



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated April 27, 2022, which reads as follows:*

**“G.R. Nos. 214957–58 (*Picop Resources, Inc. and New Paper Industries Corporation, petitioners v. Land Bank of the Philippines, respondent.*)** — The validity of the termination of a corporate rehabilitation proceeding is the core issue of the Petition for Review on Certiorari<sup>1</sup> under Rule 45 of the Rules of Court which assails the Decision<sup>2</sup> dated February 4, 2014 and Resolution<sup>3</sup> dated October 17, 2014 of the Court of Appeals (CA) in CA-G.R. SP Nos. 110624 and 111877.

Respondent Land Bank of the Philippines (LBP) is one of the major creditors of petitioners Picop Resources, Inc. (PRI) and New Paper Industries Corporation (NPIC) (“petitioners,” collectively) with an exposure of 1.8 Billion Pesos in the form of term loans, interests, charges, and penalties. The loans with LBP were secured by Mortgage Participation Certificates (MPCs) amounting to 1.07 Billion Pesos in an existing Mortgage Trust Indenture (MTI) constituted over petitioners’ properties with a value of ₱4.206 Billion.<sup>4</sup>

Petitioners encountered financial difficulties and defaulted in paying their obligations despite a series of restructuring agreements.<sup>5</sup> On June 2, 2008, LBP filed a Petition for Corporate Rehabilitation<sup>6</sup> with the Regional Trial Court (Rehabilitation Court) seeking that petitioners be placed under corporate rehabilitation pursuant to Presidential Decree No. 902-A (PD 902-A), as amended, in relation to the Interim Rules of Procedure on Corporate Rehabilitation (A.M. No. 00-8-10-SC).<sup>7</sup> In an Order<sup>8</sup> dated July 28, 2008, the Rehabilitation Court appointed Atty. Roberto P. Lozada (Atty. Lozada) as the Rehabilitation Receiver.<sup>9</sup>

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<sup>1</sup> *Rollo*, pp. 16–61.

<sup>2</sup> *Id.* at 64–83. Penned by Associate Justice Noel G. Tijam (former member of the Court), with the concurrence of Associate Justices Priscilla J. Baltazar–Padilla (former member of the Court) and Agnes Reyes-Carpio.

<sup>3</sup> *Id.* at 85–88. Penned by Associate Justice Noel G. Tijam, with the concurrence of Associate Justices Priscilla J. Baltazar–Padilla and Agnes Reyes-Carpio.

<sup>4</sup> *Id.* at 65.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* at 110–124.

<sup>7</sup> *Id.* at 66.

<sup>8</sup> *Id.* at 129–131.

<sup>9</sup> *Id.*

On April 22, 2009, Atty. Lozada filed a Manifestation and Urgent Motion to Appoint and Constitute a Management Committee<sup>10</sup> to preserve the assets of the company because petitioners' employees were already leaving. On May 7, 2009, LBP filed a Motion to Terminate Rehabilitation Proceedings and Opposition to Atty. Lozada's Motion.<sup>11</sup> In its Motion, LBP claimed that at the time of the filing of the Petition, the circumstances then prevailing are no longer evident. The conditions for the recommended rehabilitation plan including the infusion of additional capital have not been met.

The Rehabilitation Court then asked the parties and stakeholders who among them were willing to substitute LBP as petitioner in the event that LBP's Motion to Terminate is granted. Among the stakeholders present, counsel for petitioners and another creditor, National Grid Corporation of the Philippines (NGCP), manifested that their clients would be willing to substitute LBP.<sup>12</sup>

On August 13, 2009, petitioners filed a Manifestation<sup>13</sup> opposing the substitution of NGCP. Petitioners nominated the appointment of Atty. Pedro C. Gayares and Atty. Danilo Concepcion as receivers. On September 9, 2009, petitioners filed a Supplementary Manifestation<sup>14</sup> naming Francisco J. Buencamino (Buencamino) as their third nominee for receiver. On September 11, 2009, the Rehabilitation Court rendered a Resolution<sup>15</sup> denying LBP's Motion to Terminate and granting petitioners' Motion to Substitute LBP as petitioner. The Rehabilitation Court ruled that termination was still premature given that there was still a possibility of financial recovery. The Rehabilitation Court appointed Buencamino as the new receiver.<sup>16</sup>

Aggrieved, LBP filed a Petition for Review with Prayer for a Temporary Restraining Order<sup>17</sup> with the CA, docketed as CA-GR SP No. 110624.

