EN BANC

[G.R. No. 171101. December 9, 2020]

HACIENDA LUISITA, INCORPORATED, *Petitioner*, **LUISITA INDUSTRIAL PARK CORPORATION and RIZAL COMMERCIAL BANKING CORPORATION,** *Petitioners-in-Intervention*, *v.* **PRESIDENTIAL AGRARIAN REFORM COUNCIL, SECRETARY NASSER PANGANDAMAN OF THE DEPARTMENT OF AGRARIAN REFORM, ALYANSA NG MGA MANGGAGAWANG BUKID NG HACIENDA LUISITA, RENE GALANG, NOEL MALLARI, and JULIO SUNIGA and his SUPERVISORY GROUP OF THE HACIENDA LUISITA, INC., and WINDSOR ANDAYA,** *Respondents*.

APPEARANCES OF COUNSEL

Roxas Delos Reyes Laurel Rosario & Leagogo for Hacienda Luisita, Incorporated.

Jorge Cesar M. Sandiego for Luisita Industrial Park Corporation.

The Solicitor General for Department of Agrarian Reform and Presidential Agrarian Reform Council.

Zambrano & Gruba Law Offices for Navarro Amper & Co.

Poblador Bautista Reyes Law Firm for Luisita Industrial Park Corporation.

Law Firm of Diaz Del Rosario & Associates for Rizal Commercial Banking Corporation.

Public Interest Law Center for respondents Rene Galang and AMBALA.

Villaraza & Angangco for Rizal Commercial Banking Corporation.

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RESOLUTION

INTING, *J.*:

For the Court's resolution are the following pending incidents arising after the entry in the Book of Entries of Judgments of the Court Decision[1] dated July 5, 2011 in the above-entitled case:

1. Motion[2] for the Payment of Just Compensation dated March 30, 2015 filed by Hacienda Luisita, Incorporated (HLI) which gave rise to collateral incidents, *viz.*:

    a. Manifestation and Motion[3] filed by Presidential Agrarian Reform Council (PARC) and Secretary of the Department of Agrarian Reform (DAR Secretary) dated January 14, 2016, with the following prayers:

        i. for HLI to be directed to furnish the Department of Agrarian Reform (DAR) with (a) certified true copies of the actual transfer documents signed between HLI and each of the beneficiaries, and (b) certified true copies of other documents issued by HLI to the recipients of the homelots (collectively referred to as Transfer Documents) evidencing the award; and

        ii. clarification on selected matters involving the homelots awarded to farmworker-beneficiaries (FWBs).

    b. Comment with Motion to Require Register of Deeds to Furnish Certified True Copies of Documents

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[1] *Hacienda Luisita, Inc. v. Presidential Agrarian Reform Council, et al.*, 668 Phil. 365 (2011).

[2] *Rollo*, Vol. 13, pp. 12692-12698.

[3] *Id.* at 13232-13245.

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Requested[4] filed by HLI to require the Register of Deeds to Furnish Certified True Copies of the Transfer Documents.

2. Motion for reconsideration of the Resolution[5] dated April 24, 2018 filed by Noel Mallari (Mallari) and Windsor Andaya (Andaya).

The Antecedents

On July 5, 2011, the Court rendered a Decision (Main Decision) upholding *PARC Resolution Nos. 2005-32-01* and *2006-34-01* which revoked HLI's stock distribution plan (SDP). Later on, in a Resolution[6] dated November 22, 2011 (2011 Resolution), the Court held as follows:

First, the shares of the FWBs in HLI acquired through the SDP/Stock Distribution Option Agreement (SDOA) shall be cancelled;

Second, HLI's agricultural land shall be placed under compulsory coverage. Consequently, the hacienda's remaining *4,335.24 hectares* shall be distributed to *qualified* FWBs;

Third, the FWBs shall retain all benefits already received, without obligation to refund or return them;

Fourth, the FWBs shall be entitled to 3% of the proceeds (₱1,330,511,500) from the sales/transfers to Centennary Holdings, Inc. (Centennary), Luisita Realty Corporation (LRC), and the Republic (land transfers) *after deducting taxes, transfer costs, and legitimate corporate expenses incurred by HLI/Centennary*. "For this purpose, DAR [was] ordered to engage the services of a reputable accounting firm approved by the parties to audit the books of HLI and Centennary Holdings,

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[4] *Rollo*, Vol. 14, pp. 13270-13281.

