

Title:

Testate Estate of Idonah Slade Perkins, Deceased. Tayag, Ancillary Administrator, vs. Benguet Consolidated, Inc.

Facts:

****Series of Events:****

1. ****Death and Domiciliary Proceedings:****

- Idonah Slade Perkins died in New York City on March 27, 1960. The County Trust Company of New York was appointed as domiciliary administrator.

2. ****Ancillary Administration in the Philippines:****

- On August 12, 1960, Prospero Sanidad initiated ancillary administration proceedings in the Court of First Instance (CFI) of Manila. Lazaro A. Marquez was subsequently appointed and later substituted by Renato D. Tayag on January 22, 1963.

3. ****Dispute Over Stock Certificates:****

- Dispute arose about possession of stock certificates for 33,002 shares in Benguet Consolidated, Inc., owned by Perkins. Stock certificates were held by the domiciliary administrator in New York.

4. ****Court Orders and Non-Compliance:****

- On January 27, 1964, CFI Manila ordered the County Trust Company to produce and deposit the stock certificates with the ancillary administrator or the Clerk of Court. The domiciliary administrator defied the order.

5. ****Ancillary Administrator's Petition:****

- On February 11, 1964, the ancillary administrator petitioned to declare the stock certificates as lost.

6. ****CFI Manila's Order:****

- On May 18, 1964, the court declared the stock certificates as lost, ordered their cancellation, and directed Benguet Consolidated, Inc. to issue new certificates to the ancillary administrator or Probate Division.

****Procedural Posture:****

- ****Appeal by Benguet Consolidated, Inc.:****

- Benguet Consolidated, Inc. contested the order, arguing the certificates were not lost but

held by the domiciliary administrator in New York and that by-laws concerning lost certificates were not followed.

Issues:

1. ****Authority of Ancillary Administrator:****

- Does the ancillary administrator have the right to possession and control over the stock certificates of the deceased within the jurisdiction of the Philippines?

2. ****Legality of CFI Order Declaring Stock Certificates Lost:****

- Was the CFI correct in considering the stock certificates lost and ordering issuance of new certificates despite them being held by the domiciliary administrator abroad?

3. ****Validity of Compliance With Corporate By-Laws:****

- Must the corporate by-laws of Benguet Consolidated, Inc. be followed before issuing new stock certificates when the original certificates are subject to an ancillary administrator's claim?

Court's Decision:

****Legal Analysis and Resolution:****

1. ****Ancillary Administrator's Authority:****

- The Supreme Court affirmed that the ancillary administrator's authority extends to all assets in the Philippines to settle the estate and satisfy local creditors' claims. This included the stock certificates even if physically held abroad.

2. ****Declaration of Stock Certificates as Lost:****

- The Court upheld the CFI's order. Given the domiciliary administrator's persistent refusal to comply and the jurisdictional submission to the Philippine court, the order served to ensure effective administration and judicial authority. The declaration as "lost" was a justified legal fiction to actualize the ancillary administrator's duties.

3. ****Irrelevance of Corporate By-Laws Arguments:****

- The Court dismissed the relevance of corporate by-laws in this context, reiterating that lawful judicial orders supersede corporate regulations. The necessity to comply with the court's order overrode any internal corporate rules.

Doctrine:

- ****Jurisdictional Authority of Probate Courts:**** Probate court decrees must be respected

and enforced within their jurisdiction; foreign administrators' defiance cannot nullify these orders.

- **Legal Fictions to Uphold Judicial Authority:** Courts are empowered to employ legal fictions to ensure compliance with judicial orders and the practical administration of justice.

Class Notes:

- **Ancillary vs. Principal Administration:** Administration in the decedent's domicile (principal) and foreign jurisdiction (ancillary) where assets exist.

- **Legal Fiction Use:** Courts can apply fictions, such as declaring items "lost," to enforce orders.

- **Probate Court Jurisdiction:** Authority extends over assets within its jurisdiction, including those corporate in nature.

- **Corporate By-Laws Limitations:** By-laws do not trump judicial orders and must comply with lawful court directives.

- **Sections & Precedents Cited:** Rule 84, Sec. 3, Rules of Court, along with numerous case laws supporting the ancillary administrator's control over local assets (eg. Wells Fargo Bank case).

Historical Background:

- **Jurisdictional Conflicts:** The case underscores historical tensions in probate law between domiciliary and ancillary jurisdictions, particularly involving multinational estates.

- **Judicial Authority Expansion:** Reflective of periods when colonial and American jurisprudence heavily influenced local Philippine judicial interpretations and enforcements, asserting domestic judicial independence.

The decision is a noteworthy representation of jurisdictional autonomy, international probate interaction, and the judiciary's steadfast role in upholding lawful administration across borders.