On October 8, 2009, Buencamino submitted his Initial Report<sup>18</sup> to the Rehabilitation Court and LBP filed its Comment on October 19, 2009. On November 6, 2009, Buencamino submitted his Reply and an alternative rehabilitation plan. On November 27, 2009, the Rehabilitation Court issued a Resolution<sup>19</sup> approving the alternative rehabilitation plan with modifications. The Rehabilitation Court gave LBP, its agents or successors-in-interest the power and authority to take control and supervision of the management of petitioners' properties. The term of the rehabilitation plan was 15 years, subject to automatic termination on July 31, 2010 in case the cash infusion to petitioners for the first six months was not made, to wit:

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<sup>10</sup> Id. at 132-139.

<sup>11</sup> Id. at 140-148.

<sup>12</sup> Id.

<sup>13</sup> Id. at 168-173.

<sup>14</sup> Id. at 174-180.

<sup>15</sup> Id. at 181-186.

<sup>16</sup> Id.

<sup>17</sup> Id. at 187-213.

<sup>18</sup> Id. at 214-235.

<sup>19</sup> Id. at 236-250. Penned by Presiding Judge Cesar O. Untalan.

WHEREFORE, premises considered, this court hereby APPROVES the Alternative Rehabilitation Plan as recommended by the receiver dated November 4, 2009 with Modification, as far as the process of elimination of the red balance of the capital account of Picop in the sum of ₱961.995 million. The Landbank's [approach] of eliminating the capital deficiency of Picop in the sum of ₱961.995 million is hereby incorporated in the Alternative Rehabilitation Plan, with further limitation to the money claims of Landbank, NPC and Transco, if the latter is still government owned and controlled corporation, replacing the manner of such limitation of capital deficiency of Picop, as [outlined] under the Alternative Rehabilitation Plan, subject further to the following terms and conditions:

X X X X

It is understood that this approval of the Modified Alternative Rehabilitation Plan is only good for fifteen (15) years, hence a review of the compliance of all the terms and conditions of the plan and of this approval shall be made not later than November 30, 2014, unless there is a good reason for the early withdrawal of this approval, subject further to the *sine die* provision or the automatic termination of this approval on July 31, 2010, in case the financial cash infusion to Picop for the first six (6) months is not implemented and accomplished as programmed under the approved plan. Thus, the receiver is hereby ordered to make the necessary report of such compliance or non-compliance of the financial cash infusion in the sum of from ₱200 million to ₱550 million not later than July 31, 2010.

SO ORDERED.<sup>20</sup>

On August 31, 2010, Buencamino submitted a Report on Readiness of the Petitioner to Start Rehabilitation.<sup>21</sup> In an Order<sup>22</sup> dated September 17, 2010, the Rehabilitation Court extended the deadline of the financial cash infusion requirement to December 1, 2010. Petitioners were ordered to submit a report containing the terms and conditions of the new investment to be filed not later than October 15, 2010. Petitioners submitted their Report<sup>23</sup> on December 1, 2010.

Meanwhile, LBP filed another Petition for Review with Prayer for Issuance of a Temporary Restraining Order<sup>24</sup> with the CA assailing the November 27, 2009 Resolution. The case was docketed as CA-G.R. SP No. 111877. This and CA-G.R. SP No. 110624 were consolidated by the CA.

On February 4, 2014, the CA disallowed the substitution for lack of compliance with the Interim Rules and terminated the rehabilitation proceedings, viz:

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<sup>20</sup> Id. at 247–250.

<sup>21</sup> Id. at 348–388.

<sup>22</sup> Id. at 389–390.

<sup>23</sup> Id. at 404–421.

<sup>24</sup> Id. at 251–287.

