

Title: Securities and Exchange Commission (SEC) vs. PICOP Resources, Inc.

Facts:

PICOP Resources, Inc. (PICOP) sought to extend its corporate life for an additional fifty years and filed an application with the Securities and Exchange Commission (SEC) on March 26, 2002. Based on SEC Memorandum Circular No. 2, Series of 1994, PICOP paid a filing fee of P210.00. The SEC, however, assessed the filing fee at P12 Million, citing RA No. 3531, which calculates fees based on 1/5 of 1% of PICOP's authorized capital stock of P6 Billion.

PICOP requested clarification and a reduction of the fee. After back-and-forth correspondence, the SEC En Banc upheld the P12 Million assessment but later reduced it to P6 Million, referencing a calculation error based on an outdated circular. PICOP contested this decision, claiming RA No. 3531 was superseded by the Corporation Code and PD 902-A, and argued for a fee cap of P100,000 as per the 1986 Circular. Despite its objections, PICOP paid P11,999,790 under protest and sought reconsideration, which was denied.

PICOP escalated the issue to the Office of the President (OP), which ruled in its favor, setting the filing fee at P100,000 and ordering a refund. The SEC's attempts for reconsideration were denied due to the proliferative discovery of the 1990 Circular, which it claimed justified the increased fee. The CA denied SEC's extension for review, citing untimeliness rooted in the prohibited second motion for reconsideration at the OP level.

Issues:

1. Whether the CA erred in denying SEC's motion for extension due to untimely filing.
2. Whether the CA erred in finding no prima facie error in the OP's ruling setting the filing fee for PICOP's corporate term extension at P100,000.

Court's Decision:

The Supreme Court upheld the CA's resolutions, highlighting the inviolability of appeal periods post-denial of the first motion for reconsideration and the prohibitive nature of a second motion. The central legal point focused on the 1986 Circular being the correct basis for computing the filing fee for corporate term extensions, given its specificity over subsequent circulars relied upon by the SEC. The Court found the OP's and CA's rulings affirming the P100,000 fee appropriate. The SEC's procedural misstep in reckoning the appeal period from the denial of a second, prohibited motion for reconsideration further sealed the denial of their petition.

Doctrine:

The decision reiterates the principles relating to:

1. The strict observance of procedural timelines for filing appeals, emphasizing that a prohibited second motion for reconsideration does not toll the running of the appeal period.
2. The pre-eminence of specific regulations over general ones, in the context of interpreting SEC guidelines on filing fees.

Class Notes:

- The interpretation of the SEC's rules and regulations by those administering them is highly regarded unless contradicted by law.
- Specific rules take precedence over general rules; subsequent general regulations cannot alter a specific rule meant for a particular situation.
- Procedural timelines for appeals are stringent and must be strictly followed, highlighting the inviolability of the 15-day appeal period from the denial of the first motion for reconsideration.
- Legal doctrines cited:
 - *Administrative Order No. 18* regarding motions for reconsideration.
 - *Republic Act No. 3531* and its application to the filing of amended Articles of Incorporation.
- The rule from *Eastern Telecommunications Philippines, Inc. v. International Communication Corporation* on the interpretation of agency rules.

Historical Background:

This case reflects the evolving legal landscape regarding corporate regulations in the Philippines, notably the interplay between historic legislation (RA 3531) and modernization efforts like the Corporation Code and the Securities Regulation Code. It underscores the importance of due process, proper notification, and the practical implications of administrative reorganizations on enforcement and compliance with regulatory frameworks.