

Republic of the Philippines
REGIONAL TRIAL COURT OF BULACAN,
Third Judicial Region
Branch 7, Malolos City

PETITION FOR CORPORATE
REHABILITATION OF
VITARICH CORPORATION,
Petitioner.

CIVIL CASE NO. 592-M-2006

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O R D E R

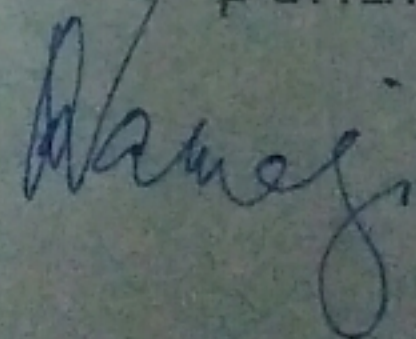
For resolution of this court is the petitioner's Motion For Successful Exit From Rehabilitation.

As discussed in this court's Order dated September 5, 2016, in the Joint Compliance filed by petitioner and the Receiver, it is their stand that **the approved Rehabilitation Plan in this case is binding only between the petitioner and the secured creditors and that those unsecured creditors who filed their claims on the initial hearing of this case, specifically ATI, Petron and Nilo Del Rosario, must be paid after petitioner's exit from rehabilitation.**

As to these unsecured creditors ATI and Nilo Del Rosario, this court had also discussed the same in said Order.

As to unsecured creditor Petron, records reveal that it did not participate in the proceedings of this case since it filed its claim on the date of the initial hearing of this case.

This court thus understands the predicament of the petitioner and the Receiver since petitioner's exit from rehabilitation is being blocked by the petitioner's pending obligation with this unsecured creditor Petron.



The reason is because of the provision of Section 24 of the Interim Rules of Procedure on Corporate Rehabilitation which provides thus:

"Sec. 24. The Plan and its provisions shall be binding upon the debtor and all persons who may be affected by it, including the creditors, whether or not such persons have participated in the proceedings or opposed the Plan or whether or not their claims have been scheduled;" (Emphasis Supplied)

This provision is carried over in Section 67, Rule 2 of A.M. No. 12-12-11 SC, otherwise known as the Financial Rehabilitation Rules of Procedure (2013), which states thus:

"Sec. 67. EFFECTS OF CONFIRMATION OF REHABILITATION PLAN.- The confirmation of the Rehabilitation Plan by the court shall result in the following:

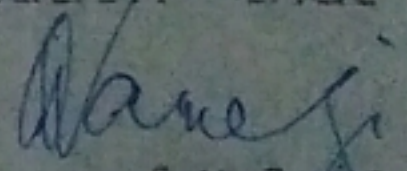
- (A) **The Plan and its provisions shall bind the debtor and all persons who may be affected thereby, including the creditors, whether or not such persons have participated in the proceedings or opposed the Plan or whether or not their claims have been scheduled;"**
(Emphasis Supplied)

It is thus required by the said aforequoted provisions that **all those who have filed their claims after the issuance of the Stay Order are bound by the approved rehabilitation plan and must be paid of their respective claims.**

This court is thus faced with the dilemma on how to rule on the instant petitioner's Motion For Successful Exit From Rehabilitation.

To resolve this matter, this court has two (2) options, namely:

1. To invoke the liberality of the Rules and grant the instant Motion, perhaps, with qualification that


Page 2 of 6

creditor Petron be paid within a certain time frame;
or

2. Apply strictly the Rules and deny the instant motion for being premature since there is still an unpaid unsecured creditor which filed its claim on time.

After carefully weighing the pros and cons of the two (2) options, this court hereby **CONSIDERS the first option as applicable to the circumstances of the case at bar.**

It is indeed **UNFAIR** to the petitioner if this unsecured Petron's obligation will block or hinder its exit from rehabilitation. This creditor merely filed its claim on the initial hearing and its participation stopped from there. It never lifted a finger to participate in the proceedings of this court which started in 2006 up to this time. To grant it the same opportunity to be paid ahead of the other unsecured creditors who did not file their claims on time is tantamount to **CONDONING ITS INACTION FOR SEVERAL YEARS.**

Perhaps, it is high time to amend the Rules on the matter, specifically, Section 67, Rule 2 of A.M. No. 12-12-11 SC, otherwise known as the Financial Rehabilitation Rules of Procedure (2013), **by not including therein those creditors who did not participate in the proceedings.**

This court thus invokes Section 3, Rule I of the Financial Rehabilitation Rules of Procedure (2013), which provides thus:

"Sec. 3. CONSTRUCTION OF RULES. - These Rules shall be **liberally construed** to promote a timely, fair, transparent, effective and efficient rehabilitation of debtors, in accordance with the declared policy of the Act."
(Emphasis Supplied)

This phrase "**liberally construed**" is hereby interpreted by this court as considering all the circumstances obtaining in the case at bar, including the application of the principles of **JUSTICE and EQUITY**, so as to promote "a **timely, fair, transparent, effective and efficient rehabilitation of debtors, in accordance with the**

declared policy of the Act", in this case, of the herein petitioner.