WHEREFORE, the Court hereby resolves these consolidated Petitions for Review as follows:

1. The Petition for Review docketed as CA-GR SP No. 110624 is partially granted, such that the substitution of Respondents as petitioners in the corporate rehabilitation case is disallowed for lack of compliance with the Interim Rules;
2. The Petition for Review docketed as CA-GR SP No. 111877 is partially granted, such that the power and control of management of Respondents given to LBP is disallowed for being contrary to Sec. 6(d) of P.D. 902-A.

Accordingly, based on the discussions above, the corporate rehabilitation proceedings of Picop Resources, Inc. and New Paper Industries Corporation in RTC Makati Branch 149 is hereby TERMINATED for failure of the Respondents to comply with the terms and conditions of the modified alternative rehabilitation plan.

SO ORDERED.<sup>25</sup>

On October 17, 2014, the CA denied petitioners' Motion for Reconsideration<sup>26</sup> dated February 25, 2014, viz:

WHEREFORE, the Motion for Reconsideration filed by the respondents is DENIED, the Decision dated February 4, 2014 STANDS.

SO ORDERED.<sup>27</sup>

Hence, this Petition. Petitioners argue that the substitution of PRI and NPIC as petitioners in the rehabilitation proceedings is valid and not prohibited by the Interim Rules. On the merits, petitioners argue that the conditions set out in the alternative rehabilitation plan have been complied with. In its Comment,<sup>28</sup> LBP argues that there is nothing in the Interim Rules that would allow, even impliedly, the substitution of the debtor as petitioner in creditor-initiated corporate rehabilitation proceedings.<sup>29</sup> LBP contends that petitioners failed to comply with the terms of the modified rehabilitation plan.<sup>30</sup>

We deny the Petition.

PD 902-A,<sup>31</sup> as amended by Republic Act No. 10142,<sup>32</sup> governs the rehabilitation of distressed corporations. To provide a remedy for summary

<sup>25</sup> Id. at 82–83.

<sup>26</sup> Id. at 89–109.

<sup>27</sup> Id. at 87.

<sup>28</sup> Id. at 496–512.

<sup>29</sup> Id. at 507.

<sup>30</sup> Id. at 505.

<sup>31</sup> Reorganization of the Securities and Exchange Commission with Additional Powers and Placing the Said Agency under the Administrative Supervision of the Office of the President, Presidential Decree No. 902-A, March 11, 1976.

and non adversarial rehabilitation proceedings of distressed but viable corporations, the Court enacted the Interim Rules of Procedure on Corporate Rehabilitation on December 2, 2008. The Interim Rules have now been amended by A.M. No. 12-12-11-SC or the Financial Rehabilitation Rules of Procedure (Amended Rules) dated August 27, 2013. The Amended Rules cover “*all further proceedings in x x x rehabilitation cases already pending, except to the extent that, in the opinion of the court, its application would not be feasible or would work injustice, in which event the procedures originally applicable shall continue to govern.*”<sup>33</sup>

The intent of the rules on rehabilitation is consistent with the commercial nature of rehabilitation, which seeks to expedite a case’s resolution for the benefit not only of the petitioner-corporation, but also of all the parties involved and the economy in general.<sup>34</sup> The rules are to be construed liberally to obtain for the parties a just, expeditious, and inexpensive disposition of the case.<sup>35</sup> The parties may not, however, invoke such liberality if it will result in the utter disregard of the rules or cause needless delay in the administration of justice.<sup>36</sup>

*Petitioners’ substitution  
did not comply with  
the Interim Rules.*

LBP argues that the Interim Rules do not provide for the substitution of the debtor as petitioner in creditor-initiated corporate rehabilitation proceedings.

While the Interim Rules do not expressly provide for the rules on substitution, the rules recognize instances where a debtor-corporation can voluntarily file a petition for corporate rehabilitation. The intent of the rule is to allow the debtor, who already foresees the impossibility of meeting its debts when they are respectively due, to initiate the petition.<sup>37</sup> Consistent with the intent and purpose of the rules in allowing a debtor-corporation to initiate rehabilitation, we hold that a debtor-corporation may also substitute a creditor-corporation as petitioner, subject to the submission of necessary documentary requirements.

