Republic of the Philippines
Department of Finance
Securities and Exchange Commission
PICC Secretariat Building, PICC Complex, Pasay City

In the matter of:
PREACHING CENTER GOSPEL MINISTRY, INC.

SEC Admin Case No. 08-11-132

ENFORCEMENT AND PROSECUTION DEPARTMENT,
Petitioner
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DECISION

This resolves the **Petition for Revocation of Corporate Registration**[1] filed on 24 August 2011 by the *then* Enforcement and Prosecution Department (EPD)—*now known as* the Enforcement and Investor Protection Department (EIPD)—praying that the Commission hereby REVOKE the Certificate of Registration of **PREACHING CENTER GOSPEL MINISTRY, INC.** on the grounds of: (1) ***Serious Misrepresentation*** under **Section 6(i)(2)** of P.D. 902-A; and (2) ***Fraud in Procurement*** under **Section 6(i)(1)** of P.D. 902-A

RELEVANT FACTS AND PROCEEDINGS

I. PREACHING CENTER AND ITS HEAD PASTOR

PREACHING CENTER GOSPEL MINISTRY, INC. ("PREACHING CENTER") was originally incorporated as a Corporation Sole on 13 November 2000[2] under SEC Registration No. A2000016413, with **Emilio M. Pabustan** as its Head Pastor.

According to its Articles of Incorporation (AOI),[3] PREACHING CENTER's Head Pastor shall be responsible for the administration and management of its affairs, estate and properties within the Philippines and abroad. Its corporate "affairs" (i.e., purposes) are listed in its AOI, viz:

a. To minister the NEW TESTAMENT: not of the letter, but if the [spirit] for the letter Killeth, but this Spirit giveth life as part [mentioned] in Mark 16:15, 16:17 [and] Luke 24:47-49;

b. To establish and conduct Prayer [Meetings], Bible Studies, and crusades in different areas such as barangays, schools, communities, jails, hospitals, [public] and private [offices], and unto the remotest areas as the Holy Spirit may lead;

c. To establish and build churches anywhere in the Philippines and abroad;

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[1] Dated 23 August 2011.
[2] Certificate of Registration dated 13 November 2000 (**Annex A** of Petition).
[3] Articles of Incorporation (**Annex E** of Petition).

d. To establish, maintain, and conduct religious [endeavors] in the Philippines and abroad, to further spread the Gospel of Jesus Christ and for the spiritual maturity of [its] church members;

e. To produce and/or distribute scriptural, educational, and cultural materials and programs on print, film, tapes, slides, and other video and audio devices suitable for viewing and broadcasting;

f. To accept gifts, donations, bequests, endowments of property of any kind [or] description, in unlimited amount for [church], benevolent and/or educational purposes;

g. To acquire, hold, sell, and mortgage real estate and personal property, by purchase or otherwise, [on behalf of] the church represented by such corporation sole; [in this regard] the rules, regulations, and discipline of the church must prevail;

h. To do all such things, transact such business, and exercise such power and authority for the accomplishment of any one or more of the objectives appearing above for the benefit of the church.[4]

On 2 December 2009, Emilio M. Pabustan died of coronary artery disease in Sta. Ines, Bacol or, Pampanga.

On 23 December 2009, PREACHING CENTER amended[5] its Articles of Incorporation ("Amended AOI") to reflect the assignment of **Susan O. Pabustan** as new Head Pastor. This Amendment was approved[6] by the Commission on 14 January 2010.

II. LETTER-COMPLAINT OF CONCHITA PABUSTAN

On 15 February 2010, the Commission's **Company Registration and Monitoring Department (CRMD)** issued an Internal Memorandum[7] forwarding the Letter-Complaint[8] of a certain **Conchita Pabustan**, which was prepared by her daughter, a certain **Eleanor Pabustan**.

Briefly, the Letter-Complaint sought **to revoke the certificate of registration** of PREACHING CENTER. Conchita Pabustan specifically alleged that:

(a) PREACHING CENTER was used by her late husband, Emilio M. Pabustan, as a **front for his acts of immorality** with his mistress;

(b) Emilio M. Pabustan **had no prior religious training** or background;

(c) PREACHING CENTER **did not have faithful believers**/members/followers;

(d) PREACHING CENTER **does not conduct prayer meetings** or worship services;

(e) PREACHING CENTER's **chapel was closed after 2 years**;

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[4] Id.
[5] Amended AOI indicating new Head Pastor (**Annex F** of Petition).
[6] Certificate of Filing Amended AOI dated 14 January 2010 (**Annex B** of Petition).
[7] CRMD Internal Memorandum to EPD dated 15 February 2010 (**Annex C** of Petition)
[8] Letter-Complaint of Conchita Pabustan (**Annex D** of Petition).