[5] *Hacienda Luisita, Inc. v. Luisita Industrial Park Corp., et al.*, 831 Phil. 14 (2018).

[6] *Hacienda Luisita, Inc. v. Presidential Agrarian Reform Council, et al.*, 676 Phil. 518 (2011).

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Inc. to determine [the amount used for legitimate corporate purposes]";[7]

Fifth, HLI shall be entitled to just compensation for the agricultural land that will be transferred to the DAR. The taking thereof shall be reckoned from November 21, 1989.[8] For this purpose, the DAR and the Land Bank of the Philippines (Land Bank) shall determine the amount payable to HLI; and

Sixth, the DAR shall submit the following: (a) a compliance report six months after the finality of the judgment in the present case, and (b) reports on the progress of execution, every quarter until the judgment is fully implemented.

Thereafter, in a Resolution[9] dated April 24, 2012 (2012 Resolution) the Court, *by unanimous vote*: (a) maintained/reiterated its rulings on the *first* and *fourth* matters as above-discussed, and (b) amended the *fifth* matter by ordering the government, through the DAR, to pay just compensation to HLI for the homelots distributed to/retained by the FWBs. Finally, the Court declared the Main Decision, as modified/clarified by the 2011 and 2012 Resolutions, as *final and executory*.

Despite finality, the Court continued to hear succeeding incidents raised by the parties in the case, particularly those pertaining to the *fourth* and *fifth* matters in the Main Decision, *viz.*: *(1) the FWBs 3% share in the proceeds from the land transfers*; and *(2) HLI's entitlement to just compensation in exchange of the homelots given to the FWBs.*

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[7] *Id*. at 618.

[8] Date of issuance of Presidential Agrarian Reform Commission (PARC) Resolution No. 89-12-2, where the PARC previously approved Hacienda Luisita, Incorporated's (HLI) stock distribution plan. In determining the date of "taking," the Court voted 8-6 to maintain the ruling fixing November 21, 1989 as the date of "taking," the value of the affected lands to be determined by the Land Bank and the DAR. See *Hacienda Luisita, Inc. v. Presidential Agrarian Reform Council, et al.*, 686 Phil. 377, 417 (2012).

[9] *Hacienda Luisita, Inc. v. Presidential Agrarian Reform Council, et al., id*.

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The two matters led to (1) respondents Mallari and Andaya's *motion for reconsideration of the 2018 Resolution*; (2) and HLI's *Motion for the Payment of Just Compensation dated March 30, 2015* which are the main incidents presently awaiting the Court's resolution.

I

FWBs' 3% Share in the Proceeds from the Land Transfers

The matter of the FWBs' 3% share in the proceeds from the land transfers gave rise to the following incidents: (1) the selection of an external auditor, and (2) the determination of the amount of legitimate corporate expenses *vis-à-vis* net distributable balance.

Selecting an External Auditor

In the Main Decision, the Court ordered the DAR to engage the services of a reputable accounting firm approved by the parties to audit the books of HLI and Centennary.

After the parties failed to agree on selecting one audit firm, the Court directed them to submit their respective lists of ten preferred audit firms.

Based on the parties' recommendations,[10] the Court appointed (1) Ocampo, Mendoza, Leong and Lim (OMLL); (2) Ms. Carissa May Pay-Penson (Pay-Penson); and (3) Navarro Amper & Co. (NA&Co.) as members of the panel (Special Audit Panel) tasked to conduct the special audit as directed in the Main Decision.

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[10] HLI submitted the following names: (a) Reyes Tacandong & Co.; (b) Manabat San Agustin & Co. (KPMG); (c) Navarro Amper & Co. (Deloitte); (d) Isla Lipana & Co. (Pricewaterhouse Coopers); (e) Constantino Guadalquiver & Co. (Baker Tilly); (f) Villacruz, Villacruz & Co., CPAs; (g) Mendoza Querido & Co.; (h) Diaz Murillo Dalupan & Co.; (i) Alas Oplas & Co., CPAs; and (j) Valdes Abad & Associates. For their part, Galang and AMBALA recommended Ocampo, Leung and Lim (OMLL), Whereas, Mallari and Andaya nominated Carissa May Pay-Penson, CPA.