Under the rules, creditor-initiated<sup>38</sup> corporate rehabilitation proceedings only require the following accompanying documents with the petition: (1)

<sup>32</sup> Known as the “Financial Rehabilitation and Insolvency Act (FRIA) of 2010”.

<sup>33</sup> Financial Rehabilitation Rules of Procedure (2013) Rule 1, Section 2.

<sup>34</sup> *North Bulacan Corp. v. PBCom*, 640 Phil. 301, 307 (2010).

<sup>35</sup> Interim Rules of Procedure on Corporate Rehabilitation (2000), Rule 2, Section 1.

<sup>36</sup> *El Reyno Homes, Inc. v. Ong*, 445 Phil. 610, 611 (2003).

<sup>37</sup> Interim Rules of Procedure on Corporate Rehabilitation (2000), Rule 4, Section 1.

<sup>38</sup> Rules of Procedure on Corporate Rehabilitation (2008), Rule 5.

SEC. 1. *Who May Petition.* – Any creditor or creditors holding at least twenty percent (20%) of the debtor’s total liabilities may file a petition with the proper regional trial court for rehabilitation of a debtor that cannot meet its debts as they respectively fall due.

SEC. 2. *Requirements for Creditor-Initiated Petitions.* – Where the petition is filed by a creditor or creditors under this Rule, it is sufficient that the petition is accompanied by a rehabilitation plan and a list of at least three (3) nominees to the position of rehabilitation receiver and verified by a sworn statement that the affiant has read the petition and that its contents are true and correct of his personal knowledge or based on

rehabilitation plan; and (2) a list of at least three nominees for the position of rehabilitation receiver. This is much less compared to debtor-initiated proceedings which require among other things: (1) audited financial statements of the debtor at the end of its last fiscal year; (2) schedule of debts and liabilities; (3) inventory of assets; (4) rehabilitation plan; (5) schedule of payments and disposition of assets; (6) cash flow schedule for three months prior to and after filing the petition; (7) statement of possible claims; (8) affidavit of general financial condition; and (9) a list of at least three nominees to the position of rehabilitation receiver.<sup>39</sup> The debtor-corporation must thus submit the additional documentary requirements needed for a debtor-initiated rehabilitation before the proper substitution can take effect.

In this case, LBP, the creditor of petitioners, initiated the petition for rehabilitation. During the course of the proceedings, LBP filed its Motion to Terminate, alleging that petitioners failed to meet the conditions of the recommended rehabilitation plan. This prompted petitioners to file their Motion for Substitution. Petitioners thus had to comply with all the additional documentary requirements under Rule 4, Sections 2<sup>40</sup> and 3<sup>41</sup> of the Interim Rules to effect a proper substitution.

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authentic records and that the petition is being filed to protect the interests of the debtor, the stockholders, the investors and the creditors of the debtor.

<sup>39</sup> Interim Rules of Procedure on Corporate Rehabilitation (2000), Rule 4, Section 2.

