

Title:

Iglesia Evangelica Metodista En Las Islas Filipinas (IEMELIF) vs. Bishop Nathanael Lazaro et al. (G.R. No. 176830)

Facts:

The Iglesia Evangelica Metodista En Las Islas Filipinas, Inc. (IEMELIF), was registered in 1909 as a corporation sole by Bishop Nicolas Zamora. Decades later, IEMELIF adopted by-laws creating the Supreme Consistory of Elders, effectively functioning as a corporation aggregate, but without altering its corporate sole status.

In 1973, a move to formally convert the church into a corporation aggregate was approved by members; however, the corporation's legal documentation remained unaltered.

The issue resurfaced in 2001, and upon SEC's advice, IEMELIF's Consistory took steps to amend the original articles of incorporation. Majority of members approved, and Bishop Nathanael Lazaro, the then General Superintendent, supported the amendment.

A faction led by Rev. Nestor Pineda, against the conversion, contested the decision, arguing that such a change required dissolution and re-establishment. The group filed a case in the RTC of Manila, which dismissed their suit. They appealed to the CA, which affirmed the RTC's decision, leading them to elevate the matter to the Supreme Court.

Issues:

1. Whether the Court of Appeals erred in upholding the Regional Trial Court's decision that a corporation sole, such as IEMELIF, can convert into a corporation aggregate by merely amending its articles of incorporation.

Court's Decision:

The Supreme Court denied the petition, affirming both the RTC and CA's decisions. The Court determined that the conversion of a corporation sole to a corporation aggregate by amendment of its articles—in this case, IEMELIF—was permissible, with the proviso that the amendment was not contrary to the law and that it was for a legitimate purpose. The genesis of the conversion, the required formalities, and the proposed purpose were deemed compliant with pertinent legal statutes and doctrines.

Doctrine:

The decision strongly espouses the doctrine of corporate continuity without dissolution, underlining the fact that whether one deals with a non-stock corporation or a corporation

sole, the entity's legal standing remains distinct from that of its members. This ruling clarifies that a corporation sole may seamlessly transition to a corporation aggregate through amendments to its articles of incorporation, with sufficient member approval and if conducted in keeping with legal requirements.

Class Notes:

- Corporation sole vs. Corporation aggregate
- Amending Articles of Incorporation: Section 16, Corporation Code (requiring the vote or written assent of at least two-thirds of members for non-stock corporations)
- Section 109: Applies non-stock corporation provisions to religious corporations where appropriate
- Corporate continuity: The corporal entity remains distinct and separate from its members
- Legal interpretation by administrative bodies like the SEC is given considerable weight especially when executed under their expertise

Historical Background:

The IEMELIF case mirrors the complex interplay between religious organizations' internal governance structures and the statutory requirements set forth by Philippine corporate law. The decision acknowledges the longstanding real-world practice of IEMELIF functioning as a corporation aggregate despite its official status as a corporation sole, eventually necessitating a legal overhaul to align its organizational structure with its operational reality. This case serves as a significant example of how legal conceptions of corporate form can evolve and adapt to the practical needs and historical development of religious corporations in the Philippines.