

**ARMINIO RIVERA, IN HIS CAPACITY AS ADMINISTRATOR OF THE
INTESTATE ESTATE OF THE DECEASED RAFAEL LITAM, PLAINTIFF
AND APPELLEE, VS. LITAM & COMPANY, INC., ET AL.,
DEFENDANTS AND ...**

G.R. No. L-16954. April 25, 1962

Ponente: LABRADOR, J.

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LABRADOR, J.:

Arminio Rivera brought this action in his capacity as administrator of the estate of the deceased Rafael Litam to recover from the defendants some 54/204 shares of stock belonging to the deceased in the Li Tam & Co. Inc., or their value, alleging that the said shares have been fraudulently transferred by the defendants and to render an accounting of the income or dividends that have accrued to said shares of stock, with attorneys' fees and costs.

The material allegations of the complaint are—That (1) Rafael Litam died intestate in Manila on January 10, 1951 and plaintiff was appointed administrator of his estate; (2) the wife of Rafael Litam, Marcosa Rivera, filed a claim against his estate for the sum of P252,658.33 which the Court of First Instance approved; (3) believing that the properties of the deceased were in the possession of Li Tam & Co. Inc., the administrator filed a motion in the probate court demanding that the President and Manager, Mr. Lee Chu, be required to render an account of the income of the 54/204 shares of the deceased in said company, but said President and Manager and Gregorio Dy Tam opposed the motion, claiming that the entire assets or properties of the deceased were transferred on January 25, 1950 to William Litam, Luis Litam, Henry Litam and Li Hong Hap, and to show such transfer said defendants furnished photostat copies of the said shares of stock and the transfers thereof; (4) said transfers are fictitious, unsupported by any adequate or valuable consideration, and fraudulent, and defendants unlawfully and fraudulently conspired to bring about the said transfers; said transfers had been made to enrich themselves to the prejudice of others; said transfers were made in fraud of creditors; (5) the value of such shares is at least P300,000; and the probate court, upon motion of administrator, has authorized him to file the suit against the defendants.

All the defendants filed a common answer which their attorneys, Sycip, Salazar, et al., presented. In said answer the defendant corporation alleged that it has no knowledge or information sufficient to form a belief as to the truth of all the allegations and denied the same.

The other defendants also denied the material allegations of the complaint and alleged that the allegations of the complaint are conclusions of law; that the transfers of the shares of stock to defendants are null and void. They also denied the authority of the plaintiff to file the action; and as affirmative defenses they alleged that the shares of stock in question were disposed of by the intestate for good, sufficient and adequate consideration without intent of committing fraud; that the corporation in which Rafael Litam had shares of stock is no longer existing and the present corporation, Li Tam & Company, Inc., is formed by different incorporators; that the defendant corporation does not have in its possession any of the properties belonging to the intestate estate of Rafael Litam;

and that the complaint states no cause of action against the individual defendants, said defendants not having received any sum from the deceased on January 25, 1950.

The case was set for hearing on April 2, 1956 but the trial had to be postponed because two cases involving the same parties, G. R. No. L-7644 and 7645, were still pending before the Supreme Court. On March 31, 1957 attorney for the plaintiff informed the court that the said cases had already been decided so he prayed that the case be set for hearing anew on June 1957; this was done but the case was again postponed to August 5, 1957. Various other postponements took place until September 24, 1957 when the attorneys for the defendants informed the court that they were withdrawing from the case but that they had not as yet secured the conformity of their clients to their withdrawal. The court again postponed the case to November 22, 1957 notifying the parties of the postponement. When the case was called for hearing on November 22, 1957, all the defendants failed to show up; so the court authorized the clerk of court to hear the evidence for plaintiff without the presence of the defendants. The case, however, was actually heard, without the presence of the defendants, only on February 6 and 19, 1959.

On July 16, 1959 after the plaintiff had submitted his memorandum, the court rendered judgment, the dispositive part of which reads as follows:

"PREMISES CONSIDERED, this Court finds the complaint to be substantiated by the evidence on record and judgement is hereby rendered thus:

"(1) The transfer on June 25, 1950 of the certificates of stock of Rafael Litam to wit: Nos. V-2, V-3, V-9, V-10, V-11, V-12, V-13, V-14, all of Li Tam & Co., Inc., in favor of the respective transferees is hereby declared null and void and of no legal effect and! the estate of Rafael Litam remains the owner of the above mentioned certificates of stock;

"(2) Because of the dissolution of Li Tam & Co., Inc. in 1952, the successor defendant corporation is hereby directed either to cause the issuance in favor of the estate of Rafael Litam of the equivalent number of its shares of capital stock or should that be not possible for one reason or another, to pay to said estate, jointly and severally with the other defendants, the value of said 54/204 shares of stock which is hereby fixed at P300,000.00; and

"(3) All the defendants are ordered to pay jointly and severally the herein plaintiff the sum of P6,000.00 as attorney's fees and expenses of litigation." (pp. 95-96, R.O.A.)