<sup>40</sup> SEC. 2. *Contents of Petition.* —

- a) The petition filed by the debtor must be verified and must set forth with sufficient particularity all the following material facts: (1) the name and business of the debtor; (2) the nature of the business of the debtor; (3) the history of the debtor; (4) the cause of its inability to pay its debts; (5) all the pending actions or proceedings known to the debtor and the courts or tribunals where they are pending; (6) threats or demands to enforce claims or liens against the debtor; and (7) the manner by which the debtor may be rehabilitated and how such rehabilitation may benefit the general body of creditors, employees and stockholders.
- (b) The petition shall be accompanied by the following documents:
  - (1) An audited financial statement of the debtor at the end of its last fiscal year;
  - (2) Interim financial statements as of the end of the month prior to the filing of the petition;
  - (3) A Schedule of Debts and Liabilities which lists all the creditors of the debtor, indicating the name and last address of record of each creditor; the amount of each claim as to principal, interest, or penalties due as of the date of filing; the nature of the claim; and any pledge, lien, mortgage judgement or other security given for the payment thereof;
  - (4) An Inventory of Assets which must list with reasonable specificity all the assets of the debtor, stating the nature of each asset, the location and condition thereof, the book value or market value of the asset, and attaching the corresponding certificate of title thereof in case of real property, or the evidence of title or ownership in case of movable property, the encumbrances, liens or claims thereon, if any, and the identities and addresses of the lienholders and claimants. The Inventory shall include a Schedule of Accounts Receivable which must indicate the amount of each, the persons from who due, the date of maturity and the degree of collectibility categorizing them as highly collectible to remotely collectible;
  - (5) A rehabilitation plan which conforms with the minimal requirements set out in Section 18 of Rule 3;
  - (6) A Schedule of Payments and Disposition of Assets which the debtor may have effected within three (3) months immediately preceding the filing of the petition;
  - (7) A Schedule of Cash Flow of the debtor for three (3) months immediately preceding the filing of the petition, and a detailed schedule of the projected cash flow for the succeeding three (3) months;
  - (8) A Statement of Possible Claims by or against the debtor which must contain a brief statement of the facts which might give rise to the claim and an estimate of the probable amount thereof;
  - (9) An Affidavit of General Financial Condition which shall contain answers to the questions or matters prescribed in Annex "A" hereof;
  - (10) At least three (3) nominees for the position of rehabilitation receiver as well as their qualifications and addresses, including but not limited to their telephone numbers, fax numbers and e-mail address; and
  - (11) A certificate attesting under oath that (i) the filing of the petition has been duly authorized; and (ii) the directors and stockholders of the debtor have irrevocably approved and/or consented to, in accordance with existing laws, all actions or matters necessary and desirable to rehabilitate the debtor including, but not limited to, amendments to the articles of incorporation and by-laws or articles of partnership; increase

Upon review of the records, We find that petitioners did not submit the complete documentary requirements necessary for a debtor-initiated rehabilitation. Petitioners only submitted the affidavit of general financial condition and alternative rehabilitation plan.<sup>42</sup> For petitioners' failure to comply with the documentary requirements of the Interim Rules, the CA did not err in ruling that their substitution was improper.

*The terms of the modified alternative rehabilitation plan were not complied with.*

Rule 3, Section 23<sup>43</sup> of the Interim Rules provides that corporate rehabilitation proceedings can be terminated upon the "*failure to achieve the desired targets or goals as set forth in the rehabilitation plan and failure of the debtor to perform its obligations under the plan.*" In the same vein, Rule 2, Section 73<sup>44</sup> of the Amended Rules provides that termination falls when "*the*

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or decrease in the authorized capital stock; issuance of bonded indebtedness; alienation, transfer, or encumbrance of assets of the debtor; and modification of shareholders' rights.

(c) Five (5) copies of the petition shall be filed with the court.

<sup>41</sup> SEC. 3. *Verification by Debtor.* – The petition filed by the debtor must be verified by an affidavit of an officer of the debtor and shall be in a form substantially as follows:

"I, \_\_\_\_\_, (position) of (name of petitioner), do solemnly swear that the petitioner has been duly authorized to file the petition and that the stockholders and board of directors (or governing body) have approved and/or consented to, in accordance with law, all actions or matters necessary or desirable to rehabilitate the debtor. The petition is being filed to protect the interests of the debtor, the stockholders, the inventors and the creditors of the debtor, which warrant the appointment of a rehabilitation receiver. There is no petition for insolvency filed with any other body, court or tribunal affecting the petitioner. The Inventory of Assets and the Schedule of Debts and Liabilities contains a full, correct and true description of all debts and liabilities and of all goods, effects, estate and property of whatever kind of class belonging to petitioner. The Inventory also contains a full, correct and true statement of all debts owing or due to petitioner, or to any person or persons in trust for petitioner and of all securities and contracts whereby any money may hereafter become due or payable to petitioner or by or through which any benefit or advantage may accrue to petitioner. The petition contains a concise statement of the facts giving rise, or which might give rise, to any cause of action in favor of petitioner. Petitioner has no land, money, stock, expectancy, or property of any kind, except those set forth in the Inventory of Assets. Petitioner has, in no instance, created or acknowledged a debt for a greater sum than the true and correct amount. Petitioner, its officers, directors and stockholders have not, directly or indirectly, concealed, fraudulently sold or otherwise fraudulently disposed of, any part of petitioner's real or personal property, estate, effects or rights of action, and petitioner, its officers, directors and stockholders have not in any way compounded with any of its creditors in order to give preference to such creditors, or to receive or to accept any profit or advantage therefrom, or to defraud or deceive in any manner any creditor to whom petitioner is indebted. Petitioner, its officers, directors, and stockholders have been acting in good faith and with due diligence.

