Republic of the Philippines
Department of Finance
Securities and Exchange Commission
COMMISSION EN BANC

IN THE MATTER OF:

PETITION TO DISPUTE EXISTING GENERAL INFORMATION SHEET OF BELLVILLE DEVELOPMENT, INC. AND TO ADMIT NEW GENERAL INFORMATION SHEET.

MARIA BEATRIZ M. VAZQUEZ,
Appellant,

SEC En Banc Case No. 11-23-532

- versus –

JOSUE ROMANO C. WENCESLAO, representing as Corporate Secretary of BELLVILLE DEVELOPMENT, INC.
Appellee.

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DECISION

Before this Commission *En Banc* is the Appeal Memorandum dated 23 November 2023 (the "Appeal"), filed by MARIA BEATRIZ M. VAZQUEZ, praying for the dismissal of the *Petition to Dispute Existing General Information Sheet of Bellville Development, Inc. and to Admit New General Information Sheet* (the "Petition") on the merits of the case, and not merely on the basis of the principle of judicial courtesy; and for willful and deliberate forum shopping.

RELEVANT FACTS

Bellville Development, Inc. (the "Corporation" or "Bellville") is a corporation duly organized and existing under Philippine laws, having been issued a Certificate of Incorporation bearing SEC Registration No. 79545 on 9 May 1978. Its incorporators as stated in Article V of its Articles of Incorporation are: (1) Maria Luisa M. Vazquez, (2) Daniel Vazquez, (3) Jose B. Fernandez, (4) Aida Eusebio Ambrosio, and (5) Segundina V. De Leon.

Dr. Daniel E. Vazquez (Dr. Vazquez) and Maria Luisa Madrigal Vazquez (Maria Luisa), who are among the incorporators of the

Corporation, are the parents of Appellant Maria Beatriz M. Vazquez (the "Appellant").[1]

On 26 April 2016, Maria Luisa died.[2]

Thereafter, Dr. Vazquez and Appellant filed before the Regional Trial Court, Branch 56 of Makati City (RTC Branch 56) a *Petition for the Intestate Settlement of the Estate of Maria Luisa Madrigal Vazquez* which was docketed ad SP Case No. R-MKT-16-00044-S.[3]

On 16 September 2016, Dr. Vazquez married Appellee Maria Pacita Gaborro Vazquez (Maria Pacita).[4]

On 3 April 2021, Dr. Vazquez died.[5]

On 6 May 2021, Maria Pacita filed before the Regional Trial Court, Branch 237 of Makati City (RTC Branch 237) a *Petition with Urgent Motion to Appoint Maria Pacita Gaborro Vazquez as Special Administrator* (the "Maria Pacita Petition").[6] The RTC Branch 237 granted the Maria Pacita Petition in its Order dated 17 October 2022 (the "RTC Branch 237 Order"), and issued Letters of Special Administration dated 2 November 2022 which authorized Maria Pacita "to take possession and charge of the goods, chattels, rights, credits, and estate of the deceased and preserve the same".[7]

The Appellant assailed the RTC Branch 237 Order before the Court of Appeals (CA) via a *Petition for Certiorari* which was docketed as CA-G.R. SP No. 179268. This *Petition for Certiorari* is currently pending before the Eighth Division of the CA.[8]

In its Decision dated 10 December 2021 (the "RTC Branch 56 Decision"), the RTC Branch 56 ruled and declared, among others, that "***ALL shares of stocks** in the Madrigal-Vazquez Family Corporations in the name of Maria Luisa M. Vazquez and/or Daniel E. Vazquez*" are **PARAPHERNAL PROPERTY of Maria Luisa M. Vazquez.** The RTC Branch 56 Decision specifically named Bellville as one of the Madrigal-Vazquez Family Corporations.[9]

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[1] *Appeal Memorandum*. Par. 13
[2] *Ibid.* Par.14
[3] *Ibid.* Par. 15
[4] *Ibid.* Par. 16
[5] *Ibid.* Par. 18
[6] *Ibid.* Par. 19. The case was re-raffled to RTC Branch 132
[7] *Comment* dated 18 December 2023. Par. 8
[8] *Appeal Memorandum.* Par. 20
[9] *Ibid. See* Annex "E"