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The panel of auditors, together with HLI representatives, met and discussed the mechanics and necessary details of such audit. Notably, however, OMLL did not participate in the meeting.

Subsequently, NA&Co. moved to clarify several matters[11] pertaining to the manner by which the panel shall perform the audit procedures. They also pointed out that OMLL, Rene Galang (Galang) and AMBALA's auditor of choice, have not yet attended any Special Audit Panel meeting or corresponded with any of the members. Thus, the panel sought the Court's confirmation on whether they could proceed with the audit despite OMLL's absence.

The Court directed the parties, including both OMLL and Pay-Penson, to comment on NA&Co.'s motion. OMLL did not comply.

To avoid further delays, the Court:[12] (1) revoked OMLL's appointment and selected anew Reyes Tacandong & Co. (RT&Co.) as the third member of the Special Audit Panel; (2) allowed the Special Audit Panel to determine the appropriate audit procedures, deferring to their expertise on the matter; (3) directed the Special Audit Panel to convene immediately and terminate the audit within 90 days after its first meeting; (4) designated NA&Co. as Special Audit Panel Chair and authorized the Special Audit Panel to (a) decide on the conduct of the audit and (b) resolve any other issue arising therefrom by a majority vote; and (5) mandated the Special Audit Panel to submit a monthly audit report and a final report within the 90-day period.

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[11] NA & Co., through counsel, sought to clarify the following matters: (1) How the audit by a Panel shall be conducted; (2) Whether the Panel was engaged by the Court or by the parties to the case; (3) The scope of the audit and the procedure to be followed by the Panel; (4) The contents and attachments of the audit report to be submitted by the Panel to the Court; and (5) The commencement of the 90-day period within which the Panel shall submit to the Court its report and recommendation.

[12] In a Resolution dated September 13, 2016, *rollo*, Vol. 14, pp. 13422-A-13422-G.

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Respondents Mallari and Andaya sought to recall RT&Co.'s appointment and reinstate OMLL as a member of the panel.[13] The Court denied it with finality.[14]

On April 19, 2017, the Special Audit Panel convened and set out the scope of work,[15] agreed-upon procedures, manner by which each separate report shall be issued, and other matters.[16]

Determining the amount of legitimate corporate expenses vis-à-vis net distributable balance.

In the Main Decision, the Court held that the FWBs shall be entitled to 3% of the proceeds from the land transfers *after deducting taxes, transfer costs, and legitimate corporate expenses incurred by HLI/Centennary*. The *Net Distributable Balance* shall be computed by deducting the following items from the total proceeds from the land transfers:

1) 3% of the proceeds that were already paid to the FWBs;

2) tax expenses relating to the transfer of titles to the transferees; and

3) expenditures incurred by HLI for legitimate corporate expenses.

The audit panel's primary objective was to determine the amount of legitimate corporate expenses for purposes of computing the net distributable balance.[17] To aid the panel in

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[13] Motion for Reconsideration dated March 23, 2017, *id*. at 13543-13550.

[14] Resolution dated November 29, 2016, *id*. at 13471-13473.

[15] Including work program, process, workflow and client participation list.

[16] Including communication protocols, engagement timeline and reporting requirements.

[17] In a Resolution dated January 28, 2014 (2014 Resolution), the Court enunciated that the Special Audit Panel was tasked to determine if HLI actually used the proceeds from the land transfers (₱1,330,511,500) for legitimate corporate purposes. Any amount remaining after deducting these

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their audit, the Court clarified[18] that the term "legitimate corporate expenses" shall be understood to mean "ordinary and necessary expenses" as used in taxation.

Results of audit.

By September 15, 2017, each panel member submitted a final report based on their respective findings, summarized as follows:

	RT&Co.	**NA&Co.**	**Pay-Penson**
Proceeds from sale of and	1,330,511,500	1,330,511,500	1,330,511,500
Deductions:			
3% Share of FWBs	39,915,345	39,709,309	34,740,462
Sale-related faxes	64,020,690	118,729,999	79,020,690
Legitimate corporate expenses	4,279,762,122	1,710,494,333	1,980,068,882
Subtotal	4,383,698,157	1,868,933,641	2,093,830,034
Excess of deductions over proceeds	**3,053,186,657**	**538,422,141**	**763,318,534**

Meanwhile, on December 13, 2017, respondents Mallari and Andaya filed a motion to execute the Main Decision.