<sup>42</sup> *Rollo*, pp. 75, 503.

<sup>43</sup> SEC. 23. *Termination of Proceedings.* – The court shall, upon motion or upon recommendation of the rehabilitation receiver, terminate the proceeding in any of the following cases:

- (a) Dismissal of the petition;
- (b) Failure of the debtor to submit the rehabilitation plan;
- (c) Disapproval of the rehabilitation plan by the court;
- (d) Failure to achieve the desired targets or goals as set forth in the rehabilitation plan;
- (e) Failure of the debtor to perform its obligations under the plan;
- (f) Determination that the rehabilitation plan may no longer be implemented in accordance with its terms, conditions, restrictions or assumptions; or
- (g) Successful implementation of the rehabilitation plan.

<sup>44</sup> SEC. 73. *Termination of Proceedings.* – At any time from the filing of the petition, any interested party or the rehabilitation receiver may file a motion for the termination of the proceedings. After hearing the motion, the court may order the proceedings terminated by either declaring a successful implementation of the Rehabilitation Plan or a failure of rehabilitation.

There is failure of rehabilitation in the following cases:

*debtor fails to perform its obligations thereunder or there is a failure to realize the objectives, targets or goals set forth therein, including the timelines and conditions for the settlement of the obligations due to the creditors and other claimants[.]”*

In the Rehabilitation Court’s Resolution, the modified alternative rehabilitation plan contained a *sine die* provision in the nature of a resolutive condition,<sup>45</sup> where the rehabilitation proceedings would be automatically terminated on July 31, 2010 in case petitioners failed to accomplish the financial cash infusion for the first six months. In a subsequent Order, the Rehabilitation Court extended the deadline for the cash infusion to December 1, 2010. Hence, petitioners had until December 1, 2010 to comply with the resolutive condition laid out in the modified alternative rehabilitation plan. In this case, the records are bereft of any evidence that *such cash infusion was made by petitioners by December 1, 2010*. Following the *sine die* provision, the corporate rehabilitation proceeding was thus automatically terminated on December 1, 2010.

Petitioners also claim that they complied with the modified alternative rehabilitation plan, arguing that certain third-party funders have provided machinery and equipment valued at more or less ₱480 million to restart the operations of the company.

The argument is without merit.

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- (A) Dismissal of the petition by the court;
  - (B) Failure to submit a Rehabilitation Plan;
  - (C) A Rehabilitation Plan is not confirmed by the court;
  - (D) Under the Rehabilitation Plan submitted by the debtor, there is no substantial likelihood that the debtor can be rehabilitated within a reasonable period based on the requirements of Section 21 of the Act;
  - (E) The Rehabilitation Plan or its amendment is approved by the court but in the implementation thereof, the debtor fails to perform its obligations thereunder or there is a failure to realize the objectives, targets or goals set forth therein, including the timelines and conditions for the settlement of the obligations due to the creditors and other claimants;
  - (F) Determination that the Rehabilitation Plan may no longer be implemented in accordance with its terms, conditions, restrictions, or assumptions;
  - (G) There is a finding that fraud was committed in securing the approval of the Rehabilitation Plan or its amendment;
  - (H) In cases falling under Section 65 of this Rule, where, after finding merit in the objection/s raised against the confirmation of the Rehabilitation Plan, the defect is not cured within such time as the court may order, or if the court determines that the debtor acted in bad faith, or that it is not feasible to cure the defect; and
  - (I) Failure of the debtor to comply with these Rules, the Rules of Court, or any order of the court.
- Upon a breach of, or failure of the Rehabilitation Plan, the court, upon motion by an affected party, and after hearing, may:
- (1) issue an order directing that the breach be cured within a specified period of time, failing which the proceedings may be converted to liquidation proceedings;
  - (2) issue an order converting the proceedings to liquidation proceedings;
  - (3) allow the debtor or rehabilitation receiver to submit amendments whose approval shall be governed by the same requirements for creditor approval and court confirmation of a Rehabilitation Plan under this Rule;
  - (4) issue any other order to remedy the breach consistent with the Act and these Rules, other applicable law and the best interests of the creditors; or
  - (5) enforce the applicable provisions of the Rehabilitation Plan through a writ of execution.