On 27 October 2022, the RTC Branch 56 issued a Certificate of Finality which certified that the RTC Branch 56 Decision has become final and executory on 10 January 2022.[10] Consequently, and consistent with the RTC Branch 56 Decision, Bellville made an entry in the "Stockholder's Information" section of its 2022 and 2023 General Information Sheets (the "Bellville GIS") that the shares of stocks in the name of Dr. Vazquez are paraphernal properties of Maria Luisa.[11]

On 4 April 2023, Maria Pacita filed a Verified Complaint dated 23 January 2023 (the "Complaint") against the directors and officers of Bellville[12], praying that she be allowed to inspect the books and records of the Corporation in her capacity as the duly appointed Special Administrator of the estate of Dr. Vazquez. Maria Pacita alleged therein that her request was anchored on her good faith belief that Dr. Vazquez owned and registered under his name, shares of stock of the Corporation.[13] The Verified Complaint was denied by the CRMD in its Order dated 31 August 2023.

On 14 September 2023, Maria Pacita filed the Petition, alleging therein that Bellville conducted a special stockholders' meeting on 18 August 2023 at her instance, being the special administratrix of the estate of Dr. Vazquez who is a stockholder of record thereof. The Petition further alleged that during the special meeting, the offices of the Board of the Corporation were declared vacant which resulted in the election of the following as the new members of the board: (a) Maria Pacita, (b) Alfredo G. Cruz, (c) Antonio A. Ligon, and (d) Josue Romano C. Wenceslao.[14] Thus, they sought the admission of a 2023 GIS that they prepared (the "Appellees' 2023 GIS"), and prayed that the Bellville GIS on file with the Commission be marked as "Disputed".[15]

In her Verified Answer, Appellant maintained that pursuant to the RTC Branch 56 Decision which has attained finality, Maria Pacita cannot dispose of the shares under the name of Dr. Vazquez, in her capacity as the special administratrix of the estate of Dr. Vazquez. Appellant thus sought the dismissal of the Petition on the foregoing ground as well as for willful and deliberate forum shopping.

On 3 November 2023, the CRMD issued an Order dismissing the Petition on the ground of judicial courtesy. The CRMD posited that with the pendency of the issue on the validity/legality of the appointment of

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[10] *Ibid.* Par. 21
[11] *Id.* Par. 22
[12] The Complaint specifically named (a) Maria Beatriz M. Vazquez, (b) Jose Miguel Duavit Vazquez, (c) Grace Cielo S. Balquin, (d) Rosana D. Vazquez, and (e) Lourdes R. Majuelo, as the members of the Board and Officers of the Corporation.
[13] *Id. See* Annex "G"
[14] *Id.* Par. 27.1
[15] *Id. See* Annex "A"

Maria Pacita as Special Administrator of the estate of Dr. Vazquez with the Court of Appeals, the principle of judicial courtesy should be applied so as not to moot or render moribund the said issue.

Hence, the instant Appeal.

On 20 December 2023, Appellees Maria Pacita, Josue Romano Wenceslao, Alfredo Cruz, and Antonio Ligon (Appellees) filed their Comment (On: Appeal Memorandum dated 23 November 2023), praying for the dismissal of the Appeal for lack of merit. Invoking the 2020 GIS of the Corporation, they maintained that Dr. Vazquez owns 74.5967% of the shares of Bellville which Maria Pacita is managing, as the Special Administratrix of the estate of Dr. Vazquez. Appellees also argued that the issue on the alleged ownership by Dr. Vazquez of the Bellville shares registered in his name is a matter that is outside of the Appeal and beyond the jurisdiction of the Commission, and should therefore not be passed upon by the Commission.

ISSUES

A. Whether or not the Bellville GIS on record with the Commission should be marked "Disputed".
B. Whether or not the Appellees' 2023 GIS should be admitted.

RULING

The Appeal is impressed with merit.

Considering that the issues are closely related and intertwined, the same shall be discussed and passed upon together.