IN VIEW OF THE FOREGOING PREMISES AND APPLYING THE PRINCIPLES OF JUSTICE and EQUITY, this court hereby **GRANTS** the instant petitioner's Motion for Successful Exit from Corporate Rehabilitation, but with the directive on the part of the petitioner to pay its obligation to unsecured creditor Petron within a period of one (1) year from receipt of this Order and to file its compliance with the court, within thirty (30) days from the lapse of the said one year period.

Accordingly, **petitioner Vitarich Corp. is hereby DECLARED RELEASED FROM REHABILITATION** and the rehabilitation proceedings are hereby ordered **TERMINATED**, subject to the directive as stated above and without prejudice to monitoring by this court of the petitioner's remaining unpaid debts to its unsecured creditors.

To address these remaining debts, petitioner is directed to publish a notice in a newspaper of general circulation in the Philippines once for two (2) consecutive weeks, at the expense of the petitioner, announcing to the public that pursuant to this court's Order directing the termination or exit of the petitioner from rehabilitation, these unsecured creditors can now file and process their claims with the petitioner.

The petitioner is further directed, within twenty (20) days from the date of the last publication, to submit to this court its compliance on this publication requirement, attaching thereto the newspaper editor's Affidavit of Publication and the two (2) issues thereof.

As a necessary consequence thereof and pursuant to Section 74, Rule 2 of the Financial Rehabilitation Rules of Procedure (2013), this court hereby **RULES:**

1. The **discharge** of Rehabilitation Receiver, Mr. Primitivo P. Singson, subject to the submission of his final report, within sixty (60) days from the last day of publication of the notice as stated above in the newspaper of general circulation in the Philippines; and
2. The **lifting of the Stay Order** and any other court order holding in abeyance any action for the enforcement of claims against the petitioner.

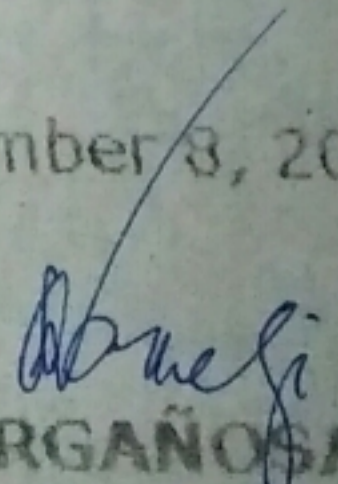
In view of the exit from rehabilitation of the herein petitioner, this court wants to extend its gratitude to the **Rehabilitation Receiver, Mr. Primitivo P. Singson** for his **INDUSTRY, CONCERN and DEDICATION** in the performance of his job as such Rehabilitation Receiver which greatly contributed to the success of rehabilitation of the petitioner.

Let copies of this Order be furnished the President and the Executive Vice President of petitioner Vitarich Corporation, Mr. Ricardo Manuel Sarmiento, respectively, for their information and guidance.

Let also a copy of this Order be furnished the Office of the Court Administrator (OCA) of the Supreme Court, Manila, also for his information and guidance.

SO ORDERED.

Malolos City, Bulacan, September 8, 2016.


ISIDRA A. ARGAÑOSA-MANIEGO
Presiding Judge

Copy furnished:

- ❖ **Vitarich Corporation**- Barrio Abangan Sur, Mc Arthur Highway, Marilao, Bulacan
- ❖ **The President of Vitarich Corporation** - c/o Vitarich Corporation, Barrio Abangan Sur, Mc Arthur Highway, Marilao, Bulacan
- ❖ **Mr. Ricardo Manuel Sarmiento** - Executive Vice President of Vitarich Corp., Barrio Abangan Sur, Mc Arthur Highway, Marilao, Bulacan
- ❖ **Atty. Carmencita Dabu** - c/o Vitarich Corporation, Barrio Abangan Sur, Mc Arthur Highway, Marilao, Bulacan
- ❖ **Atty. Mary Christine Dabu-Pepito** - c/o Vitarich Corporation, Barrio Abangan Sur, Mc Arthur Highway, Marilao, Bulacan
- ❖ **Rehabilitation Receiver**- Primitivo Singson- 1580 Dapitan corner Dos Castillas St., Sampaloc, Manila
- ❖ **Office of the Court Administrator**, Supreme Court, Taft Ave., Manila

Manila