

**\*\*Provident International Resources Corporation vs. Joaquin T. Venus, et al.\*\***

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**\*\*Facts:\*\***

Provident International Resources Corporation (PIRC) is a corporation registered with the SEC on September 20, 1979. The incorporators, stockholders, and directors were Edward T. Marcelo, Constancio D. Francisco, Lydia J. Chuanico, Daniel T. Pascual, and Jose A. Lazaro, collectively termed the Marcelo group. Another group, known as the Asistio group, composed of Luis A. Asistio, Lazaro L. Madara, Alfredo D. Roa III, Joaquin T. Venus, and Jose Ma. Carlos L. Zumel, claimed that the Marcelo group acquired shares as trustees for the Asistio group. The Marcelo group allegedly executed a waiver of the pre-emptive right, endorsed in blank the stock certificates, and completed blank deeds in 2002 to transfer shares to the Asistio group.

On August 6, 2002, the Company Registration and Monitoring Department (CRMD) of the SEC issued a certification indicating PIRC's failure to register its Stock and Transfer Book (STB). On August 7, 2002, the Asistio group registered an STB. Celedonio Escaño, Jr., PIRC's assistant corporate secretary, requested a certification of the 1979 STB registration, presenting the 1979-registered STB bearing the SEC stamp.

On October 17, 2002, the Asistio group filed Civil Case No. 02-238 in the RTC Muntinlupa City against the Marcelo group, seeking to enjoin the Marcelo group from acting as directors of PIRC.

On October 30, 2002, the CRMD issued a letter recalling the certification issued on August 6, 2002, and canceling the 2002-registered STB. Kennedy B. Sarmiento requested the SEC not to cancel the 2002-registered STB, leading to a scheduled conference and the filing of position papers by the parties.

On February 12, 2003, the SEC hearing officer ruled that the 1979-registered STB was authentic and valid, thus recalling the certification issued on August 6, 2002, and canceling the 2002-registered STB.

The Asistio group appealed to the SEC Board of Commissioners but was denied. The Asistio group then elevated the case to the Court of Appeals, which ruled in their favor, declaring the issue as intra-corporate in nature, thus within the RTC's jurisdiction.

The Marcelo group filed a petition for review on certiorari to the Supreme Court.

**\*\*Issues:\*\***

1. Whether the SEC has jurisdiction to recall and cancel the 2002-registered STB based on its mistaken assumption that PIRC's STB had not been previously registered in 1979.

**\*\*Court's Decision:\*\***

1. **\*\*SEC Jurisdiction Over STB Registration:\*\***

- The Supreme Court reversed the Court of Appeals, ruling that determining the validity of the STBs falls under the SEC's regulatory jurisdiction. The SEC has broad regulatory authority over private corporations, including the power to revoke a corporate franchise and, by extension, to recall and cancel a mistakenly registered STB.
- The Court held that the SEC is competent and equipped to verify whether the 1979 STB was duly registered. It emphasized that the evaluation of the STB involves administrative procedures primary to the SEC's established roles.

**\*\*Doctrine:\*\***

- The SEC's regulatory jurisdiction includes the authority to recall and cancel erroneously registered documents crucial to a corporation's compliance and legal standing, such as Stock and Transfer Books.
- SEC's powers are extensive, encompassing the revocation of corporate franchises and corrective measures on internal corporate records to correct administrative mistakes.

**\*\*Class Notes:\*\***

- **\*\*Key Concepts:\*\***

- Jurisdiction of the SEC
- Regulatory powers of the SEC under the Securities Regulation Code
- Intra-corporate disputes
- Stock and Transfer Book (STB) registration

- **\*\*Relevant Statutes:\*\***

- Securities Regulation Code (Republic Act No. 8799)
- Powers and functions of SEC (Section 5, Republic Act No. 8799)

- **\*\*Importance of Regulatory Authority:\*\***

- SEC's ability to maintain regulatory oversight by intervening in the internal record-keeping and administrative mistakes of corporations to ensure legal compliance.
- Distinction between administrative functions of the SEC and judicial resolution of intra-corporate disputes.

**\*\*Historical Background:\*\***

- This case underscores the historical regulatory role of the SEC in maintaining the integrity of corporate documentation and practices, ensuring that corporate registration and record maintenance are in line with statutory requirements. This forms part of the broader regulatory oversight by the SEC following the adoption of the Securities Regulation Code, which seeks to provide comprehensive mechanisms for the regulation of the securities market and corporate affairs in the Philippines.