In her Appeal, Appellant maintained that the issue on whether the 2023 GIS prepared by the Appellees should be admitted, will not moot the issue on the legality/validity of Maria Pacita's appointment as Special Administratrix of the estate of Dr. Vazquez, currently pending with the CA. In support thereof, Appellant argued that the allowance or disallowance of the Appellees' 2023 GIS, which should be based on the RTC Branch 56 Decision that has already attained finality, will have no effect on the affirmation or denial by the appellate court of Maria Pacita's appointment as Special Administratrix of the estate of Dr. Vazquez.

Appellees, on the other hand, retort with the argument that the RTC Branch 56 Decision cannot be considered in the instant case because it will determine the ownership of the 74.5967% Bellville shares registered in the name of Dr. Vazquez. This, according to Appellees, is outside the jurisdiction of the Commission. Appellees also argued that the principle of immutability of judgment is not applicable in the instant case since the

CRMD is bound to mark as "Disputed" two (2) sets of GIS filed with the Commission.

The Commission does not subscribe to the position of Appellees.

The provisions of the Revised Corporation Code (RCC) are aimed at instituting and implementing corporate governance standards consistent with international best practices, among others. The filing of a GIS relates to and implements the principles of good corporate governance, specifically the principles on fair and full disclosure, transparency, and protection of shareholders.[16] Thus, Section 177 of the Revised Corporation Code (RCC), specifically requires the submission of a GIS, among others, thus:

> "SEC. 177. Reportorial Requirements of Corporations. – Except as otherwise provided in this Code or in the rules issued by the Commission, every corporation, domestic or foreign, doing business in the Philippines shall submit to the Commission:
>
> xxx xxx xxx
>
> (b) A general information sheet. xxx"

Relative to the implementation of the afore-quoted provision of the RCC, Memorandum Circular No. 3, series of 2021 requires the filing of a GIS within thirty (30) days from the date of annual stockholders/members' meeting, exclusively through the Commission's Online Submission Tool (OST). Moreover, to ensure the integrity of the documents filed online, the Commission issued Memorandum Circular No. 28, series of 2020 (MC 28) requiring corporations to submit an official email address and mobile number which shall be under the control of the corporate secretary. Corporations can only file and receive processes from the Commission through the enrolled email address. Thus, should a corporation decide to change its email address, it has to comply with the requirements prescribed therein.

The Bellville GIS submitted/filed by the Corporation's authorized filer which is on record with the Commission, and which We take administrative notice of, provides that the following are the members of the Board, to wit:

(1) Maria Beatriz M. Vazquez
(2) Jose Miguel Duavit Vazquez

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[16] G20/OECD Principles of Corporate Governance. Accessed at: https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf

(3) Grace Cielo S. Balquin
(4) Rosana D. Vazquez
(5) Lourdes R. Majuelo

We note that the earlier GIS i.e. 2019 and 2020 which the Corporation filed, and is on record with the Commission, contains practically the same members of the Board.

In the same Belville GIS, the following were declared as the stockholders of the Corporation, thus:

(1) Daniel E. Vazquez - 74.5967%
(2) Ma. Luisa M. Vazquez – 25.3876%
(3) Maria Beatriz M. Vazquez – 0.0039%
(4) Lourdes R. Majuelo - 0.0039%
(5) Grace Cielo S. Balquin - 0.0039%
(6) Jose Miguel Duavit Vazquez - 0.0039%

We note that the earlier GIS i.e. 2019 and 2020 which the Corporation filed, and is on record with the Commission, contains the same stockholders.

In the Bellville GIS, the Corporation has made the following entry on the stockholdings of Dr. Vazquez, thus:

> "Pursuant to a final and executory Decision dated 10 December 2021 issued by the Regional Trial Court Branch 56, Makati City in the case entitled '*In the Matter of the Judicial Intestate Settlement of the Estate of Maria Luisa Madrigal Vazquez*' docketed as Spec. Proc. Case No. R-MKT-16-00044-SP, these shares are considered the paraphernal property of Maria Luisa M. Vazquez." (hereafter referred to as the "Entry on the Paraphernal Properties of Maria Luisa")