In a Resolution[19] dated April 24, 2018 (2018 Resolution) based on the overall results of the audit, the Court ruled on respondents Mallari and Andaya's motion for execution as follows:

> To sum up, all three members of the audit panel have determined that the legitimate corporate expenses of HLI for the years 1998 up to 2011, coupled with the taxes and expenses related to the sale and the 3% share already distributed to the FWBs, far exceed the proceeds of the sale of the adverted 580.51-hectare lot. In net effect, there is no longer any unspent or unused balance of the sales proceeds available for distribution.

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expenses (Net Distributable Balance) shall be distributed to the 6,296 FWBs, *rollo*, Vol. 13, p. 12525.

[18] See 2014 Resolution, *id.* at 12522-12528.

[19] *Hacienda Luisita, Inc. v. Luisita Industrial Park Corp., et al.*, *supra* note 5.

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WHEREFORE, premises considered, the July 5, 2011 Decision and November 22, 2011 Resolution of the Court insofar as it directed that "any unspent or unused balance and any disallowed expenditures as determined by the audit shall be distributed to the 6,296 original FWBs" are considered FULLY COMPLIED WITH.

SO ORDERED.[20]

Aggrieved, respondents Mallari and Andaya filed a *Motion for Reconsideration*[21] *of the 2018 Resolution.*

First Main Incident: Motion for Reconsideration of the 2018 Resolution.

In their *Motion for Reconsideration*[22] *of the 2018 Resolution*, respondents Mallari and Andaya insist that the Court erred in ruling that the amount of legitimate corporate expenses exceeded the total proceeds of the sale. The movants rely solely on Pay-Penson's report pointing out the following: (1) HLI did not fully pay the FWBs' 3% share in the proceeds. (2) ₱1,690,244,120[23] of the total HLI legitimate corporate expenses reported by Pay-Penson should be disallowed for "lack of proof of receipt by the intended recipients." The absence of such proof only means that the "funds did not leave the company" and thus cannot be considered as legitimate corporate expenses.

II

HLI's Entitlement to Just Compensation in Exchange of Homelots given to the FWBs

In the Main Decision, as reiterated in the 2012 Resolution, the Court decreed HLI's entitlement to just compensation in exchange for the homelots awarded to the FWBs.

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[20] *Id*. at 32-33.

[21] *Rollo*, Vol. 217.

[22] *Id*.

[23] Sum of disbursements amounting to: (a) ₱888,940,803 vouched to internal documents and traced to bank statements, and (b) ₱801,303,317 vouched to internal documents but not traced to bank statements.

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These pronouncements prompted HLI to file the present Motion[24] dated March 30, 2015 requesting the Court to order the DAR and Land Bank to pay just compensation pursuant to the Main Decision and subsequent clarificatory issuances *(Motion for Just Compensation)*.

HLI's motion is the second of two main incidents currently pending before the Court. Significantly, this paved the way to additional clarificatory matters, as will be discussed below, collateral to the main motion.

Second Main Incident: Motion for Just Compensation.

The Court required[25] the DAR and Land Bank to file their respective comments to HLI's motion.

While not an original party to the proceedings,[26] Land Bank nonetheless filed its Comment[27] to HLI's Motion for Just Compensation to comply with the Court's directive. It pointed out that under DAR Administrative Order No. 2, Series of 2009,[28] the DAR shall first issue a Memorandum Request to Value Land addressed to Land Bank and forward the request together with the claim folders. However, it had not received any such request or claim folders from the DAR. Thus, it could not proceed to the subject homelots' valuation.[29]

For their part, the PARC/DAR manifested[30] that it cannot yet recommend the payment of any amount to HLI for the subject

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[24] *Rollo*, Vol. 13, pp. 12692-12698.

[25] See Resolution dated April 21, 2015, *id*. at 12709-A-12709-C.

[26] As recognized by the Court in the Resolution dated July 21, 2015 (*id*. at 12792-A-12792-D), acting on Land Bank's Manifestation and Motion dated June 17, 2015 (*id*. at 12773-12777).

[27] Comment dated October 6, 2015, *id*. at 12923-12927.

