



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

REPUBLIC OF THE
PHILIPPINES, represented by
the ANTI-MONEY
LAUNDERING COUNCIL,

Petitioner,

- versus -

RAFAEL A. MANALO, GRACE
M. OLIVA, and FREIDA Z.
RIVERA-YAP,

Respondents.

G.R. No. 192302

Present:

CARPIO, J., Chairperson,
BRION,
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, JJ.

Promulgated:

JUN 04 2014

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RESOLUTION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*¹ are the Decision² dated May 21, 2009 and the Resolution³ dated May 17, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 102724 which nullified and set aside the Joint Order⁴ dated August 8, 2007 and the Order⁵ dated January 10, 2008 of the Regional Trial Court (RTC) of Manila, Branch 24 (Manila RTC) in Civil Case Nos. 03-107325 and 03-107308, denying the separate Motions for Leave to Intervene and Admit Attached Answer-in-Intervention filed by respondents Rafael A. Manalo, Grace M. Oliva, and Freida Z. Rivera-Yap (respondents).

¹ Rollo, pp. 146-167.

² Id. at 169-176. Penned by Associate Justice Rosmari D. Carandang, with Associate Justices Mariflor Punzalan-Castillo and Ricardo R. Rosario, concurring.

³ Id. at 177-179.

⁴ Id. at 224-226. Penned by Judge Antonio M. Eugenio, Jr.

⁵ Id. at 228.

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The Facts

On July 18, 2003, petitioner Republic of the Philippines (Republic), represented in this case by the Anti-Money Laundering Council (AMLC), filed a complaint for civil forfeiture, entitled “*Republic v. R.A.B. Realty, Inc., et al.*,”⁶ docketed as Civil Case No. 03-107308, before the Manila RTC. Subsequently, or on July 21, 2003, it filed a second complaint for civil forfeiture, entitled “*Republic v. Ariola, Jr., et al.*,”⁷ docketed as Civil Case No. 03-107325 (collectively, civil forfeiture cases), also before the same RTC.⁸ In the said civil forfeiture cases, the Republic sought the forfeiture in its favor of certain deposits and government securities maintained in several bank accounts by the defendants therein, which were related to the unlawful activity of fraudulently accepting investments from the public,⁹ in violation of the Securities Regulation Code¹⁰ as well as the Anti-Money Laundering Act of 2001.¹¹

On September 25 and 27, 2006, herein respondents filed separate Motions for Leave to Intervene and Admit Attached Answer-in-Intervention¹² (separate motions for intervention), in the civil forfeiture cases, respectively, alleging, *inter alia*, that they have a valid interest in the bank accounts subject thereof. In this relation, they asserted that in a separate petition for involuntary insolvency proceedings, *i.e.*, Spec. Proc. Case No. 03-026 filed before the RTC of Makati City, Branch 204 (insolvency case), they were appointed as assignees of the properties of Spouses Saturnino and Rosario Baladjay (Sps. Baladjay) (as well as their conduit companies) who were impleaded as defendants in the aforementioned civil forfeiture cases.¹³

⁶ Id. at 180-199. The defendants were R.A.B. Realty, Inc., Rosario A. Baladjay, Saturnino M. Baladjay, Chinatrust (Phils.) Commercial Bank Corporation, and Rizal Commercial Banking Corporation.

⁷ Id. at 200-214. The defendants were Conrado G. Ariola, Jr., Joseph Valiant Ariola, Patrocinia J. Ariola, Rosario A. Baladjay, Security Bank, and Bank of the Philippine Islands.

⁸ Id. at 23-24.

⁹ Section 3 (i) (13) of the Anti-Money Laundering Act of 2001 provides:

Sec. 3. *Definitions.* – For purposes of this Act, the following terms are hereby define as follows:

x x x x

(i) “Unlawful activity” refers to any act or omission or series or combination thereof involving or having relation to the following:

x x x x

(13) Fraudulent practices and other violations under Republic Act No. 8799, otherwise known as the Securities Regulation Code of 2000. (Emphasis supplied)

¹⁰ Republic Act No. 8799 (2000).

¹¹ Republic Act No. 9160, entitled “AN ACT DEFINING THE CRIME OF MONEY LAUNDERING, PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES,” (2001).

¹² *Rollo*, pp. 220-223 (in Civil Case No. 03-107308) and pp. 215-219 (in Civil Case No. 03-107325) and, respectively. The separate motions for intervention filed by respondents were identical.

¹³ Entitled “*In The Matter of Petition for Involuntary Insolvency: Spouses Rosario A. Baladjay, Saturnino Baladjay, et al.*”; id. at 230-231.