At this juncture, emphasis should be made of the fact that the instant case partakes of the nature of an administrative case where the quantum of proof needed to support a finding and/or an action of the Commission, is only substantial evidence, or such relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds equally reasonable might conceivably opine otherwise.[17] We find this rule reiterated in *NBI vs Najera*[18], where the Supreme Court ruled:

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[17] *Miro vs Mendoza* (G.R. Nos. 172532 172544-45. November 20, 2013)
[18] G.R. No. 237522. June 30, 2020

> **"The quantum of proof in administrative proceedings necessary for a finding of guilt is substantial evidence or such relevant evidence as a reasonable mind may accept as adequate to support a conclusion. The burden to establish the charges rests upon the complainant.** The case should be dismissed for lack of merit if the complainant fails to show in a satisfactory manner the facts upon which his accusations are based. The respondent is not even obliged to prove his exception or defense." (Emphasis supplied)

In the instant case, Appellant submitted in evidence a copy of the Finality of Judgment which affirmed that all shares of stock in Bellville registered under the name of Dr. Vazquez are Paraphernal Property of Maria Luisa, by virtue of the fact that Bellville is one of the Madrigal-Vazquez Family Corporations. Appellant essentially maintained that the RTC Branch 56 Decision will not affect the issue on the validity of the appointment of Maria Pacita as Special Administratrix of the estate of Dr. Vazquez, currently pending with the CA, because the same merely relates to the existence or non-existence of her authority to administer the properties belonging to the estate of Dr. Vazquez, which does not include the latter's shareholdings in Bellville.

The fact that the RTC Branch 56 Decision has attained finality is admitted, albeit impliedly, by Appellees who insisted on its exclusion and the non-applicability of the principle of immutability of judgments, to wit:

> "*Second*, <u>Beatriz's invocation of the principle of immutability of judgments is misplaced</u>. The alleged Decision dated 10 December 2021in the Estate of Luisa Case, supposedly declaring Dr. Vazquez's shares in Bellville as paraphernal property, cannot control the SEC CRMD's action to accept the 2023 GIS of Bellville prepared by Attorney Wenceslao and consider the latest GIS of Bellville on file to be disputed."[19] (Emphasis supplied)

The Finality of Judgment of the RTC Branch 56 Decision which is part of the records of the case, and which this Commission can take judicial notice of, constitutes substantial evidence of the matter(s) passed upon therein.

In our jurisdiction, the doctrine of immutability of judgment which prohibits any alteration, amendment, or modification of a judgment that has attained finality, even if the same is intended to correct an erroneous judgment, is a well-established rule in jurisprudence that has been

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[19] *Comment* dated 18 December 2023. Par. 28

consistently been adhered to, and applied by the courts and administrative agencies exercising quasi-judicial functions, thus:

> "Under the doctrine of finality of judgment or immutability of judgment, a <u>decision that has acquired finality becomes immutable and unalterable, and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law, and whether it be made by the court that rendered it or by the Highest Court of the land</u>. Any act which violates this principle must immediately be struck down."[20]

In the case of the *Heirs of Maglaque vs Court of Appeals*[21], the Supreme Court emphasized that the doctrine of immutability of judgment is intended to put an end to endless litigation, thus:

> "**The doctrine of finality of judgment is grounded on fundamental considerations of public policy and sound practice, and that, at the risk of occasional errors, the judgments or orders of courts <u>must</u> become final at some definite time fixed by law; otherwise, there would be no end to litigations**, thus setting to naught the main role of courts of justice which is to assist in the enforcement of the rule of law and the maintenance of peace and order by settling justiciable controversies with finality." (Emphasis supplied)

Hence, once a decision attains finality, it becomes the ministerial function of the court or administrative agency exercising quasi-judicial function to issue and implement a writ of execution, thus:

> "Stated differently, once a judgment becomes final, the prevailing party is entitled as a matter of right to a writ of execution. **Its issuance is, in fact, the trial court's ministerial duty**, the only limitation being that the writ must conform substantially to every essential particular of the judgment promulgated, more particularly, the orders or decrees in the dispositive portion of the decision. **Even the holding in abeyance of the issuance of a writ of execution of a final and executory judgment can be considered abuse of discretion on the part of the trial court.**"[22](Emphasis supplied)

