

WILLIAM H. QUASHA, PETITIONER, VS. SECURITIES AND EXCHANGE COMMISSION AND MANILA POLO CLUB, INC., RESPONDENTS.

G.R. No. L-47536. May 31, 1978

Ponente: TEEHANKEE, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/1a9a8bb60f3a/>

TEEHANKEE, J.:

From the averments and arguments adduced by the parties in their respective pleadings, the following have been shown:

1. Petitioner had filed on October 10, 1977 and October 17, 1977 his complaints and continuing opposition with respondent commission against the filing of respondent Manila Polo Club, Inc.'s Amended Articles of Incorporation and Amended By-Laws which would convert said club into a proprietary club, assailing the amendments as illegal, inequitable and immoral, alleging inter alia that "the amendments have the effect of enabling the members to appropriate the club's property and to use it as their contribution to the 'new' club; "the real estate assets of Manila Polo Club consist of 25 hectares, more or less, of prime real estate in the middle of Forbes Park, Makati, Metro Manila, which are conservatively valued at present market valuation of P200 Million and its buildings, improvements, facilities and other equipments at about P20 Million. The more or less 2,000 actual members who will become proprietary owners of the Club's assets under the proposed conversion will inequitably enrich themselves if this Honorable Commission will allow the comparatively paltry sum of P12,500.00 to be paid for each proprietary membership;" "the value which the Club now commands results from the accrued contribution of past (and present) members' money, time, effort and foresight; and the conversion plan does not in any way compensate the predecessors of the present membership (and also those of the present membership who do not opt for conversion) who substantially contributed to making the Club what it is today" and further claiming that the amendments had not been duly adopted by the required two-thirds vote. Petitioner prayed for the disapproval and cancellation of respondent club's amended articles and by-laws and denial of its application to register its proprietary shares, and prayed for a restraining order meanwhile enjoining it from selling and/or accepting any payments for the questioned proprietary shares.
2. Respondent club on the other hand issued notices dated October 25, 1977 fixing December 28, 1977 as the deadline for members to purchase a proprietary share for P12,500.00 cash in one lump sum or in 24 monthly installments with 14% interest per annum and a P5,000. -downpayment and giving the non-buyers members the choice of remaining in the club as Associate Members by informing the club to this effect.
3. Respondent Commission ordered the parties to appear before it on October 28, 1977 "to determine the propriety of the issuance of the injunctive relief prayed for and the parties submitted the incident with their respective memoranda. In November and December, petitioner made urgent representations for the immediate issuance of a restraining order but it was only on December 22, 1977 that respondent commission through its hearing officer Jose C. Castro issued its Order of the same date denying injunctive relief "for lack of sufficient allegations in support of the prayer for the issuance of the preliminary injunction and for obvious lack of merit." The hearing officer had in his Order summarized the issues pertinent to the prayer for a restraining order as follows:

"1. Did the respondent secure the required number of votes necessary to amend the Articles of Incorporation?

"2. Was the annual stockholders' meeting held on August 22 and September 26, 1977 regular?

"3. Is the value of each proprietary share in accordance with existing laws and regulations governing proprietary clubs?"

and resolved them all against petitioner.

4. Hence, the petition filed forthwith on December 23, 1977 by petitioner directly with this Court claiming inter alia violation of petitioner's right to due process in that the questioned order allegedly adjudged the main issues which "should have been resolved [only] after a full-blown hearing on the merits" and praying for the issuance of a restraining order against enforcement of the questioned order and enjoining respondent club from going on with the sale of proprietary shares and accepting payments for the same. The restraining order was issued by the Court on December 27, 1977 (the first working day after Christmas).