Against the above judgment the defendants have prosecuted this appeal.

Some antecedent facts constituting the background is necessary to an understanding of the evidence on the main issue, namely, the validity of the transfer of the 54/204 shares of the deceased Rafael Litam to the defendants William, Henry, and Luis Litam and Li Hong Hap.

Rafael Litam was married to Marcosa Rivera on June 10, 1922. He died on January 10, 1950 while a resident of Hulong Duhat, Malabon, Rizal. Upon his death intestate proceedings were instituted for the settlement of his estate by Gregorio Dy Tam, who alleged that he and the others namely, William, Henry, and Luis Litam and Li Hong Hap are his (of Rafael Litam) children by a Chinese wife, with whom he had contracted marriage in China in 1911. In the petition Gregorio Dy Tam was proposed as administrator. The wife of the deceased, Marcosa Rivera, proposed Arminio Rivera, a nephew. This proposal was opposed by the petitioner Gregorio Dy Tam on the ground that Marcosa Rivera had a claim against the intestate. The lower court approved the appointment of Arminio Rivera, and the case having come to this Court in G. R. No. L-6297, We held that the appointment was proper as the administrator would have the duty of protecting the estate against the pretending heirs. (See Exhibit "E").

During the pendency of the intestate proceedings Marcosa Rivera, incompetent, filed a claim for a total sum of P252,658.33 against the intestate. (Exhibit "F"). The claim was approved upon the strength of a deed dated February 24, 1946 where the deceased Rafael Litam acknowledged a new indebtedness of P197,000.00 plus interest of P62,000 for the previous year (Exhibit "F-2"). The order was appealed to this Court in G. R. No. L-7846, but We dismissed the appeal for the reason that in two cases (G. R. No. L-7644-45) We had held that when Rafael Litam was married to Marcosa Rivera, Rafael was not married to the mother of Gregorio Dy Tam and his four brothers and three sisters. (Exh. "H")

On November 15, 1944 Arminio Rivera, administrator of the intestate, moved the court to require the president and manager of Li Tam & Company, Inc., to give an account of the income derived from the 54/205 shares of stock of the intestate (Exhibit "I"). In answer Lee Chu alleged that at the time of his death, Rafael Litam was no longer a stockholder, having transferred his shares to various persons (Exhibit "J"). Upon the filing of this answer the probate court authorized the filing of this action against Henry Litam, Li Hong Hap, Luis Litam and William Litam and others (Exhibit "K").

The photostat copies of the original shares of stock (Exhibits L, L-1 to L-7) of Rafael Litam show the following transfers of the stock:

- 6 shares to Luis Litam
- 6 shares to Luis Litam
- 6 shares to Luis Litam
- 4 shares to Luis Litam 2 to William Litam
- 1 share to Li Hong Hap
- 6 shares to William Litam
- 6 shares to William Litam
- 8 shares to William Litam
- 9 shares to Henry Litam (Exhs. "L, L-1 to L-7").

In Civil Case No. 2071 of the Court of First Instance of Rizal, Gregorio Dy Tam, sought to recover certain properties in Navotas, Rizal, Malabon, Rizal and in Obando, Bulacan, alleging that Rafael Litam was survived by Li Hong Hap, Li Ko, Gregorio Dy Tam, Henry Litam, Beatriz Lee Tam, Elsa Lee Tam, William Litam and Luis Litam by a marriage in China in 1911 with Sia Khin. The Court of First Instance dismissed the action and declared the properties to be exclusive, separate paraphernal properties of Marcosa Rivera (Exhibit "M"). Upon appeal to Us, in G. R. No. L-7644, We affirmed the decision with a slight modification. (Exhibit "N").

The evidence for plaintiff consists of the testimony of himself and various documents. The gist of the testimony is as follows: Rafael Litam died on January 10, 1951, and his wife, on September 12, 1957. During his lifetime, Rafael Litam was President and General Manager of the Li Tam and Company, Inc., and had 54/204 shares therein; that upon plaintiff's qualification as administrator he inspected the properties of the deceased in the Bicol Region and during the inspection he met defendant Henry Litam at Casiguran, Sorsogon and Henry told him that the properties were still intact in different places. He further testified that he met the defendants several times in 1948 at their office at 928 San Fernando, San Nicolas, Manila and he was told that Rafael Litam owned shares in the company valued at P300,000; that when he went to collect the debt of Rafael Litam to his aunt, he was told not to worry as they did not claim the shares as their own. These facts were not contradicted as defendants did not

appear in person or by attorney on the dates of the trial.

The main basis of the action are two documents, identified at the trial as Exhibits "O" and "P" They are as follows:

"KASULATAN SA PAGKAKAUTANG

ALAMIN NG LAHAT NA MAKABABASA NITO:

Na akong si RAFAEL LITAM, ciudadano chino, may sapat na gulang, may asawa at nanirahan sa Malabon, Rizal, Pilipinas, ay malaya at kusang loob na

NAGSASAYSAY NG SUMUSUNOD:

1.—Na bago magsiklab ang katatapos na digmaan sa Pacifico, ako ay may pagkakautang sa aking asawang si MARCOSA RIVERA ng halagang ISANG DAAN AT TATLONGPU'T LIMANG LIBONG PISO (P135,000.00), kuwintang pilipino, na tinanggap ko ng buong kasiyahang loob sa nasabi kong asawa, at siya kong ginamit sa aking negocio. Ang nasabing halaga ay salaping sarili ng aking asawa, at hanggang sa sandaling ito ay hindi ko pa nababayaran sa kanya kahi't bahagi nito,

2.—Na noong ika 4 ng Enero ng taong ito, sa hangad kong maitayong muli ang aking negocio na nasira rig digmaan, ay napañgahasan kong galawin at kunin sa kinatataguan ang halaga pang ANIMNAPU'T DALAWANG LIBONG PISO (P62,000.00) kuwintang pilipino, na salapi ding sarili ng aking asawang si Marcoa Rivera, kaya't sa ngayon ako ay may pagkakautang sa kanya ng halagang ISANG DAAN AT SIYAMNAPU'T PITONG LIBONG PISO (P197,000.00), kuwintang pilipino, at sa pamamagitan nito ay ipinangafigako kong babayaran sa kanya, u orden, ang nasabing halaga pati ng pakinabang na 10% isang taon ng huling halagang P62,000.00, sa ganitong paraan:

Sa dati kong utang na P135,000.00 ako ay maghuhulog ng halagang isang libong piso (P1,000.00) isang buwan simula sa buwan ng Marzo, 1946, hanggang sa buwan ng Disyembre, 1947; at LIMANG LIBONG PISO (P5,000.00) isang buwan simula sa buwan ng Enero, 1948, hanggang sa matapusan ang nasabing halaga;

Sa huling halagang P62,000.00 ako ay maghuhulog ng P31,000.00 sa buwan ng Disyembre, 1946, o bago dumating ang nasabing petsa, F31,000.00 sa buwan ng Disyembre, 1947, o bago dumating ang nasabing petsa, at ang pakinabang na 10% isang taon ay nasabing halagang P62,000.00 ay huhulugan ko buwan-buwan por mensualidades vencidos at ang unang hulog ay gagampanan ko sa buwan ng Marzo, 1946.

3.—Kung sakaling hindi ko matupad ang alin man sa mga condicione3 na nasaad sa kasulatang ito, ang kabuoan ng aking pagkakautang ay magiging vencido at maaaring singilin lahat ng may hawak ng kasulatang ito.

4.—Bilang garantia ng aking pagkakautang na ito ay ipinangafigako kong sa loob ng lalong madaling panahon ay gagawa ako ng isang escritura de hipoteca ng lahat ng aking mga propiedades sa Sorsogon favor sa aking asawang Marcosa Rivera.

SA KATUNAYAN NG LAHAT NG ITO, ako ay lumagda sa ibaba nito, dito sa Malabon, Rizal, Pilipinas, ngayong ika 24 ng Febrero, 1946.

(Sgd.) Rafael Litam

NILAGDAAN SA HARAP NI:

MACARIO B. ASISTIO

ILLEGIBLE

ESTADOS UNIDOS DE AMERICA

S.S.