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[20] *Gadrinab vs Salamanca* (G.R. No. 194560, June 11, 2014)
[21] G.R. No. 163360. June 8, 2007
[22] *Vargas vs Cajucom* (G.R. No. 171095, June 22, 2015)

On the basis of, and pursuant to the afore-quoted doctrines, this Commission finds and so holds that is duty-bound to recognize the RTC Branch 56 Decision, an official act of the Judicial Branch, which has been submitted by Appellant, and which forms part of the evidence on record. Necessarily, this Commission is equally bound to recognize the legal effects thereof. In this regard, considering that the RTC Branch 56 has already made a **final determination** that, among others, the 74.5967% shares in Bellville under the name of Dr. Vazquez are paraphernal properties[23] of Maria Luisa (the "Paraphernal Shares"), the legal effects thereof is that all such shares belong to Maria Luisa, and does not form part of the estate of Dr. Vazquez. **The fact that Maria Pacita has been appointed by the RTC 237 as Special Administratrix of the estate of Dr. Vazquez did not change the nature of the Paraphernal Shares.** Being such, there is therefore nothing for Maria Pacita to administer or manage in Bellville because there is practically no share therein that forms part of the estate of Dr. Vazquez. Maria Pacita has in fact, no standing in Bellville, and Bellville has no obligation to recognize her because the shares that she is purporting to represent and administer as Special Administratrix are exclusive properties of Maria Luisa, and are not part of the estate of Dr. Vazquez.

Even granting *ex gratia* that Maria Pacita's appointment as the Special Administratrix of the estate of D. Vazquez is affirmed by the appellate courts, such affirmation will not result in the Paraphernal properties of Maria Luisa registered under the name of Dr. Vazquez becoming part of the estate of the latter. As earlier pointed out, the RTC Branch 56 Decision, having finally settled the ownership of the 74.5967% shares in Bellville that are under the name of Dr. Vazquez i.e. they are paraphernal properties of Maria Luisa, the doctrine of finality of judgment demands that the same be recognized and respected. This matter, being conclusive upon the courts and administrative agencies, can no longer be disturbed or modified even by the highest court.

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[23] "According to the Civil Code in force in the Philippines, by paraphernal property is meant that which the wife brings to the marriage without including it in the dowry, and that which she later acquires without adding it thereto. The wife retains the ownership over such property; the husband cannot exercise any action of any sort with respect to such property without the intervention or consent of his wife, who has the management of said property, unless she has made it over to him before a notary in order that he may administer it, in which case the husband is bound to give a mortgage for the value of the personal property received by him, or to give security therefor in the manner provided for in dowered estate. The husband's personal obligation shall not be collected from the income of the paraphernal property, unless it be proved that they have been for the benefit of the family. (Arts. 1381, 1382, 1384, and 1386 of the Civil Code.)
It should be noted that both with respect to the "paraphernal property" and to the "statutory separate estate," **the ownership thereof belongs to the wife exclusively**, and the income is not at the husband's disposal, nor is she responsible for his personal obligations." (*Ossorio vs Posadas*. G.R. No. L-31088. December 3, 1929) [Emphasis supplied]

Prescinding therefrom, this Commission agrees with Appellant, and finds that the determination on whether to dispute the Bellville GIS and/or deny admission of the Appellees' 2023 GIS will not moot the cases that are pending with the appellate court covering the validity of the Maria Pacita's appointment as the Special Administratrix of the estate of D. Vazquez. This Commission can thus rule on the issues presented in the instant Appeal without violating the principle of judicial courtesy.

In the instant case, the Bellville GIS contains the Entry on the Paraphernal Properties of Maria Luisa. This entry is essentially an annotation of the RTC Branch 56 Decision on the Bellville GIS. In the absence of any evidence that the paraphernal properties of Maria Luisa in Bellville have ceased to be such, this Commission will recognize and respect the Entry on the Paraphernal Properties of Maria Luisa in the Bellville GIS. Conversely, the absence of any evidence that Dr. Vazquez, on his own, has a shareholding in Bellville that is not part of the paraphernal properties of Maria Luisa, justifies the denial of Appellee's prayer to admit the Appellees' 2023 GIS.