[28] Available *via* https://media.dar.gov.ph/source/2018/09/04/ao-2009-02.pdf, <last accessed: October 8, 2020>.

[29] As noted by the Court in the Resolution dated October 20, 2015, *rollo*, Vol. 13, pp. 12934-A-12934-C.

[30] In its Manifestation dated November 4, 2015, *id*. at 12976.

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homelots because "they have no knowledge" on whether HLI has already received compensation.

Subsequently, the PARC/DAR sent a query[31] requesting HLI to clarify the "actual arrangements [they made] regarding the transfer of ownership of the homelots to the FWBs." In addition, it also requested for the certified true copies of the following: (a) "actual transfer documents signed between HLI and each of the [FWBs]," and (b) "other documents issued by HLI to the recipients of the homelots evidencing the award."[32]

Acting on the above filings by the PARC/DAR and Land Bank, the Court: (a) directed the DAR to forward the necessary request for valuation and accompanying claim folders to Land Bank;[33] and (b) required HLI to comment on the DAR's queries.[34]

On January 15, 2016, PARC/DAR filed another manifestation[35] detailing the procedures they have taken to fulfill their Court-mandated duties arising from the Main Decision, *viz.*: *first*, after evaluating HLI's submission, it noted that the list involved (a) 5,478 FWBs from different *barangays* across Tarlac and (b) 21 titles covering 197 hectares, with the actual homelots situated in 127 hectares thereof. *Second*, they have secured the certified electronic copies of 17 out of the 21 titles and conducted the necessary research on these titles. Only four remaining titles have not been so processed. *Third*, they have established that (a) HLI awarded 6,212 FWBs with *farm lots* and (b) only 1,754 of these FWBs were given *homelot* titles. *Fourth*, for those registered homelots, they have secured the necessary Subdivision Plans. On the other hand, they also secured the Approved Survey

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[31] In a Letter dated August 7, 2015 of Undersecretary Luis Pangulayan, as culled from the Manifestation and Motion dated January 14, 2016, *id*. at 13241.

[32] As culled from the Manifestation and Motion dated January 14, 2016, *rollo*, Vol. 13, p. 13241.

[33] See Resolution dated November 10, 2015, *id*. at 12948-12950.

[34] See Resolution dated November 16, 2015, *id*. at 12960-12962.

[35] *Id*. at 13232-13245.

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Plans in relation to the untitled/unregistered portions. *Fifth*, after validating HLI's list of 5,478 FWBs as against the list of 6,212 actual *farm lot* awardees, the DAR Provincial Office of Tarlac noted that (a) the deeds of conveyance/assignment were annotated on the corresponding mother titles, (b) some *farm lot* titles issued in the name of FWBs were not so annotated, (c) there were discrepancies between the two lists as to the names of certain FWBs, and (d) some FWBs were awarded two or more *homelots*.

However, PARC/DAR expressed that it could not complete validation without (a) the certified true copies of documents signed by HLI and FWBs regarding the homelots and (b) prior to the clarification of certain matters regarding the homelots.

Sub-issues: (a) provision of certified true copies of transfer documents; and (b) queries on homelots per Resolution dated January 26, 2016.

In a Resolution[36] dated January 26, 2016, the Court: (a) granted the PARC/DAR's prayer and directed HLI to furnish the aforementioned certified true copies of actual transfer documents and other documents evidencing the award of homelots to FWBs, and (b) directed the parties concerned to comment on PARC/DAR's queries.

The Court restates the queries as follows:

Query #1 — Is HLI entitled to compensation for homelots given to 10,502 FWBs, considering that the lots were given freely to them pursuant to the SDOA, not by virtue of a legal obligation created by Section 30 of Republic Act No. 6657 or the Comprehensive Agrarian Reform Law (CARL)?

Query #2 — Is HLI entitled to just compensation for the *agricultural land* that will be transferred to the DAR, considering that the subject *homelots* will not be transferred to the DAR

[36] *Id.* at 13248-13251.

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pursuant to the Comprehensive Agrarian Reform Program, but because these have already been turned over to the FWBs, with no concomitant obligation to refund or return them?

Query #3 — May Land Bank utilize the Agrarian Reform Fund (ARP) to compensate HLI for the areas considered as *residential* or those homelots given to non-qualified FWBs?[37]

Query #4 — With regard to the FWBs who were only given certificates of award instead of certificates of title for their homelots: (a) what title should be issued in their favor, and (b) is the DAR mandated to issue Certificates of Land Ownership Award (CLOA) for the same?

