

SERGIO DEL CASTILLO, ET AL., PETITIONERS, VS. SECURITIES AND EXCHANGE COMMISSION, ET AL., RESPONDENTS.

G.R. No. L-6913. October 30, 1954

Ponente: PARAS, C.J.

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PARAS, C.J.:

The respondent Maaos Sugar Planters' Association, Inc. was organized by various sugar planters of Maaos, Occidental Negros, as a non-stock corporation registered with the Mercantile Registry of the Bureau of Commerce on August 5, 1920, for a term of 50 years. Its principal purpose was to work for the common welfare of the members, representing them in their dealings with the Maaos Sugar Central Co., Inc. Its incorporation papers were lost when its office was burned during the last war. The corporation nevertheless resumed its business after the liberation and has continued to do so ever since. Indeed, the Bacolod Branch of the Philippine National Bank, which has a true copy of the certificate of registration and articles of incorporation of the respondent Maaos Sugar Planters' Association, Inc., has granted loans to the latter.

Under section 2 of Republic Act No. 62, as amended by Republic Act No. 350, "All registered domestic corporations, and registered partnerships or other forms of associations which lost their articles of incorporation and bylaws or articles of partnerships, either totally or partially, shall reconstruct the same or take steps towards such reconstruction within a period not to extend beyond December thirty one, nineteen hundred and fifty by following the procedure which the Securities and Exchange Commission may adopt by rules and regulations approved by the Secretary of Justice. Such corporations, associations or partnerships as shall fail to reconstruct their records within the said period, or having taken steps to reconstruct such records within that period, shall fail to exert reasonable efforts to complete the reconstruction required, pursuant to the aforesaid rules and regulations, shall lose all rights, powers, and privileges afforded by their past registration."

Notwithstanding the loss in its files of the incorporation papers of the respondent Maaos Sugar Planters' Association, Inc. during the last war, it had failed to reconstruct its records on or before December 31, 1950, in accordance with section 2 of Republic Act 62. Believing that the Maaos Sugar Planters' Association, Inc. was dissolved for its failure to so reconstruct its incorporation papers, the petitioners Sergio F. del Castillo and four others, formed on September 6, 1951, another corporation known as the Maaos Farmers' Association, Inc., the purpose of which was substantially the same as that of the respondent Maaos Sugar Planters' Association, Inc. In the meantime, the latter reconstituted its incorporation papers by submitting to the Securities and Exchange Commission a copy of its certificate of registration and articles of incorporation, based on the true copy kept in the office of the Bacolod Branch of the Philippine National Bank, and on September 19, 1951, the Commission issued in favor of the Maaos Sugar Planters' Association, Inc. the corresponding certificate of reconstitution. The action of the Commission was premised on section 5 of Republic Act No. 62 which provides that "Domestic corporations and registered partnerships whose articles of incorporation and by laws or articles of co-partnerships have been lost or destroyed shall furnish the Securities and Exchange Commission with certified copies of such records as it may require."

On November 5, 1951, the petitioners Sergio F. del Castillo et al., through counsel, filed with the Securities and Exchange Commission a petition for the reconsideration and consequent cancellation of the certificate of re-constitution issued on September 19, 1951, in favor of the respondent Maaos Sugar Planters' Association, Inc. The latter being affected by said petition for reconsideration and cancellation, intervened and filed an opposition thereto. After hearing, the Securities and Exchange Commission denied the petition in its decision dated July 13, 1953, from which the present petition for review was filed in this Court.

It is contended for petitioners that section 3 of Republic Act No. 62, already above quoted, under which no time limit is prescribed for reconstitution, contemplates a situation where the corporate records kept in the office of the corporation have not been lost or destroyed, and not a case where a copy of the articles of incorporation may be found in the possession or custody of another. We cannot acquiesce in this contention. The purpose of Republic Act No. 62 is obviously to enable corporations or other entities to reconstruct or reconstitute its corporate records, especially the articles of incorporation, with a view to establishing their corporate existence for the protection of the public. This purpose will in a way be frustrated if section 3 of Republic Act No. 62 were to be construed strictly so as to limit its application to cases where the articles of incorporation and by-laws kept in the files of the entities concerned have not been lost or destroyed. We are inclined to rule that the law embraces situations wherein copies or necessary corporate records are available, regardless of the place where they may be found, as long as, and this is important, that their authenticity is established to the satisfaction of the Securities and Exchange Commission. In the present case, the copies of the certificate of registration and articles of incorporation submitted by the Maaos Sugar Planters' Association, Inc. to the Commission, were reproduced from the copies in the custody of the Philippine National Bank at Bacolod City, and it is not here pretended that said copies are not authentic. At any rate, we have to accept the factual finding of the Securities and Exchange Commission that it is fully satisfied as to the reliableness and authenticity thereof. Moreover, it is interesting to note that no intimation whatsoever has been made that the respondent Maaos Sugar Planters' Association, Inc. is not a duly organized corporation or that its corporate term under the articles of incorporation had expired.

The petitioners further argue that, as no copy of the by-laws of the respondent Maaos Sugar Planters' Association, Inc. is available, this case falls under section 2 of Republic Act No. 62, under which reconstruction of corporate records could be accomplished only until December 31, 1950. The petitioners reason out that both sections 2 and 3 of Republic Act No. 62 mention articles of incorporation and by-laws, with the result that the reconstruction or reconstitution, as the case may be, should refer necessarily to the articles of incorporation, and bylaws together. This contention is untenable, if we consider the circumstance that, in the present case, there is no showing that the articles of incorporation and the bylaws of the respondent Maaos Sugar Planters' Association, Inc. were contained in one and the same document. The law is merely permissive as to the records that may be reconstructed or reconstituted and does not prohibit the reconstitution of the articles of incorporation or the bylaws, whichever is available, under section 3 of Republic Act No. 62.

It appears that in the certificate of reconstitution issued by the Securities and Exchange Commission on September 19, 1951, reference was made to the copy "certified to by the Secretary-treasurer thereof, as true and correct copy of the signed duplicate copy of the original in their possession." The petitioners claim that this is contrary to the actual fact, because the copy submitted to the Commission was reproduced from a mere copy kept in the office of the Bacolod Branch of the Philippine National Bank. The error has been admitted by the Commission to be clerical, arising from the circumstance that the general form used in cases of reconstitution was adopted, and the Commission in the appealed decision recalled the certificate of reconstitution for necessary correction. We believe that the mistake is of no moment, the important consideration being that the Commission was satisfied that the copy submitted to it was authentic. In this connection it may be stated that Republic Act No. 62 was designed undoubtedly not to extinguish the corporate existence of corporations whose records were lost or

destroyed, but, on the contrary, to enable them to maintain their corporate status. As already stated, there is no pretense on the part of the petitioners that the respondent Maa Sugar Planters' Association, Inc. was never a corporation or that its corporate term had expired. Upon the other hand, as found by the Securities and Exchange Commission, "It has been in business uninterruptedly since liberation, helping its members, and petitioners who had been such members, dealing with it and recognizing its lawful corporate existence, can not and should not now be allowed to question the same." At any rate, if the dissolution of the respondent corporation is in order, the proper action for quo warranto may be availed of.

Wherefore, the appealed decision is affirmed and it is so ordered with costs against the petitioners.

Pablo, Bengzon, Padilla, Montemayor, Reyes, A., Bautista Angelo, Concepcion, and Reyes, J. B. L., JJ., concur.

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