

JAPANESE WAR NOTES CLAIMANTS ASSOCIATION OF THE PHILIPPINES, INC., PETITIONER, VS. SECURITIES AND EXCHANGE COMMISSION, RESPONDENT.

G. R. No. L-8987. May 23, 1957

Ponente: LABRADOR, J.

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LABRADOR, J.:

On August 25, 1954 the Securities and Exchange Commissioner issued an order, requiring petitioner herein and its President, Mr. Alfredo Abcede, to show cause why it should not be proceeded against for making misrepresentations to the public about the need of registering and depositing Japanese war notes, with a view to their probable redemption as contemplated in Senate Bill No. 163 and in Senate Concurrent Resolution No. 14, for otherwise they would be valueless. At the investigation that was conducted in connection with the above order, the petitioner tried to show that there were no misrepresentations made by them in their publications and that the mistake made by them (that President Magsaysay would soon make representations to the United States Government to have the war notes redeemed) was made in good faith as it was later retracted and rectified. They also stated that they longed and hoped that the war notes would be redeemed; that they are sincere and honest in their activities; and that they are entitled to their beliefs. After the investigation, in which it was disclosed that the petitioner claimed the right to continue in the above-mentioned activities, the Commissioner found that according to its articles the petitioner has the privilege to work for the redemption of the war notes of its members alone, but that it can not offer its services to the public for a valuable consideration, because there is nothing definite and tangible about the redemption of the war notes and its success is speculative; that any authority given to offer services can easily degenerate into a racket; that under its articles of incorporation the petitioner is a civic and non-stock corporation and should not engage in business for profit; that it has received war notes for deposit, upon payment of fees, without authority in its articles to do so; that it had previously been ordered to desist from collecting fees for those registering the war notes, but notwithstanding this prohibition it has done so in the guise of service fees. Hence the Commissioner ordered:

(1) That the Association, and all/any of its officers, directors, employees, representatives, or agents stop immediately the registration of Japanese War Notes, receiving the same for deposit, and charging fees therefor. It is not, however, prohibited from admitting members, with the corresponding rights and obligations as such.

"(2) That the Association and all/any of its officers, directors, employees, representatives, or agents, desist forthwith from accepting and collecting fees for reparation claims for civilian casualties and other injuries, as it is not authorized so to do under its articles of incorporation." (Order of the Securities and Exchange Commission dated February 28, 1955.)

The case at bar is for a review of the above order. It is contended that the Commissioner erred (1) in finding that petitioner made misrepresentations to the public so as to induce holders of war notes to register them with petitioner, (2) in ordering the petitioner to stop the registration of Japanese war notes, receiving same for deposit

and charging fees therefore, and (3) in ordering petitioner to desist from accepting and collecting fees for reparation; claims for civilian casualties and injuries.

We are not permitted to examine the correctness of the first contention as above set forth, as the same involves questions of fact; only questions of law may be raised in this case for review (section 2, Rule 43 of the Rules of Court).

In support of the second contention it is claimed that the order was beside the issue investigated. While it may be true that the issue which started the investigation has been the misrepresentations made to the public by the petitioner herein, the order is based on the findings of fact made in the course of the investigation and the prohibition stated in the order aims at the eradication of the source of the evil of misrepresentation that was the subject of the investigation. It can not be said, therefore, that the resultant order is not germane or related to the subject-matter of the investigation.

It is also argued that the registration of war notes and the collection of fees therefor is not prohibited by the corporation law and the authority of the petitioner to engage therein is implied from its articles of incorporation, the purposes of which are:

"(1) To consecrate and sanctify in a strong and militant organization in the furtherance of the financial conditions of its members toward the attainment of their claims;

"(2) To take a position which is only secondary and complimentary to that of our constituted government in campaigning for the welfare of our people, especially when it is to demand redemption of currency from foreign country;

"(3) To work for, and to make due representations with the United States and Japanese Governments, for the redemption and, or, for the future payments of the Japanese War Notes (Mickey Mouse money);

"(4). To instill the ties of comradeship through this and noble gesture of goodwill between our people and country with the people and countries of the United States and Japan;

"(5) To do any and all acts and things which are naturally incidental on arising out of the purpose or any others." (Petitioner's brief, pp. 57-58.)

We do not find any merit in the contention. The articles authorize collection of fees from members; but they do not authorize the corporation to engage in the business of registering and accepting war notes for deposit and collecting fees from such services. This was the ruling of the Commissioner and this we find to be correct.

Neither do we find any merit in the third contention that the association has authority to accept and collect fees for reparation claims for civilian casualties and other injuries. This is beyond any of the powers of the association as embodied in its articles and have absolutely no relation to the avowed purpose of the association to work for the redemption of war notes.

The order of the Securities and Exchange Commissioner was evidently promulgated under the authority of section 1 (b) of Republic Act No. 1143 which reads:

"(b) To penalize any violation of or noncompliance with any terms of conditions of any certificate, license, or permit issued by the Commission or of any order, decision, ruling or regulation thereof, by a "fine of not exceeding two hundred pesos per day for every day during which such violation or default continues: and the Commission is hereby authorized and empowered to impose and collect such fine after due notice and hearing."

The order sought to be reviewed is hereby affirmed. with costs against the petitioner. So ordered.

Bengzon, Padilla, Montemayor, Bautista Angela, Conception, Reyes, J. B. L., Endencia, and Felix, JJ., concur.
Reyes, A., J., concurs in the result.

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