HLI,[38] Land Bank,[39] and Galang[40] filed their respective comments on the above-enumerated queries.

Issues

Based on the parties' submissions, the issues presently before the Court are:

(1) Did the audit panel correctly determine that HLI's legitimate corporate expenses exceeded the total proceeds from the subject land transfers?

(2) Is HLI entitled to just compensation for the subject homelots?

(3) May the DAR use the ARF to pay just compensation due to HLI, if entitled?

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[37] 4,206 non-qualified FWBs did not receive awards for *agricultural land* but were awarded homelots.

[38] See Comment with Motion to Require Register of Deeds to Furnish Certified True Copies of Documents Requested dated February 29, 2016, *rollo*, Vol. 14, pp. 13270-13281.

[39] See Comment (Re: January 26, 2016 Supreme Court Resolution) dated March 17, 2016, *id*. at 13310-13317.

[40] See Comment on Queries Regarding Homelots dated April 30, 2016, *id*. at 13350-13374.

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(4) What title should be issued in favor of the FWBs who were only given certificates of award instead of certificates of title for their homelots? Is the DAR mandated to issue CLOAs for the same?

(5) Are the certified true copies of the documents evidencing the transfer of homelots necessary for the completion of DAR's validation procedures?

The Ruling of the Court

The Court shall resolve the pending incidents according to the issues above-enumerated.

Audit results on legitimate corporate expenses.

Respondents Mallari and Andaya's arguments are not substantial to warrant a reconsideration of the 2018 Resolution.

A closer look at their motion reveals that they are essentially questioning the Special Audit Panel's audit methodology, including its appreciation of documents in audit (*e.g.*, persuasiveness of documents *vis-à-vis* proving the existence of the expenses).

Still, the Court finds no reason to rule contrary to the Special Audit Panel's findings. Each member of the Special Audit Panel arrived at the results after performing agreed-upon procedures[41] which are in accordance with auditing standards generally accepted in engagements/services such as those required in the present case.[42]

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[41] The panel members agreed to "the procedures agreed upon independently and shall therefore issue a separate report based on the procedures performed." See Resolution dated April 24, 2018.

[42] Footnote 4, *Hacienda Luisita, Inc. v. Luisita Industrial Park Corp., et al.*, *supra* note 5 at 22 states: "Per NA&Co., the engagement was undertaken to the extent possible and subject to the limitations, in accordance with the requirements of Philippine Standard on Related Services (PSRS) 4400, Engagements to Perform Agreed-Upon Procedures." PSRS are issued by the Audit and Assurance Standards Council (AASC). The AASC was

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The results were resounding. All three Special Audit Panel members found that the legitimate corporate expenses exceeded the proceeds from transfers, leaving nothing more to distribute to the FWBs. That these were supported by "internal" documents, as respondents Mallari and Andaya claim, do not diminish the documents' persuasiveness, probative value, and reliability in audit. Their attempt to discredit the audit results cannot overturn the Special Audit Panel's unanimous findings. Certainly, the movants Mallari and Andaya cannot substitute the Special Audit Panel's wisdom with their own, inasmuch as these auditors are recognized experts in their field.[43]

HLI's entitlement to just compensation for homelots.

At this juncture, the Court underscores its unanimous and unequivocal pronouncement in the Main Decision as clarified in the 2012 Resolution:

> The Court, by a unanimous vote, resolved to maintain its ruling that the FWBs shall retain ownership of the homelots given to them with no obligation to pay for the value of said lots. However, since the SDP was already revoked with finality, **the Court directs the government through the DAR to pay HLI the just compensation for said homelots in consonance with Sec. 4, Article XIII of the 1987 Constitution that the taking of land for use in the agrarian reform program is "subject to the payment of just compensation." Just compensation should be paid to HLI instead of Tadeco in view of the Deed of Assignment and Conveyance dated March 22, 1989 executed between Tadeco and HLI, where Tadeco transferred**

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constituted pursuant to RA 9298 the Accountancy Action of 2004, primarily to aid the Board of Accountancy in relation to its power to promulgate "auditing standards, rules and regulations and best practices as may be deemed proper for the enhancement and maintenance of high professional, ethical, accounting and auditing standards." See *Preface to Philippine Standards on Quality Control, Auditing, Review, Other Assurance and Related Services* (Available at https://aasc.org.ph/downloads/aasc/publications/PDFs/Preface_to_Philippine_Standards.pdf, <last accessed on October 13, 2020>.