COMMONWEALTH DE FILIPINAS

PROVINCIA DE RIZAL

En el Municipio de Malabon, Provincia de Rizal, Filipinas, hoy a 25 de Febrero de 1946, A. D. comparecio personalmente a mi el Sr. Rafael Litam, con su certificado de residencia No. A-268183, expedido en Malabon, Rizal, el 25 de Febrero de 1946, de quien doy fe que conozco por ser la misma persona que otorgo el preinserto documento y que ratifico haberlo otorgado libre y espontaneamente, el cual se compone de dos paginas, inclusive la que contiene esta ratification, la segunda de las cuales ha sido firmado en el margen izquierdo por el otorgante y sus testigos, y sellada con mi timbre notarial.

Ante mi,

Illegible

NOTABIO PUBLICO

Mi comision expira el 31 de Die, 1946

Asiento No. 6; Pag. No. 2; Libro II;

Serie de 1946.

(Exhibit "O")

Exhibit "P"

"Ang kabu-uan nang kualtang natanggap ko na galing sa aking asawang si Marcosa Rivera Simula nang ako ay pumasok sa Ospital ay LABING DALAWANG LIBONG PISO (12,000.00.)

(Sgd.) Rafael Litam

Rafael Litam

Noviembre 28, 1950.

Manila."

The court below found that the transfer of the shares of stock to defendants was simulated, fictitious and without consideration; that it was in fraud of creditors and the conduct of the defendants at the time the transfer of the properties of the deceased was being made, renders the alleged sale doubtful. The peculiar circumstances, such as the fact that defendants claimed to be children of the deceased, and claimed various real properties as belonging to Rafael Litam when as a matter of fact they were the exclusive paraphernal properties of his wife—both of which facts were found in the decisions of the Supreme Court—reveal why the transfer of the shares was disclosed only in the year 1954, when as a matter of fact the transfers took place purportedly at the same time on July 25, 1950.

The above findings as to the existence of fraud, the lack of consideration, etc., are disputed by the appellants in their first assignment of error, it being contended by them that the premises are insufficient to prove lack of consideration, as defendants had no duty to make public the transfer and disclose the consideration therefor, etc. Answering the above contention, We state that defendants did not prove that they ever paid any price or consideration for the transfer, or that they had the means to pay for the price, or that the deceased had ever received any payment for the transfer, as it was shown that he was so short of funds soon after the date of the supposed transfer that he had to borrow the sum of P12,000.00 from his wife on November 28, 1950 (Exhibit "P"). When in 1949 and 1950 plaintiff Rivera saw the defendants William Litam, Luis Litam and Henry Litam, these defendants admitted that Rafael Litam owned shares in the corporation valued at P300,000 (t.s.n., p. 23). And even after the death of Rafael Litam, in the year 1952, when plaintiff went to the Bicol region to check up the

properties left by the intestate for the purpose of preparing the inventory thereof, he met Henry Litam in Casiguran, Sorsogon, Henry Litam then did not say that the properties did not belong to the deceased (t.s.n., p. 32), when the supposed endorsement of the shares bears dates of July 25, 1950. In the year 1952, before plaintiff filed the inventory, he took up with Lee Chu the matter of the interest of Rafael Litam in the corporation, Li Tam and Company, Inc. Lee Chu, who was then the president, admitted that the deceased Rafael Litam owned 54 shares of the entire stock (t.s.n., p. 33). Our conclusion from all the above facts and from these admissions in 1952 of Lee Chu, then president of Li Tam and Company, Inc., and of Henry Litam, one of the defendants, is that in 1952 the shares were still owned by Rafael Litam and had not yet been endorsed or transferred on the books of the corporation to the defendants.

Our examination of the certificates of stock show that the deceased Rafael Litam's signature to the indorsement were authentic, but the dates of indorsement and the names are not; so we believe, Rafael must have signed the indorsement not on January 25, 1950 but before, and the shares actually transferred in the books already after 1952. From these circumstances we conclude that the certificates of stock must have been delivered, already signed by the deceased, before his death, in secret, to his alleged children, the defendants herein, who, after Rafael Litam's death in January 1951, wrote their names on the shares as endorsees, in secret also. Their purpose is evident—so that upon Rafael's death his Filipino wife would not be able to claim the shares of stock as part of Rafael's assets and same (shares) would not be subject to the payment of his debts. These debts at the time of his death in 1950 reached more than P250,000. The fact that the real properties, presumably of the deceased, in the Bicol region were also in the name of the corporation, not in Rafael's own, must have been part of the scheme to insure that his (the deceased) assets would pass to his children, the defendants, free from the claims of his wife.

