, Melencio-Herrera, Cruz, Paras, Feliciano, Gancayco, Padilla, Bidin, Sarmiento, Cortes, and Grino-Aquino, JJ., concur.

Gutierrez, Jr. and Medialdea, JJ., on leave.

[1] Annex "D", Petition, Rollo, p. 65.

[2] Annex "E", Petition, Rollo, p. 66.

[3] Annex "F", Petition, Rollo, p. 67.

[4] Annex "Y", Comment, Rollo, p. 316.

[5] Annex "GG", Comment, Rollo, p. 335.

[6] Annex "I", Petition, Rollo, p. 70.

[7] Rollo. pp. 103 & 104.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.