The Manila RTC Ruling

On August 8, 2007, the Manila RTC rendered a Joint Order¹⁴ denying respondents' separate motions for intervention, citing Section 35 of the Rule of Procedure in Cases of Civil Forfeiture¹⁵ (Civil Forfeiture Rules) which states:

Sec. 35. *Notice to file claims.* - Where the court has issued an order of forfeiture of the monetary instrument or property in a civil forfeiture petition for any money laundering offense defined under Section 4 of Republic Act No. 9160, as amended, **any person who has not been impleaded nor intervened claiming an interest therein may apply, by verified petition, for a declaration that the same legitimately belongs to him and for segregation or exclusion of the monetary instrument or property corresponding thereto.** The verified petition shall be filed with the court which rendered the order of forfeiture within fifteen days from the date of finality of the order of forfeiture, in default of which the said order shall be executory and bar all other claims. (Emphasis supplied)

In view of the remedy stated in the foregoing provision, the Manila RTC thus ratiocinated that respondents "need not unduly worry as they are amply protected in the event the funds subject of the instant case are ordered forfeited in favor of the [Republic]." ¹⁶

Dissatisfied, respondents moved for reconsideration, which was likewise denied by the Manila RTC in an Order¹⁷ dated January 10, 2008, prompting them to elevate the case to the CA on *certiorari*.¹⁸

The CA Ruling

In a Decision¹⁹ dated May 21, 2009, the CA granted respondents' petition, ruling that the Manila RTC gravely abused its discretion in denying respondents' separate motions for intervention. It found that respondents were able to establish their rights as assignees in the insolvency case filed by Sps. Baladjay. As such, they have a valid interest in the bank accounts subject of the civil forfeiture cases.²⁰ Moreover, a reading of Section 35 of the Civil Forfeiture Rules as above-cited revealed that there is nothing

¹⁴ *Rollo*, pp. 224-226.

¹⁵ A.M. No. 05-11-04-SC entitled "RULE OF PROCEDURE IN CASES OF CIVIL FORFEITURE, ASSET PRESERVATION, AND FREEZING OF MONETARY INSTRUMENT, PROPERTY, OR PROCEEDS REPRESENTING, INVOLVING, OR RELATING TO AN UNLAWFUL ACTIVITY OR MONEY LAUNDERING OFFENSE UNDER REPUBLIC ACT NO. 9160, AS AMENDED," (2005).

¹⁶ *Rollo*, p. 225.

¹⁷ *Id.* at 228.

¹⁸ *Id.* at 229-250.

¹⁹ *Id.* at 169-176.

²⁰ *Id.* at 174.

therein that prohibits an interested party from intervening in the case before an order of forfeiture is issued.²¹

Feeling aggrieved, the Republic moved for reconsideration which was, however, denied by the CA in a Resolution²² dated May 17, 2010, hence, this petition.

The Issue Before the Court

The essential issue for the Court's resolution is whether or not the CA erred in holding that the Manila RTC committed grave abuse of discretion in issuing the Joint Order dated August 8, 2007 and the Order dated January 10, 2008 which denied respondents' separate motions for intervention in the civil forfeiture cases.

At this point, the Court duly notes that during the pendency of the instant petition, the Manila RTC rendered a Decision on September 23, 2010 in Civil Case No. 03-107325, and, thereafter, a Decision dated February 11, 2011 and Amended Decision dated May 9, 2011 in Civil Case No. 03-107308, all of which ordered the assets subject of the said cases forfeited in favor of the government.²³ In view thereof, the Republic prayed that it be excused from filing the required reply,²⁴ which the Court granted in a Resolution²⁵ dated June 3, 2013.

The Court's Ruling

The petition must be dismissed for having become moot and academic.

A case or issue is considered moot and academic when it ceases to present a justiciable controversy by virtue of supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use. In such instance, there is no actual substantial relief which a petitioner would be entitled to, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness,²⁶ as a judgment in a case which presents a moot question can no longer be enforced.²⁷

²¹ Id. at 175.

²² Id. at 177-179.

²³ See Manifestation and Motion (In Lieu of Reply) dated May 14, 2013; id. at 682.

²⁴ Id. at 683. In the Resolution dated January 21, 2013, the Court required the Republic to file a reply to respondents' comment on the petition (id. at 667).

²⁵ Id. at 686-687.


²⁶ *Carpio v. CA*, G.R. No. 183102, February 27, 2013, 692 SCRA 162, 174.

²⁷ *Sales v. Commission on Elections*, 559 Phil. 593, 597 (2007).


In this case, the Manila RTC's rendition of the Decision dated September 23, 2010 in Civil Case No. 03-107325, as well as the Decision dated February 11, 2011 and the Amended Decision dated May 9, 2011 in Civil Case No. 03-107308, by virtue of which the assets subject of the said cases were all forfeited in favor of the government, are *supervening events* which have effectively rendered the essential issue in this case moot and academic, that is, whether or not respondents should have been allowed by the Manila RTC to intervene on the ground that they have a legal interest in the forfeited assets. As the proceedings in the civil forfeiture cases from which the issue of intervention is merely an incident have already been duly concluded, no substantial relief can be granted to the Republic by resolving the instant petition.


WHEREFORE, the petition is **DISMISSED** for being moot and academic.

SO ORDERED.


ESTELA M. PERLAS-BERNABE
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Chairperson

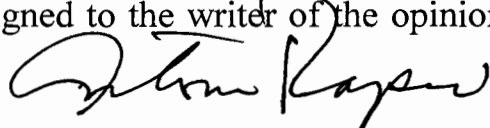

ARTURO D. BRION
Associate Justice


MARIANO C. DEL CASTILLO
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice

ATTESTATION

I attest that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice