



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

BDO UNIBANK, INC.,
Petitioner,

G.R. No. 253311

Present:

— versus —

LEONEN, *SAJ.*,
Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., *JJ.*

AILENE CHUA CO, doing
business under the names and
style of “TWIN BLESSINGS
ENTERPRISE” and “CO
BRANDING ENTERPRISE,”
and ANDREW CO,
Respondents.

Promulgated:

JUN 22 2022

X-----X

DECISION

LOPEZ, M., *J.*:

This resolves the Petition for Review on *Certiorari*¹ under Rule 45 of the Rules of Court, filed by BDO Unibank, Inc. (BDO) assailing the January 16, 2020 Decision² and September 2, 2020 Resolution³ of the Court of Appeals (CA) in CA-G.R. SP No. 160580.

¹ *Rollo*, pp. 11–30.

² *Id.* at 149–161. The January 16, 2020 Decision in CA-G.R. SP No. 160580 was penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Nina G. Antonio-Valenzuela and Louis P. Acosta of the Fifth Division, Court of Appeals, Manila.

³ *Id.* at 162–163. The September 2, 2020 Resolution in CA-G.R. SP No. 160580 was penned by Associate Justice Mariflor P. Punzalan Castillo and concurred in by Associate Justices Nina G. Antonio-Valenzuela and Louis P. Acosta of the Former Fifth Division, Court of Appeals, Manila.

In November 2011, Ailene Chua Co (Ailene), proprietor of Twin Blessings Enterprise and Co Branding Enterprise, and her husband Andrew Co (Andrew; collectively, respondents) filed a Petition for Voluntary Insolvency⁴ before the Regional Trial Court (RTC), Branch 90 of Quezon City. As required under the Financial Rehabilitation and Insolvency Act of 2010 (FRIA),⁵ respondents disclosed that they have two US dollar time deposit accounts with petitioner BDO: Account No. 302703078315 and Account No. 302703452706.⁶ Acting on the Petition, the RTC issued a Liquidation Order⁷ dated December 9, 2011, declaring respondents as insolvent, ordering the liquidation of their assets, and directing compliance with the required publication in a newspaper of general circulation. Further, the RTC ordered: (a) the deputy sheriff to take possession of respondents' properties until the appointment of a liquidator; (b) for respondents to not make any payment and transfer of their properties, except for administrative expenses as they fall due; and (c) for all creditors to file their claims with the liquidator upon their election and appointment.⁸

As one of respondents' creditors, BDO filed a Notice of Claim⁹ to collect the total outstanding balance of PHP 287,904.19 from respondents' Standard Mastercard and Mastercard Shop More. After confirming BDO's claims along with those of the other creditors and upon motion of the court-appointed liquidator, the RTC issued an Order¹⁰ dated October 16, 2013, which in part reads:

DIRECTING Banco De Oro, West Avenue Branch to render an accounting to the court-appointed liquidator, Atty. Stephen Jacon M. Taboso, and to this Court, as regards the deposits of petitioner Ailene Co (Account Nos. 302703078315 and 302703452706) within ten (10) days from receipt of this Order;

DIRECTING Banco De Oro, West Avenue Branch to hold in trust the deposits, including its fruits, of petitioner Ailene Co (Account Nos. 302703078315 and 302703452706) until further orders from this Court[.]¹¹

In its Compliance,¹² BDO informed the trial court that the amount deposited in Account No. 302703452706 was entirely applied to Ailene's outstanding obligation under her Back-to-Back Loan. The set-off allegedly took place on October 17, 2011 or before the filing of the Petition for Insolvency. As for Account No. 302703078315, BDO claimed that the fund in this account was likewise applied in full to Ailene's outstanding obligation

⁴ *Id.* at 64–77, inclusive of Amended Petition, impleading Ailene's husband, Andrew Co, as co-petitioner in the case before the RTC, docketed as *SP. PROC. No. Q-11-70234*.

⁵ Republic Act No. 10142, July 18, 2010

⁶ *Rollo*, p. 70, Schedule of Banks of Twin Blessings Enterprise as of August 31, 2011.

⁷ *Id.* at 78–79.

⁸ *Id.*

⁹ *Id.* at 80–81.

¹⁰ *Id.* at 90–94.

¹¹ *Id.* at 93.

¹² *Id.* at 95–97.

Y

in the Superlite Loan on January 30, 2012. BDO alleged that the application of payment was made before it received the RTC's liquidation order, without disclosing the actual date of receipt. Considering that both accounts have zero balances and were already closed, BDO stated that there is nothing left to hold in trust for the other creditors relative to these accounts.

For their part, respondents filed a Motion for Production, asserting that there is a need to ascertain the veracity and accuracy of the unilateral off-setting done by BDO, particularly the material dates and amounts contained in the deposit accounts *vis-à-vis* Ailene's obligations. Finding merit in respondents' motion, the RTC issued an Omnibus Order¹³ dated September 15, 2014, for BDO to produce before the trial court the complete ledgers of Ailene's US dollar Account Nos. 302703078315 and 302703452706, from opening date to closure of the accounts.

About a year later, on September 7, 2015, BDO filed a Manifestation/Compliance with Motion to Exclude the Dollar Time Deposit Accounts of Petitioner Aileen Chua Co.,¹⁴ reiterating that the funds in Ailene's accounts were already used to pay for her personal loan obligations. It prayed for the exclusion of these accounts in the list of assets for distribution to the other creditors. The motion was objected to by respondents' counsel who then moved that BDO be cited for contempt. It was also opposed by the other creditors Hongkong and Shanghai Banking Corporation and First United Finance & Leasing Corporation on the ground that the application of payment by BDO was not supported by any documentary evidence. As provided in Section 58 of the FRIA, BDO's actions are presumed to be intended to defraud the other creditors given that the transactions were done within the 90-day period before the issuance of the liquidation order.

In an Omnibus Order¹⁵ dated January 10, 2017, the RTC denied BDO's motion for exclusion and thereupon nullified the questioned application of payment:

IN VIEW OF THE FOREGOING, this Court hereby orders as follows:

1. The afore-cited Motion to Exclude the Dollar Time Deposit Accounts of Petitioner Aileen Chua Co is **DENIED** and the afore-cited Motion to Nullify BDO's Payment and/or Transfer of Assets is **GRANTED**. Accordingly, the BDO's application of the petitioner Ailene Chua Co's Dollar Time Deposit Accounts with her alleged back-to-back loan with the BDO is nullified and the said dollar time deposits are included in the petitioners' assets for the eventual distribution to the creditors in accordance with the rules. This Court therefore reiterates its Omnibus Order dated September 15, 2014, ordering creditor BDO to produce before this Court and furnish the petitioners the complete ledgers (from opening date to closure) of petitioner Ailene Chua Co's US

¹³ Id. at 98–100.

¹⁴ Id. at 101–103.

¹⁵ Id. at 107–110.

dollar deposit accounts numbers 302703078315 and 302703452706 on the next scheduled hearing. x x x. As to the afore-cited motion for issuance of a show cause order why BDO should not be cited for indirect contempt for failure to comply with the order of this Court, the petitioners or other creditors should file the appropriate initiatory verified petition in accordance with Rule 71 of the 1997 Rules of Civil Procedure as amended.¹⁶ (Emphasis supplied)

During the subsequent March 28, 2017 hearing, the RTC gave BDO additional time to produce the complete ledgers of the subject accounts. It also directed BDO to file an amended notice of claim to reflect Ailene's US dollar time deposits and the corresponding loans that were allegedly paid off. Further, BDO was required to issue demand drafts payable to the RTC to be deposited by the Branch Clerk of Court with the Land Bank of the Philippines.¹⁷

However, instead of producing the complete ledgers of Ailene's accounts, BDO filed a Motion to Admit¹⁸ with copies of the following documents: (1) Time Deposit Certificate¹⁹ for Account No. 302703452706, indicating the principal amount of USD 10,141.72; (2) a Promissory Note with Assignment²⁰ executed by Ailene in the amount of USD 10,000.00; and (3) a Disclosure Statement on Loan and Credit Transaction²¹ for the period of July 18, 2011 to October 17, 2011. BDO explained that Ailene obtained a Back-to-Back Loan secured by the time deposit under Account No. 302703452706 as shown in the Promissory Note with Assignment. Upon the maturity of the time deposit placement on October 17, 2011, Ailene can no longer be contacted by the bank. Hence, the account was terminated, and the proceeds thereof was applied as payment to her loan. BDO admitted that the off-setting took place within the 90-day period before the issuance of the liquidation order in the insolvency proceeding. Yet, it insisted that the presumption of intent to defraud other creditors under Section 58 of the FRIA is not applicable since it only exercised its right as a secured creditor. The action is not aimed at defeating the efforts of the other creditors to collect because the collation of respondents' assets has not commenced when the off-setting was done.²²

On February 5, 2018, the RTC issued an Order²³ admitting the Promissory Note with Assignment attached to BDO's Motion to Admit, subject however to the submission of the complete ledgers:

IN VIEW OF THE FOREGOING, creditor BDO is directed to submit/produce before this Court the complete (from opening date to closure date) and original customer's ledgers of petitioner's dollar accounts

¹⁶ *Id.* at 110.

¹⁷ *Id.* at 152–153,

¹⁸ *Id.* at 111–117, Entry of Appearance with Motion to Admit dated October 9, 2017.

¹⁹ *Id.* at 118–119.

²⁰ *Id.* at 120–121.

²¹ *Id.* at 122.

²² *Id.* at 115.

²³ *Id.* at 129.

8

and to render a full accounting of the said dollar accounts on the next hearing which is set on March 12, 2018 at 8:30 A.M.

SO ORDERED.²⁴

The order was reiterated by the RTC in open court during the hearing on August 23, 2018.²⁵

Unsatisfied, BDO filed a Motion for Reconsideration²⁶ stating that the admission of the Promissory Note with Assignment should be absolute, thus praying:

WHEREFORE, premises considered, Creditor BDO Unibank, Inc. respectfully prays of this Honorable Court that:

1. With the admission of the Promissory Note with Assignment dated July 18, 2011, as evidence of petitioner's Ailene C. Co's outstanding loan obligation under the Back-to-Back loan, to CONSIDER Account No. 302703452706 as EXCLUDED from the coverage of the Commencement Order dated December 28, 2011;

2. ORDER that the termination of petitioner Ailene C. Co's Time Deposit Account No. 302703452706 on October 17, 2011, as payment of her Back-to-Back loan, be rendered VALID and EFFECTIVE; and

3. REVERSE the verbal Order issued by this Honorable Court on August 23, 2018, and RESOLVE Creditor BDO's *Motion to Admit* dated October 10, 2017 and petitioners' *Comment with Motion* dated December 8, 2017.

Other reliefs, just and equitable under the premises, are likewise prayed for.²⁷ (Emphasis in the original)

The RTC denied BDO's Motion for Reconsideration on February 28, 2019.²⁸ Undeterred, BDO questioned the RTC's Orders dated August 23, 2018 and February 28, 2019 via *certiorari* before the CA.

On January 16, 2020, the CA issued the assailed Decision²⁹ in CA-G.R. SP No. 160580, which found no grave abuse of discretion on the part of the RTC in issuing the assailed Orders, thus:

WHEREFORE, premises considered, the instant petition is **DISMISSED**. The Orders of the Regional Trial Court of Quezon City, Branch 90 dated 23 August 2018 and 28 February 2019, in Spec. Proc. No. Q-11-70234 are **AFFIRMED**.

²⁴ *Id.*

²⁵ *Id.* at 133–134.

²⁶ *Id.* at 130–137.

²⁷ *Id.* at 134–135.

²⁸ *Id.* at 150, 158.

²⁹ *Id.* at 149–161.

SO ORDERED.³⁰ (Emphasis in the original)

BDO's motion for reconsideration was denied in the CA's Resolution³¹ dated September 2, 2020.

Hence, this recourse.

In this Petition for Review on *Certiorari*,³² petitioner insists that the insolvency proceedings under the FRIA cannot impair or diminish its status as a secured creditor. As such, the CA erred in ruling that the RTC's Order nullifying its application of payment may no longer be questioned because of laches. It also faults the CA for concluding that the grounds in Section 58 of the FRIA to nullify petitioner's application of payment are present in this case. Lastly, petitioner claims that the CA erroneously ruled that the bank's Motion to Admit is not the proper remedy to prove the validity of its application of payment.

On the other hand, respondents clarify in their Comment³³ that the order nullifying the application of payment was issued way back in January 10, 2017 and petitioner did not file any motion for reconsideration. In seeking the reversal of the nullification order, petitioner is clearly attempting to rectify its negligence of failing to make a timely appeal, which should not be allowed because of the principle of laches.

The issue to be resolved is whether the CA correctly sustained the RTC's Orders dated August 23, 2018 and February 28, 2019.

Ruling

The Petition is devoid of merit.

*The RTC did not commit
grave abuse of discretion*

The RTC Orders being assailed by petitioner are interlocutory orders. The term "interlocutory" pertains to matters which take place between the commencement and the end of the suit, which decides some incident but does not terminate nor finally dispose of the whole controversy.³⁴ Contrary to respondents' argument, there is no appeal available to petitioner at that preliminary stage in the insolvency case to question the RTC's Orders which

³⁰ *Id.* at 160

³¹ *Id.* at 162–163.

³² *Id.* at 11–30.

³³ *Id.* at 182–185.

³⁴ *Bifian Rural Bank v. Carlos*, 759 Phil. 416 (2015) [Per J. Brion, Second Division] and *United Overseas Bank v. Ros*, 556 Phil. 178 (2007) [Per J. Chico-Nazario, Third Division].

are interlocutory in nature.³⁵ Petitioner availed of the proper remedy of *certiorari* under Rule 65 of the Rules of Court.³⁶ However, the writ of *certiorari* will not issue because the RTC did not act without or in excess of jurisdiction or with grave abuse of discretion in issuing the interlocutory orders.³⁷

To recall, respondents sought relief as financially distressed debtors under FRIA through voluntary insolvency proceedings. After petitioner filed its Notice of Claim, the RTC issued an Order³⁸ dated October 16, 2013 asking for an accounting of respondent Ailene's time deposit Account Nos. 302703078315 and 302703452706. Petitioner then disclosed that the accounts have zero balances because the deposits were applied in full to Ailene's outstanding obligation.³⁹ To verify the details of the set-off, the RTC issued an **Omnibus Order**⁴⁰ dated September 15, 2014 for petitioner to **produce the complete ledgers of the subject accounts, from opening to closing date**. Petitioner did not comply.

One year later, or in September 2015, petitioner filed a Motion⁴¹ to exclude the two accounts in the assets to be distributed to the other creditors. The RTC denied petitioner's motion for exclusion and **nullified the application of payment in the Omnibus Order**⁴² dated January 10, 2017. It ruled that the deposits must be included in respondents' assets "for the eventual distribution to the creditors in accordance with the rules."⁴³ In March 2017, the RTC gave petitioner more time to produce the complete ledgers,⁴⁴ but to no avail. Come October 2017, petitioner submitted the Time Deposit Certificate⁴⁵ for Account No. 302703452706, a Promissory Note with Assignment⁴⁶ executed by respondent Ailene, and a Disclosure Statement on Loan and Credit Transaction,⁴⁷ along with a Motion to Admit,⁴⁸ to prove its status as a secured creditor.⁴⁹ No mention was made about Account No. 302703078315. In its Order⁵⁰ dated February 5, 2018, the RTC admitted the Promissory Note with Assignment but again ordered petitioner to present the

³⁵ RULES OF COURT, Rule 41, sec. 1(c). See also *Raymundo v. Vda. de Suarez*, 593 Phil. 28 (2008) [Per J. Nachura, Third Division].

³⁶ *Atienza v. Board of Medicine*, 657 Phil. 536 (2011) [Per J. Nachura, Second Division] and *Philippine American Life & General Insurance Co. v. Valencia-Bagalacsa*, 435 Phil. 104 (2002) [Per J. Austria-Martinez, First Division].

³⁷ *Crispino v. Tansay*, 801 Phil. 711 (2016) [Per J. Leonen, Second Division].

³⁸ *Rollo*, pp. 90-94.

³⁹ *Id.* at 95-97.

⁴⁰ *Id.* at 98-100.

⁴¹ *Id.* at 101-103.

⁴² *Id.* at 107-110.

⁴³ *Id.* at 110.

⁴⁴ *Id.* at 152-153.

⁴⁵ *Id.* at 118-119.

⁴⁶ *Id.* at 120-121.

⁴⁷ *Id.* at 122.

⁴⁸ *Id.* at 111-117. Entry of Appearance with Motion to Admit dated October 9, 2017.

⁴⁹ *Id.* at 115.

⁵⁰ *Id.* at 129.

complete ledgers for both dollar deposit accounts. The order was reiterated by the RTC during the August 23, 2018 hearing.⁵¹

We note, that the assailed Order dated August 23, 2018 is a mere reiteration of the RTC's Order dated February 5, 2018, admitting the Promissory Note with Assignment, and requiring the bank anew to produce the complete ledgers for respondent Ailene's time deposit accounts. The order for petitioner to produce the ledgers of the subject accounts was issued as early as September 15, 2014 during the initial progress of liquidation to protect the assets of the insolvent debtor for the benefit of creditors. Ostensibly, the RTC was simply discharging its mandate as a special commercial court in facilitating a speedy and orderly liquidation of respondents' assets and the settlement of obligations with their creditors under the FRIA.⁵² The trial court was taking steps to ensure transparency and efficiency in the process of collating all assets belonging to respondents pursuant to the liquidation order.⁵³ Thus, we find that no grave abuse of discretion may be imputed to the RTC in this regard.

*Laches rendered BDO's
motion for reconsideration
iniquitous*

Next, we discuss the alleged error of the CA in ruling that the RTC's order nullifying the application of payment may no longer be questioned because of laches.

In *Quintos v. Nicolas*,⁵⁴ laches was defined as the failure or neglect, for an unreasonable and unexplained length of time, to do that which—by the exercise of due diligence—could or should have been done earlier. The negligence or omission to assert a right within a reasonable period warrants the presumption that the party has either abandoned or declined to assert it. This principle of equity does not intend to penalize neglect or sleeping upon one's right, but rather avoids recognizing a right when to do so would result in a clearly inequitable situation.⁵⁵

⁵¹ *Id.* at 133–134.

⁵² SECTION 2. Declaration of Policy. — It is the policy of the State to encourage debtors, both juridical and natural persons, and their creditors to collectively and realistically resolve and adjust competing claims and property rights. In furtherance thereof, the State shall ensure a timely, fair, transparent, effective and efficient rehabilitation or liquidation of debtors. The rehabilitation or liquidation shall be made with a view to ensure or maintain certainty and predictability in commercial affairs, preserve and maximize the value of the assets of these debtors, recognize creditor rights and respect priority of claims, and ensure equitable treatment of creditors who are similarly situated. When rehabilitation is not feasible, it is in the interest of the State to facilitate a speedy and orderly liquidation of these debtors' assets and the settlement of their obligations.

⁵³ SECTION 113. Effects of the Liquidation Order. — Upon the issuance of the Liquidation Order:
(a) the juridical debtor shall be deemed dissolved and its corporate or juridical existence terminated;
(b) legal title to and control of all the assets of the debtor, except those that may be exempt from execution, shall be deemed vested in the liquidator or, pending his election or appointment, with the court[.]

⁵⁴ 736 Phil. 438 (2014) [Per J. Velasco, Jr., Third Division].

⁵⁵ *Id.*

Y

In its Decision, the CA correctly pointed out that the *certiorari* petition filed by petitioner only assailed the Order dated August 23, 2018, requiring the production of the complete ledgers and Order dated February 28, 2019, denying the motion for reconsideration. The assailed Orders have nothing to do with the nullification of petitioner's application of payment contained in an earlier Omnibus Order issued on January 10, 2017—which petitioner did not bother to question. To be sure, petitioner challenged the nullification order for the first time only in September 2018 when it filed a motion for reconsideration⁵⁶ of the August 23, 2018 Order. Clearly, the remedy resorted to was way beyond the period for filing a motion for reconsideration.⁵⁷ Allowing one year and nine months to lapse before seeking the reversal of the Omnibus Order dated January 10, 2017 is unreasonable and constitutes laches. It would be unfair and inequitable to entertain petitioner's belated attempt to set aside the order when it slept on its rights without providing any justification.⁵⁸

At any rate, even if the Court glosses over petitioner's inaction, the Petition still fails.