It appears, therefore, that the deceased Rafael Litam had been getting money from his Filipina wife (to distinguish her from the Chinese wife by whom he had his children, the defendants bearing his surname), borrowing from her big sums which he put in the company, Li Tam and Company, Inc., in shares of stock of this corporation, later endorsing the certificates evidencing transfer thereof, without date, and delivering the shares to his children, also investing the funds of the company, in the purchase of real estate also in the name of the corporation, thus depriving his wife, from whom the money came, of the legal means to get back the money loaned. And to complete the fraudulent scheme and in order to make the properties more invulnerable to the claims of Rafael Litam's creditors, the defendants for no apparent reason, dissolved the old corporation and formed the new Li Tam and Company, Inc., on October 3, 1952, the defendants, children of the deceased being the new stockholders (See Exhibit "X"). The fact that in the new corporation the respective shares of the incorporators do not exactly coincide with the shares each had received from Rafael Litam, according to the endorsements of the original shares, prove that Rafael Litam's children actually divided his assets among themselves, not according to the endorsements of the shares.

The fraudulent character of the transfer of all his shares of stock by Rafael Litam is clearly inferable from the following circumstances, namely, the transferees are his own children, no consideration or price was given or received for the transfer; the shares of stock were the only properties of Rafael Litam; there was no apparent need for him to dispose of all of them as the corporation was the only source of business that he had, and he had an outstanding indebtedness of more than P250,000 with his wife with whom he had no issue. It has been said that "the fertility of man's invention in devising new schemes of fraud is so great that courts have declined to define it, reserving to themselves the liberty to deal with it under whatever form it may present itself." In the case at bar the fraudulent scheme is evidenced by a series of related acts committed one after another, silently, quietly and surreptitiously. Our jurisprudence abounds with cases where fraud had been held to exist but we have found none in which all the circumstances above indicated are present, the circumstances being varied as the men who schemed the fraud in each case. The nearest to the case at bar is *Ayles vs. Reyes & Reyes*, 18 Phil., 243, where

the Supreme Court held that fraud was proved where it was shown that the debtor went into insolvency and, conniving with his parents, sold part of his property to them and the sales were simulated, and only for the purpose of frustrating liabilities contracted.

One last point needs consideration, and this is the claim made by the defendant corporation that its obligation to transfer the shares of stock to the estate could not be inferred from the Articles of Incorporation (Exhibit "X"), because the two corporations are distinct and separate, and under the authorities cited by it, even if the new succeeded the old corporation. This claim would have been correct had not the defendant corporation expressly acquired the assets and properties of the old Li Tam and Company, Inc., and assumed its obligations and liabilities in the articles of incorporation. (Exh. "X", Par "d"). The trial court, therefore, correctly held defendant corporation liable to the estate for the equivalent number of shares of stock, otherwise, said corporation would be enriching itself at the expense of the estate.

In view of the fraud and all the foregoing, the transfer of the shares must be declared null and void and of no effect (Article 1409, Civil Code), and the transferees, as well as the corporation which consented to the transfer, must all be held liable for the return of the properties that the shares represented, or their values (Articles 1352, Civil Code).

Another objection to the judgment raised by the appellants is that they should not be required to pay the amount of P300,000 as well as the attorney's fees. The judgment for P300,000 is an alternative relief afforded the plaintiff in case the shares of stock can not be recovered. Attorney's fees should be awarded because the plaintiff has been forced to various litigations in order to enforce the payment of plaintiff's claim.

"Art. 1388.—Whoever acquires in bad faith the things alienated in fraud of creditors, shall indemnify the latter for damages suffered by them on account of the alienation, whenever, due to any cause, it should be impossible for him to return them." (Civil Code of the Philippines)

"Art. 1170.—Those who in the performance of their obligations are guilty of fraud, negligence or delay, and those who in any manner contravene the tenor thereof, are liable for damages."