[43] To recall, in the Resolution dated September 13, 2016, in view of their expertise in the matter, the Court deferred to the panel the determination of "[t]he scope of the audit and the procedure to be followed x x x."

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and conveyed to HLI the titles over the lots in question. DAR is ordered to compute the just compensation of the homelots in accordance with existing laws, rules and regulations.[44] (Emphasis supplied.)

Clearly, the issue on HLI's entitlement to just compensation has been squarely settled. More importantly, the Court's ruling on this matter has already become final and executory. Thus, the parties are now barred by "estoppel and the [principle of] finality of judgments from raising arguments aimed at modifying [the Court's] final rulings."[45] The Court cannot allow the parties to prolong these proceedings by filing motion after motion, only to perpetually deflect/delay [a legal] obligation.[46]

Propriety of using the ARF to pay just compensation for the homelots.

In *Land Bank of the Phils. v. Suntay*,[47] the Court had the occasion to explain the ARF's origin and purpose, *viz.*:

> Subsequently, Republic Act No. 9700 amended the CARL in order to strengthen and extend the CARP. It is notable that Section 21 of Republic Act No. 9700 expressly provided that "all just compensation payments to landowners, including execution of judgments therefore, shall only be sourced from the Agrarian Reform Fund"; and that "just compensation payments that cannot be covered within the approved annual budget of the program shall be chargeable against the debt service program of the national government, or any unprogrammed item in the General Appropriations Act."
>
> The enactments of the Legislature decreed that the money to be paid to the landowner as just compensation for the taking of his land is to be taken only from the ARF. x x x[48]

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[44] *Hacienda Luisita, Inc. v. Presidential Agrarian Reform Council, et al.*, *supra* note 8 at 429.

[45] *NPC Drivers and Mechanics Assn. (NPC DAMA), et al. v. The National Power Corporation (NPC), et al.*, 821 Phil. 62, 71 (2017).

[46] *Id*.

[47] 678 Phil. 879 (2011).

[48] *Id*. at 918-919.

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Stated differently, when it is adjudged that a landowner is entitled to just compensation pursuant to agrarian reform principles, payment to him shall be derived from the ARF. Having already settled that HLI is entitled to just compensation for the subject homelots, there should no longer be any doubt that the ARF shall be utilized to pay HLI for this purpose.

Issuance of titles to homelot recipients.

From a careful review of the parties' submissions, it appears that HLI distributed homelots to a number of FWBs and issued certificates of award to evidence the transfers. Thereafter, the homelot recipients were required to proceed to the Register of Deeds to register their ownership in a Torrens certificate of title.[49] However, presently, while some recipients already have certificates of title registered in their names, others continue to hold unregistered Certificates of Award.[50] According to HLI, some recipients failed to submit the complete documents required for registration. As a result, they were unable to register their title and obtain certificates therefor.[51]

The DAR presently seeks to clarify the manner by which the remaining Certificates of Award should be registered and whether it is mandated to issue CLOAs in favor of the homelot recipients who have yet to register their titles.

In this regard, the Court refers to the case of *Department of Agrarian Reform v. Carriedo*,[52] wherein the Court recognized that a CLOA issued by the DAR is a "document evidencing

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[49] See Reply to Comment of Respondent Rene Galang on the Queries in the 26 January 2016 Resolution dated August 27, 2019 filed by Hacienda Luisita, Incorporated, *rollo*, Vol. 218.

[50] As culled from the Manifestation and Motion dated January 14, 2016, *rollo*, Vol. 13, p. 13243.

[51] See Reply to Comment of Respondent Rene Galang on the Queries in the 26 January 2016 Resolution dated August 27, 2019 filed by Hacienda Luisita, Incorporated, *rollo*, Vol. 218.

[52] G.R. No. 176549, October 10, 2018.

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ownership of the land granted or awarded to the beneficiary x x x and contains the restrictions and conditions provided for in the CARL and other applicable laws." Thus, it possesses the same indefeasible status as that of a Torrens certificate of title.