Considering that Maria Pacita anchors her actions involving Bellville solely and exclusively on her claim that Dr. Vazquez has shareholdings thereon, the fact that the RTC Branch 56 Decision has conclusively negated such claim necessarily makes her an outsider of the Corporation with no personality to participate in its affairs. Thus, any action made by Maria Pacita involving Bellville which is anchored on Dr. Vazquez's shareholdings currently indicated in the Bellville GIS is bereft of any legal basis as it will contravene the RTC Branch 56 Decision.

It also does not escape the attention of the Commission that Maria Pacita and/or Appellees deliberately used the 2020 GIS of the Corporation to support their claim that they are validly administering/managing the shareholdings of Dr. Vazquez in Bellville. In this regard, the Petition was filed on 14 September 2023. By this time, Maria Pacita and/or Appellees were already aware, or are presumed to be aware, of the RTC Branch 56 Decision. However, they nonetheless used the 2020 GIS of the Corporation which does not yet contain the Entry on the Paraphernal Properties of Maria Luisa. This shows a clear intention on the part of Maria Pacita and/or Appellees to conceal from this Commission the fact that the source of Maria Pacita's authority to carry out corporate acts of Bellville is non-existent.

Appellees also maintained that the Commission cannot consider the RTC Branch 56 Decision in passing upon the issues presented in the Appeal since it will constitute a determination on the ownership of the 74.5967% Bellville shares registered in the name of Dr. Vazquez. This, according to Appellees, is outside the jurisdiction of the Commission.

Appellees' argument does not induce assent.

This Commission considered the RTC Branch 56 Decision in passing upon the issues presented in the instant Appeal pursuant to the doctrine of finality of judgment/immutability of judgment. In doing so, this Commission, however, merely recognized the ruling of the RTC Branch 56 which declared as paraphernal properties of Maria Luisa, the 74.5967% shares in Bellville that are under the name of Dr. Vazquez. This Commission did not determine nor pass upon the issue on the ownership of these shares, contrary to the position of Appellees. **The ownership of the 74.5967% shares in Bellville that are under the name of Dr. Vazquez has already been adjudged by the RTC Branch 56 which issued the Decision.** What the Commission did was merely to recognize the RTC Branch 56 Decision and its legal effects in passing upon the issues on whether to dispute the Bellville GIS and to admit the Appellees' 2023 GIS. This is a matter that is within the jurisdiction of the Commission.

Finally, Maria Pacita's and Appellee's resort to SEC Office Order No. 242, s. 2013 (SO No. 242) is misplaced. The application of SO No. 242 is triggered if there is a double filing of GIS, or if there is a single filing, provided that the existence of an intra-corporate dispute is established. In such instances, the Corporate Filings and Records Division of the CRMD is directed to mark as "DISPUTED" the relevant GIS. In the instant case, there is no double filing of GIS from two (2) different groups and there is also no intra-corporate dispute as Maria Pacita is not even a shareholder of the Corporation. Thus, there is no basis to mark as "DISPUTED" the Belville GIS that the Corporation filed, and is on record with the Commission.

Be that as it may, the Commission cannot accept/admit the Appellees' 2023 GIS who have failed to show proof that Dr. Vazquez, on his own, has a shareholding in Bellville that is not part of the paraphernal properties of Maria Luisa. A contrary ruling would amount to one made with grave abuse of discretion amounting to lack or excess of jurisdiction as the same will ignore and run counter to the final and executory RTC Branch 56 Decision, which this Commission is bound to recognize and uphold.

WHEREFORE, premises considered, the Memorandum on Appeal is hereby **GRANTED**. The *Petition to Dispute Existing General Information Sheet of Bellville Development, Inc. and to Admit New General Information Sheet* is hereby **DENIED** for lack of merit.

SO ORDERED.

Makati City, Philippines; 27 February 2024.

EMILIO B. AQUINO
Chairperson

JAVEY PAUL D. FRANCISCO *
Commissioner

KELVIN LESTER K. LEE
Commissioner

KARLO S. BELLO *
Commissioner

MCJILL BRYANT T. FERNANDEZ
Commissioner

*On Official Business