"Liability for Non-Performance.—In general, every debtor who fails in the performance of his obligation is bound to indemnify for the losses and damages caused thereby. (De la Cruz vs. Seminary of Manila, 18 Phil., 330; Municipality of Moncada vs. Cajuigan, 21 Phil., 184; De la Cavada vs. Diaz 37 Phil., 982; Maluenda vs. Enriquez, 46 Phil., 916; Pampanga Sugar Mills vs. Chong, 49 Phil., 1003; Pando vs. Gimenez, 54 Phil., 459; Acme Films vs. Theaters Supply, 63 Phil., 657)." (Tolentino's The New Civil Code Annotated, p. 314).

Therefore the damages sustained by the plaintiff by reason of the fraudulent transfer of the shares of stock are the value thereof and the expenses of litigation, which plaintiff has testified to be P6,000, for which defendantsappellants are liable by reason of the above-quoted provisions. We, therefore, find without merit the second and last assignment of errors of appellants and we, thereby, dismissed the same.

As their third assignment of error, it is claimed on behalf of the appellants that defendants William Litam, Luis Litam and Li Tam and Company, Inc., did not receive notice of the hearing on February 6 and 19, 1959; that the reason for their failure to receive said notice is because they had already transferred their places of residence; that they failed to notify the court of the changes of address because they did not know that that is required of them; that if allowed to present evidence, they would substantially prove the allegations in their answer.

The arguments presented by appellants are the same as those contained in their motion for new trial and/or reconsideration, which the lower court denied. The rule in this jurisdiction is that a petition for new trial is addressed to the discretion of the court and this Court will not disturb the same on appeal, unless there is a grave abuse thereof (La O vs. Dee, et al., L-3890, January 23, 1952). We are only to examine the record of the case, to

determine if the denial constitutes an abuse of discretion.

There is no question that defendants Henry Litam, Gregorio Dy Tam and Li Hong Hap actually received their copies of the order of the lower court setting the case for hearing on February 6 and 19, 1959. Insofar as they are concerned, therefore, they cannot claim denial of their day in court. Are the other defendants, namely, Luis and William Litam and Li Tam and Company, Inc., guilty of excusable negligence for their failure to appear during the trial?

The record discloses that as early as August 5, 1957, defendants' counsel, the law office Sycip, et al., was already withdrawing from the case and this withdrawal was reiterated in another motion for continuance of the hearing scheduled for September 24, 1957. As early as August 5, 1957, therefore, defendants must have known that they would be without counsel. They should have, therefore, taken steps to secure the services of another. Again on November 21, 1957, defendant Luis Litam agreed to the withdrawal of their counsel, and Luis Litam signed the conformity to said withdrawal in his own behalf and in those of the other defendants. There is nothing in the record, especially in the affidavit of Luis Litam supporting defendants' motion for new trial, that the other defendants did not authorize him to sign for them. Having no lawyer to assist them in the proceedings, and knowing that the case was then ready for hearing, defendants should have taken the necessary precaution of hiring a new lawyer for any subsequent hearing or hearings. Those who had changed their addresses should also have informed the court thereof. They failed to do so, and it was only when they received a copy of the decision that they hired their present counsel. Their neglect in doing so is certainly inexcusable.

The defendants admit their places of residence alleged in the complaint in their answer. As no notices of the changes of address was sent by them to the court, naturally notices of hearing and orders of the court had to be sent to their former addresses. With respect to defendant corporation, it is alleged in the affidavit of Luis Litam that it had transferred its office to Sorsogon as early as 1953,. but in their answer dated October 10, 1955, they admit that the office of the defendant corporation is at 928 San Fernando, San Nicolas, Manila, the same place where the notice of hearing was sent. This admission strengthens the impression that defendants had deliberately refused to accept the notices of hearing.

The record also discloses that the order setting the case for hearing was sent to defendants Luis and William Litam and Li Tam and Company, Inc., who failed to get said order inspite of the two notices sent to them. Inasmuch as defendants failed to get their registered letters service upon them of said order was deemed completed, five days from the date of the first notice, in accordance with the provisions of Sec. 8, Rule 27 of the Rules. Consequently, defendants cannot now claim that they have not been given their day in court.

Furthermore, the petition for new trial could not be granted because there is no showing that defendants have valid defenses to the complaint. The affidavit of Luis Litam supporting defendants' motion for reconsideration and new trial do not show any such valid defense. Consequently, the trial court correctly denied defendants' motion for new trial and/or reconsideration.

For all the foregoing considerations the judgment appealed from should be, as it hereby is, affirmed. With costs. So ordered.

Bengzon, C. J., Bautista Angelo, Concepcion, Reyes, J. B. L., Paredes, and Dizon, JJ., concur.

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