

**GERARDO ARANAS AND FELINA RAVACIO ARANAS, PETITIONERS,
VS. HONORABLE COURT OF APPEALS, ILIGAN CAPITOL COLLEGE,
SESENIO ROSALES AND LAUREANA ROSALES, RESPONDENTS.**

G.R. No. 95067. July 23, 1992

Ponente: PADILLA, J.

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PADILLA, J.:

Does the Securities and Exchange Commission (SEC) have jurisdiction over an intra-corporate dispute which occurred prior to, but remained outstanding or unfinished after the promulgation of PD 902-A on 11 March 1976?

There is no need for a lengthy exposition of the facts. The pertinent data in the dispositive portion of the decision rendered by the Regional Trial Court (RTC) of Lanao del Norte, Branch I, Iligan City* in Civil Case No. 1276, dated 7 August 1975, will suffice:

"x x x judgment is hereby rendered ordering the herein defendants jointly and severally, to cause the issuance in favor of the plaintiffs, the certificate of stock corresponding to the cash investment made by them in the Iligan Capitol College in the amount of P5,730.00 as of May, 1964 and to deliver in favor of the plaintiffs their unrealized profits and/or dividends by virtue of this investment from May up to the present."

On 25 July 1984, herein petitioners (plaintiffs in the court a quo), having prevailed in their action, filed with said court a motion to compel respondent Iligan Capitol College to submit all corporate records, financial state-ments, stock transfer books for the examination of the court a quo.

The court, as prayed for by petitioners, issued several orders and writs of execution but private respondents re-fused to obey and comply with the said orders. On 24 April 1989, another order and alias writ of execution were issued by the same court; whereupon, private respondents filed a motion for reconsideration, claiming therein that the case involves an intra-corporate dispute cognizable by the Securities and Exchange Commission, pursuant to PD 902-A. An order of 29 June 1989 maintained that the court a quo has not lost jurisdiction to enforce its final judgment[1] over the intra-corporate dispute.

Private respondents resorted to a petition for certiorari before the Court of Appeals, assailing the court a quo's insistence on its jurisdiction over the dispute. Private respondents were sustained in their position by the Court of Appeals.[2]

Petitioners are now before this Court on a petition for review on certiorari. They submit that the matter, at this stage, is simply an execution of a final judgment rendered by the court a quo and that there is no further or new controversy between a stockholder and the corporation.

There is weight to what petitioners say on the issue of execution of a final judgment rendered by the trial court at a time when it had unquestioned jurisdiction over the case. The general rule is that once jurisdiction attaches, it continues, and yet, under the circumstances of the case, we believe, conformably with the decision of the Court of Appeals, that execution of the RTC judgment should now be placed under the supervision and control of the

Securities and Exchange Commission, even if the RTC judgment indeed is now final and executory and can no longer be modified or altered.

Section 5 of PD 902-A reads:

"In addition to the regulatory and adjudicative functions of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and decrees, it shall have original and exclusive jurisdiction to hear and decide cases involving:

- a) Devices or schemes employed by or any acts, of the board of directors, business associates, its officers or partners, amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partners, members of associations or organizations registered with the Commission.
- b) Controversies arising out of intra-corporate or partnership relations, between and among stock-holders, members, or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity;

x x x"

The evident purpose of the law in investing a specialized administrative body like the Securities and Exchange Commission with additional adjudicators powers over intracorporate and kindred disputes is to promote dispatch arising from expertise enhanced by specialization in the settlement of the said controversies. On this premise, it would not really matter whether the acts or events giving rise to litigation occurred before or after the adoption of Presidential Decree No. 902-A on March 11, 1976." (Emphasis supplied).[3]

There is, true enough, no indication that right after 11 March 1976 when PD 902-A was promulgated, herein private respondents moved for the transfer of the proceedings to the SEC, hence, they can be deemed to have acquiesced to the proceedings before the court a quo and to be bound thereby; however, execution and subsequent incidents will have to be transferred to the jurisdiction of the Securities and Exchange Commission. This appears to be the clear intent of the law, PD 902-A.

The Securities and Exchange Commission is ordered to cause the execution of the final judgment, dated 7 July 1975, of the RTC of Lanao del Norte, Branch I, Iligan City in Civil Case No. 1276. This will include, among others, the issuance of certificate of stock in favor of petitioners, inspection of the books of accounts of respondent corporation for the purpose of determining whether profits have indeed been earned by the corporation and whether herein petitioners have been unjustly deprived of their share therein.

WHEREFORE, the decision appealed from is **AFFIRMED**. Let this case be remanded to the Securities and Exchange Commission for disposition in accordance with the pronouncements in this decision. The entire records of Civil Case No. 1276 are ordered transferred to the SEC.

SO ORDERED.

Narvasa, C.J., (Chairman), Regalado, and Nocon, JJ., concur.

* Judge Mamindiara P. Mangotara, presiding.

[1] Rollo at 42

[2] Decision penned by Justice Justo P. Torres and concurred in by Justices Santiago M. Kapunan and Emeterio C. Cui.

[3] Dionisio vs. CFI of South Cotabato, Br. II, G.R. No. 61048, 17 August 1983, 124 SCRA 222

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