5. Respondent Commission in its comment raised the question of non-exhaustion of administrative remedy, denied any pre-judgment of the merits of the case asserting that "If the order touched in a way on the merits of the main case, S.E.C. Case No. 1523, it is because the grant or denial of the injunctive relief has to take into consideration the merits of the complaint of which it is merely an ancillary remedy", and averred that trial on the merits was yet to be held and "the denial of the injunction would compel petitioner (alone) to buy a proprietary share at said price (of P12,500.00) not later than December 28, 1977, which petitioner could do and pay the price under protest. Petitioner's rights would be preserved in such a case, and should the questioned amendments to the Articles of Incorporation and By-Laws of respondent club be annulled after trial on the merits of S.E.C. Case No. 1523, all payments made pursuant to the nullified conversion into a proprietary club would be refunded to the members including petitioner."

6. Respondent club adopted substantially the same position as respondent commission, adding that more than the requisite number required for the questioned amendments had voted therefor (although here there is a conflict of factual contention between the parties with petitioner insisting that the Club's members entitled to vote number 2,404 and said respondent insisting that the regular members number only 1,504). Respondent club further manifested that "immediately before the issuance of this Honorable Court's Restraining Order, a total of ONE THOUSAND FIVE HUNDRED FIFTY (1,550) members have already paid for their proprietary shares. Enclosed herewith as Annexes 'B' to 'B-12' are the lists of these members. After the Restraining Order was put into effect, some One Hundred Sixty-Three (163) more members have signified their intention to pay, although their payments have been refused on account of the said Restraining Order of this Honorable Court. These numbers clearly indicated that the overwhelming majority of the members of respondent Club are in favor of the conversion of their Club into proprietary status."

From all the foregoing considerations, the Court Resolved the following:

(a) In view of the extremely limited time, with the commission's hearing officer having issued his questioned order denying injunctive relief only on December 22, 1977 at the height of the Christmas holidays with just a few days before the scheduled deadline of December 28, 1977, petitioner properly filed the present petition directly with this Court without going through the prescribed procedure of filing an appeal with respondent Commission en banc within the 30-day reglementary period since such recourse was obviously not a plain, speedy and adequate remedy.

(b) The questions raised by petitioner in his pending complaints with respondent commission (supra, paragraph 1) warrant "a full-blown trial on the merits" after which the main issues may be duly adjudicated as contended by him, and since respondents likewise concur in this stand, the case will be remanded to respondent

commission for such trial and determination on the merits. (e.g. Assuming that the club may properly be converted into a proprietary club, should a relatively new member not proportionally pay more for a proprietary share than others who have been supporting the club (and previously paid special assessments) for 10, 20, or 30 years?)

(c) Prescinding from the hearing officer's obiter dictum of "obvious lack of merit", the questioned order's main basis in denying injunctive relief was substantially that "the complainant [petitioner herein] has not satisfactorily established his right to the restraining order prayed for." Considering that petitioner submitted the incident on the basis of his memorandum without presentation of evidence, the Court holds that respondent commission did not act with grave abuse of discretion in denying the restraining order prayed for.

(d) The temporary restraining order issued by the Court shall be lifted, subject to the condition advanced by respondent commission itself (supra, paragraph 5) that should the questioned amendments be annulled after trial on the merits of the case before it, "all payments made pursuant to the nullified conversion into a proprietary club would be refunded to the members" who purchased the proprietary shares. In fairness to petitioner and others similarly situated, as well as all others who did not or were not able to purchase the questioned proprietary shares before the original December 28, 1977 deadline, respondent club is ordered to grant them an extended period of at least two (2) weeks after notice within which to purchase the proprietary shares, whether under protest (in petitioner's case) or not, subject of course as in the case of the previous purchasers to the final outcome and determination of the case pending before respondent commission.

ACCORDINGLY, the case is ordered remanded to respondent commission for a full trial and hearing and determination on the merits and the restraining order of December 27, 1977 is lifted effective immediately, subject to the terms and conditions hereinabove stated.

Makasiar, Santos[*], Fernandez, and Guerrero, JJ., concur.

[*] Designated vice Mme. Justice Cecilia Muñoz Palma who is on official leave.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.