<sup>45</sup> Article 1191 of the Civil Code provides: The power to rescind obligations is implied in reciprocal ones, in case one of the obligors should not comply with what is incumbent upon him. x x x



*Firstly*, the *sine die* provision of the modified rehabilitation plan explicitly provides that petitioners were required to place a *financial cash infusion*. Petitioners cannot insist that machinery would replace the cash infusion requirement. The modified alternative rehabilitation plan made it clear that a financial cash infusion was necessary to jumpstart the operations of the company. The cash would be used to satisfy petitioners' statutory obligations including taxes and labor claims. *Secondly*, the records show that petitioners only submitted their Report on the Implementation of New Sets of Equipment and Launch of Modified Rehabilitation Program with Third Party Funders on December 1, 2010, or the day the *sine die* provision took effect. Petitioners did not comply with the October 15, 2010 deadline of the report given by the Rehabilitation Court to give all the parties sufficient time to file their respective comments or oppositions.

Finally, We emphasize that Rule 45 of the Rules of Court circumscribes that only questions of law may be raised in a petition for review on *certiorari* since the Court is not a trier of facts.<sup>46</sup> In this case, the issues presented by petitioners, including the: (1) submission of the required documents for substitution; and (2) placement of the cash infusion requirement, are ultimately questions of fact which are beyond the scope of a Rule 45 petition. In this regard, the findings of fact by the Rehabilitation Court and the CA are conclusive before the Court.

**FOR THESE REASONS**, the Petition is **DENIED**. The Court of Appeals' Decision dated February 4, 2014 and Resolution dated October 17, 2014 in CA-G.R. SP Nos. 110624 and 111877 are **AFFIRMED**.

**SO ORDERED.**" (Lazaro-Javier, J., *on official leave*.)

By authority of the Court:

*MicDCBath*  
**MISAELO DOMINGO C. BATTUNG III**  
Division Clerk of Court  
*11/2/22*

Atty. Clifford E. Chua  
Counsel for Petitioners  
CHUA LIM AND ASSOCIATES  
Unit 406, One Beatriz Tower  
Lauan St. cor. Aurora Blvd.  
Project 3, 1100 Quezon City

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<sup>46</sup> *Civil Service Commission v. Maala*, 504 Phil. 646, 653 (2005); citing *Alfredo v. Borrás*, 452 Phil. 178, 195 (2003).

Mr. Francisco J. Buencamino  
Rehabilitation Receiver  
14 Magna Hill Road  
Rolling Hills Subdivision  
New Manila, 1100 Quezon City

COURT OF APPEALS  
CA G.R. SP No. 110624 & 111877  
1000 Manila

Atty. Ma. Dolores M. Rigonan  
& Atty Aniceto A. Calubaquib, Jr.  
Counsel for LBP  
Office of Government Corporate Counsel  
3<sup>rd</sup> Flr., Katipunan Rd., Balara  
Quezon City

LBP Legal Services Group  
Litigation Department  
Land Bank of the Philippines  
31st Flr., Land Bank Plaza  
No. 1598 M.H. Del Pilar cor.  
Dr. Quintos Sts.  
Malate, 1004 Manila

The Presiding Judge  
REGIONAL TRIAL COURT  
Branch 149  
Makati City  
SP. PROC. CASE NO. M-6625

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**G.R. Nos. 214957-58**

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