Section 114⁵⁹ of the FRIA guarantees that the liquidation order shall not affect the right of a secured creditor to enforce its lien.⁶⁰ This crucial aspect requires competent proof of such "secured status" because the liquidation court is also expected to take measures to protect the other creditors from fraudulent schemes that may reduce their shares in the assets of the insolvent debtor.⁶¹ In this case, the RTC's delicate task was made particularly difficult

⁵⁶ *Rollo*, pp. 130–137.

⁵⁷ RULES OF COURT, Rule 37, sec. 1.

⁵⁸ *Mangubat v. Morga-Seva*, 773 Phil. 399 (2015) [Per J. Del Castillo, Second Division].

⁵⁹ SECTION 114. Rights of Secured Creditors. — The Liquidation Order shall not affect the right of a secured creditor to enforce his lien in accordance with the applicable contract or law. A secured creditor may:

- (a) waive his rights under the security or lien, prove his claim in the liquidation proceedings and share in the distribution of the assets of the debtor; or
- (b) maintain his rights under his security or lien.

If the secured creditor maintains his rights under the security or lien:

(1) the value of the property may be fixed in a manner agreed upon by the creditor and the liquidator. When the value of the property is less than the claim it secures, the liquidator may convey the property to the secured creditor and the latter will be admitted in the liquidation proceedings as a creditor for the balance; if its value exceeds the claim secured, the liquidator may convey the property to the creditor and waive the debtor's right of redemption upon receiving the excess from the creditor;

(2) the liquidator may sell the property and satisfy the secured creditor's entire claim from the proceeds of the sale; or

(3) the secured creditor may enforce the lien or foreclose on the property pursuant to applicable laws.

⁶⁰ *Metropolitan Bank and Trust Company v. S.F. Naguiat Enterprises, Inc.*, 756 Phil. 229 (2015) [Per J. Leonen, Second Division]; *See also Yngson, Jr. v. Philippine National Bank*, 692 Phil. 576 (2012) [Per J. Villarama, Jr., First Division].

⁶¹ SECTION 127. Rescission or Nullity of Certain Transactions. — Any transaction occurring prior to the issuance of the Liquidation Order or, in case of the conversion of the rehabilitation proceedings to liquidation proceedings prior to the commencement date, entered into by the debtor or involving its assets, may be rescinded or declared null and void on the ground that the same was executed with intent to defraud a creditor or creditors or which constitute undue preference of creditors. The presumptions set forth in Section 58 hereof shall apply.

by petitioner's obstinate refusal to comply with the Orders issued as early as September 2014 to produce the complete ledgers of the subject bank accounts to prove its status.⁶² Due to its own continued defiance to the lawful orders of the liquidation court, petitioner failed to establish its claim that the applications of payment are outside the scope of the liquidation order.

BDO's right as a secured creditor is a question of fact

At this point, we reject petitioner's contentions: (1) that the grounds in Section 58⁶³ of the FRIA to nullify petitioner's application of payment are not present in this case and (2) that the Promissory Note with Assignment sufficiently proves petitioner's status as a secured creditor, and consequently warrants the exclusion of respondent Ailene's Account No. 302703452706 from the liquidation order. Needless to say, the resolution of the issues concerning the validity of the application of payment; petitioner's alleged status as a secured creditor; and whether its interests as such should be considered in the insolvency proceedings, are all questions of fact:

The distinction between questions of law and questions of fact is well-defined. A question of law exists when the doubt or difference centers on what the law is on a certain state of facts. A question of fact, on the other hand, exists if the doubt centers on the truth or falsity of the alleged facts. This being so, the findings of fact of the CA are final and conclusive and the Court will not review them on appeal.

In view of the foregoing, the Court finds BPI's petition to be improper—and hence, dismissible—as the issues raised therein involve questions of fact which are beyond the ambit of a Rule 45 petition for review.


To elucidate, the determination of whether or not due regard was given to the interests of BPI as a secured creditor in the approved

⁶² Rollo, pp. 98–100, See RTC's Omnibus Order dated September 15, 2014.