In other words, the issuance of one or the other in favor of a homelot recipients should not result in a disparity in the rights of their respective holders, inasmuch as they are, for all intents and purposes, equivalents of each other.

However, for purposes of uniformity, the recipients' title over the homelots must be registered and evidenced by the same type of document of title—a Torrens title. Registration of title in the Torrens system shall be the responsibility of the individual homelot recipients.

Completion of DAR's validation procedures.

In compliance with the Court's directive to implement the Main Decision and subsequent resolutions, the DAR began the process of validating the list of homelot awardees.[53] Based on its research, it ascertained, among others, the total homelot area and the number of FWBs awarded with homelot titles. However, the PARC/DAR avers that the certified true copies of the transfer documents evidencing the award of homelots to the individual recipients are necessary to complete validation procedures. In the Resolution dated January 26, 2016, the Court granted their request and directed HLI to furnish the DAR with the aforementioned documents.

However, HLI claims that they do not have the original copies of these transfer documents which have either been submitted to the Register of Deeds, or given to the FWBs. Thus, HLI countered with a motion to direct the Register of Deeds to produce the requested documents, "being the entity which x x x has x x x custody and possession of the same."[54]

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[53] *Rollo*, Vol. 13, p. 13240.

[54] *Rollo*, Vol. 14, p. 13272.

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Significantly, the completion of the DAR's validation procedures is a pre-condition to the payment of just compensation. Thus, it is in HLI's best interest to fully cooperate with the DAR which includes providing the necessary documents to the best of their ability. It is difficult to believe that HLI no longer possesses the originals/certified true copies of these documents. Certainly, as the transferor in the disposition of homelots, it must have retained copies of the documents evidencing those transfers.

At the same time, the Court recognizes that the DAR's request involves voluminous records, portions of which may have already become unavailable, or difficult to locate due to the passage of time. To produce and furnish these documents will prove to be a costly and burdensome task if imposed on a single party/entity.

Thus, the Court implores the concerned parties – PARC/DAR, HLI, and the Register of Deeds – to form a committee/task force and agree on their respective responsibilities for purposes of collating the records requested.

In fine, the Court's rulings are as follows: *first*, inasmuch as the legitimate corporate expenses exceed the proceeds from the subject land transfers, HLI's obligation to pay the FWBs' 3% share in the proceeds from the land transfers or the net distributable balance is *fully complied with*. *Second*, HLI is entitled to just compensation for the subject homelots. For its part, Land Bank shall effect payment thereof from the ARF. *Third*, the DAR shall proceed with its validation procedures. HLI, PARC/DAR, and the Register of Deeds shall come together and collate the documents needed to enable the DAR to complete its procedures.

At this point, the Court no longer sees any further need to clarify other matters. Any effort to once again seek the Court's intervention on matters already settled and clarified will be viewed as mere attempts to delay the execution/implementation of the present case.

The Court has spoken. The issues are laid to rest.

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WHEREFORE, the Court resolves to:

1. **GRANT** the Motion for the Payment of Just Compensation dated March 30, 2015 filed by petitioner Hacienda Luisita, Incorporated.

2. **DIRECT** respondent Department of Agrarian Reform to proceed with its validation procedures.

3. **PARTIALLY GRANT** the Motion to Require the Register of Deeds to Furnish Certified True Copies of Documents Requested filed by petitioner Hacienda Luisita, Incorporated and **DIRECT** Hacienda Luisita, Incorporated, the Presidential Agrarian Reform Council, Department of Agrarian Reform, and the Register of Deeds to form a committee/task force for purposes of completing and collating the documentation required to validate the homelot awards.

4. **ORDER** the Department of Agrarian Reform to determine just compensation upon completion of its validation procedures.

5. **ORDER** the Land Bank of the Philippines to release the payment of just compensation for the homelots according to DAR's determination thereof.

6. **DENY WITH FINALITY** the Motion for Reconsideration of the Resolution dated April 24, 2018 filed by respondents Noel Mallari and Windsor Andaya.

SO ORDERED.

Peralta, C.J., Perlas-Bernabe, Leonen, Caguioa, Gesmundo, Hernando, Carandang, Lazaro-Javier, Zalameda, Lopez, Delos Santos, Gaerlan, and *Rosario, JJ.*, concur.