Republic of the Philippines
Securities and Exchange Commission
SEC Bldg. EDSA, Greenhills, Mandaluyong City

NUEVA ECIJA UNIVERSITY OF SCIENCE AND TECHNOLOGY FEDERATED ALUMNI ASSOCIATION, INC.,

Petitioner,

SEC Case No. 08-09-281

-versus-

For: Indirect Contempt

NEW FEDERATED ALUMNI ASSOCIATION OF NEUST, INC., [now known as PINAG-ISANG SAMAHAN NG MGA ALUMNI NG NEUST (PAG-ASA NEUST) INCORPORATED]

Respondent.

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DECISION

This case for indirect contempt originates from SEC Case No. 09-08-237 where petitioner prayed for the Commission to order respondent to change its corporate name.

On 18 May 2009, after due notice and hearing, the Commission granted the petition and ordered respondent to change its corporate name for being confusingly similar to petitioner's name. The dispositive portion of the order provides:

> "**WHEREFORE**, premises considered, the instant petition is hereby **GRANTED**. Respondent is hereby **DIRECTED TO CHANGE OR MODIFY** its corporate name within thirty (30) days from date of receipt hereof.
>
> SO ORDERED"

On 01 July 2009, respondent submitted its compliance manifesting that it received notice of the Commission's 18 May 2009 Order on 18 June 2009, and that it is adopting PINAG-ISANG SAMAHAN NG MGA ALUMNI NG NEUST (PAG-ASA NEUST) INCORPORATED as its new corporate name in adherence to the order. However, respondent did not allege nor prove that it took any of the necessary steps towards amending its articles of incorporation in order to effectuate the change of name.

Consequently, on 28 August 2009, petitioner filed the present petition charging respondent guilty of indirect contempt for disobedience to the Commission's 18 May 2009 Order.

The parties filed their respective pleadings in due course and hearing was set on 04 December 2009. Respondent failed to appear on that hearing date despite due notice. The Commission reset the hearing to 18 January 2010. Respondent again failed to appear. Thus, the hearing was further reset to 15 March 2010. On the scheduled hearing date, Andres Cruz appeared, ostensibly on respondent's behalf. However, during the course of the hearing, he admitted that he was no longer the respondent's president, and that he had no authority to represent the respondent. In other words, it was revealed that despite due notice, respondent again failed to appear for hearing. Nonetheless, the Commission noted Cruz's manifestations and accepted his submission of the Certificate of Filing of Amended Articles of Incorporation ("Certificate," for brevity), dated 24 February 2010, reflecting respondent's change of name.

The Certificate reveals that respondent filed its amended articles on 12 February 2010. Incidentally, in the attached trustees' certificate subscribed on 09 February 2010, the majority of the respondent's trustees allege that they resolved to change the name of the corporation at a meeting held on 15 June 2009. This allegation is highly suspicious considering respondent's previous manifestation that it was only on 18 June 2009 when it received notice of the 18 May 2009 Order.

Regardless, we rule that Respondent is guilty of disobedience to the Commission's lawful order. In accordance with the 18 May 2009 Order, respondent should have filed its amended articles within thirty (30) days from 18 June 2009, its notice of the order, or until 18 July 2009. Respondent obviously failed to comply with the order when it filed its amended articles on 12 February 2010 only or after a lapse of more than eight months without offering any justifiable reason for its delay.

The Securities Regulation Code[1] grants the Commission the power to punish for contempt, both direct and indirect, in accordance with the provisions of and penalties prescribed by the Rules of Court.[2] The Rules of Court provide that a person guilty of disobedience of or resistance to a lawful order, or judgment is punishable for indirect contempt.[3] The penalty for indirect contempt committed against the Commission, which, as a tribunal, is of a rank equivalent to the Regional Trial Court, is a fine not exceeding thirty thousand pesos or imprisonment not exceeding six (6) months, or both.[4]

WHEREFORE, premises considered, respondent PINAG-ISANG SAMAHAN NG MGA ALUMNI NG NEUST (PAG-ASA NEUST) INCORPORATED [formerly known as NEW FEDERATED ALUMNI ASSOCIATION OF NEUST, INC.,] with Company Reg. No. CN200809586, is hereby **GUILTY** of INDIRECT CONTEMPT, and is hereby **ORDERED** to pay the fine of thirty thousand pesos (Php 30,000.00).

SO ORDERED.

Mandaluyong City, 25 March 2009.*

PE B. BARIN
Chairperson

MA. JUANITA E. CUETO
Commissioner

RAUL J. PALABRICA
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner

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[1] Republic Act No. 8799 (2000).
[2] R.A. 8799, Sec. 5.1. (j).
[3] Rules of Court, Rule 71, Section 3 (b).
[4] Rules of Court, Rule 71, Section 7.

*the date should be 25 March 2010