⁶³ SECTION 58. Rescission or Nullity of Certain Pre-commencement Transactions. — Any transaction occurring prior to commencement date entered into by the debtor or involving its funds or assets may be rescinded or declared null and void on the ground that the same was executed with intent to defraud a creditor or creditors or which constitute undue preference of creditors. Without limiting the generality of the foregoing, a disputable presumption of such design shall arise if the transaction:

- (a) provides unreasonably inadequate consideration to the debtor and is executed within ninety (90) days prior to the commencement date;
- (b) involves an accelerated payment of a claim to a creditor within ninety (90) days prior to the commencement date;
- (c) provides security or additional security executed within ninety (90) days prior to the commencement date;
- (d) involves creditors, where a creditor obtained, or received the benefit of, more than its pro rata share in the assets of the debtor, executed at a time when the debtor was insolvent; or
- (e) is intended to defeat, delay or hinder the ability of the creditors to collect claims where the effect of the transaction is to put assets of the debtor beyond the reach of creditors or to otherwise prejudice the interests of creditors.

Provided, however, That nothing in this section shall prevent the court from rescinding or declaring as null and void a transaction on other grounds provided by relevant legislation and jurisprudence: Provided, further, That the provisions of the Civil Code on rescission shall in any case apply to these transactions.



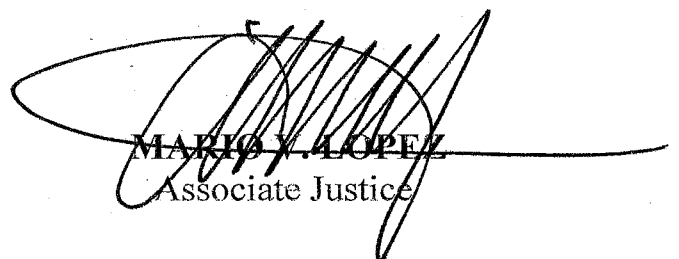
rehabilitation plan partakes of a question of fact since it will require a review of the sufficiency and weight of evidence presented by the parties—among others, the various financial documents and data showing Sarabia's capacity to pay and BPI's perceived cost of money—and not merely an application of law. Therefore, given the complexion of the issues which BPI presents, and finding none of the above-mentioned exceptions to exist, the Court is constrained to dismiss its petition, and prudently uphold the factual findings of the courts *a quo* which are entitled to great weight and respect, and even accorded with finality. This especially obtains in corporate rehabilitation proceedings wherein certain commercial courts have been designated on account of their expertise and specialized knowledge on the subject matter, as in this case.⁶⁴

The matters raised by petitioner undoubtedly require an examination of the financial documents ought to be presented before the RTC during the trial proper, hence, are outside the limit of this Court's power of review in a Rule 45 petition.⁶⁵

In any case, the Court sees that the RTC's Omnibus Order explicitly declared that the deposits in the subject bank accounts are to be included in the respondents' assets "for the eventual distribution to the creditors **in accordance with the rules.**"⁶⁶ This assures that the manner of distribution will be done in accordance with the FRIA and will recognize petitioner's supposed right as a secured creditor—should its status as such be proven later in the course of the insolvency proceedings.

ACCORDINGLY, the Petition is **DENIED**. The January 16, 2020 Decision and September 2, 2020 Resolution of the Court of Appeals in CA-G.R. SP No. 160580 are **AFFIRMED**. The Regional Trial Court, Branch 90 of Quezon City is ordered to proceed and resolve the Petition for Voluntary Insolvency, SP. PROC. No. Q-11-70234, with dispatch.

SO ORDERED.


MARIO V. LOPEZ
Associate Justice

⁶⁴ *Bank of the Philippine Islands v. Sarabia Manor Hotel Corp.*, 715 Phil. 420 (2013) [Per J. Perlas-Bernabe, Second Division].

⁶⁵ *Banco De Oro Unibank, Inc. v. International Copra Export Corp.*, G.R. Nos. 218485-86, 218493-97, 218487, 218498-503, 218488-90, 218504-07, 218491, 218508-13 & 218523-29, April 28, 2021 [Per J. Leonen, Third Division].

⁶⁶ *Rollo*, p. 110, Omnibus Order dated January 19, 2017.

WE CONCUR:



MARVIC M.V.F. LEONEN

Senior Associate Justice
Chairperson



AMY C. LAZARO-JAVIER

Associate Justice



JHOSEP V. LOPEZ

Associate Justice



ANTONIO T. KHO, JR.

Associate Justice

ATTESTATION

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



MARVIC M.V.F. LEONEN

Senior Associate Justice
Chairperson

CERTIFICATION

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



ALEXANDER G. GESMUNDO

Chief Justice