(f) PREACHING CENTER **never complied** with its reportorial requirements;

(g) PREACHING CENTER is **doing business for profit**;

(h) Emilio M. Pabustan **unfairly donated their conjugal land** in Pampanga to PREACHING CENTER, without her knowledge or consent;

(i) The the Letter-Complaint, seeking Revocation of PREACHING GOSPEL, is ultimately to recover the said conjugal land in Pampanga;

(j) PREACHING CENTER is now managed by her daughter, Susan O. Pabustan, together with her late husband's mistress, **Prencesita Sison**, for their own personal interests;

(k) PREACHING CENTER, through Susan O. Pabustan and Prencesita Sison, are continuously **selling memorial lots** to the public for their personal benefit, but covered by receipts issued in the name of PREACHING CENTER;

(l) PREACHING CENTER leased the church premises to a certain physician for the latter's exclusive use as a **medical clinic**, contrary to its religious purpose.

III. EPD SURVEILLANCE CONDUCTED IN PAMPANGA

Acting on the Letter-Complaint, the EPD conducted surveillance at the registered address at **Block 117, Lot 45, San Fernando Ave., Madapdap Resettlement, Mabalacat, Pampanga** to investigate the affairs/purposes of the corporation sole. The EPD confirmed that the church premises was being used exclusively as a medical clinic, *i.e.* the **Dr. Orlando L. Feliciano Lying-in Clinic**. Furthermore, the EPD was informed by the clerk of an adjacent pawnshop that PREACHING CENTER had transferred to the **San Isidro Resettlement Area**, a neighboring town.

The EPD, upon inquiry with *local tricycle drivers*, identified **Block 22, Lot 21, San Isidro Resettlement, Magalang, Pampanga** as the location of PREACHING CENTER. However, the site bore the name of a different church, "**The Life and Teachings of Jesus Christ Gospel Ministry, Inc.**" and it was "locked and seemed to be abandoned/uninhabited." The EPD were told by *two local bystanders* that this other church, "The Life and Teachings of Jesus Christ Gospel Ministry, Inc.," was established by Emilio M. Pabustan and his "wife," that **there were no other members**, and that the couple stayed there until his death in December 2009 when it was abandoned. The EPD was told that PREACHING CENTER was operating at the **Holy Spirit Memorial Park, Sta. Inez, Bacolor, Pampanga**, where it was selling memorial lots.

"The Life and Teachings of Jesus Christ Gospel Ministry, Inc." does not appear in the Commission's database and is apparently an unregistered entity.[9]

IV. EVIDENCE PRESENTED BY ELEANOR PABUSTAN

On 9 July 2010, the EPD invited Eleanor Pabustan for a Conference, during which she submitted her **Verified Complaint**,[10] stating that:

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[9] SEC I-View last accessed on 7 June 2017.
[10] Verified Complaint of Eleanor Pabustan (**Annex L** of Petition).

(a) PREACHING CENTER was **established by her father**, Emilio M. Pabustan, in November 2000;

(b) PREACHING CENTER was **taken-over by her sister**, Susan O. Pabustan, after her father's death in December 2009.

(c) PREACHING CENTER is **not operating as a church**;

(d) PREACHING CENTER is instead engaged in the **selling of memorial lots** for the benefit of Susan O. Pabustan and her late father's mistress, Prencesita Sison; she furnishing **certificates, receipts, and affidavits**[11] as proof;

(e) PREACHING CENTER presently owns the **Holy Spirit Memorial Park** (through the efforts of Emilio M. Pabustan) but it used to be in the name of **Emilson Development Corporation**, a Pabustan family company; she furnished **BIR Certifications** regarding ownership of Holy Spirit Memorial Park as proof.[12]

Eleanor Pabustan also provided the **common addresses**, *to her knowledge*, of (a) PREACHING CENTER, (b) its Head Pastor, **Susan O. Pabustan**, and (c) its Corporate Secretary, **Prencesita Sison**, to wit:

(a) Block 22, Lot 21, San Isidro Resettlement, Magalang, Pampanga;

(b) Holy Spirit Memorial Park, Sta. Inez, Bacolor, Pampanga.

V. ATTEMPT TO SERVE SUMMONS ON SUSAN O. PABUSTAN

On 27 August 2010, the EPD attempted to personally serve summons on Susan O. Pabustan at the **Holy Spirit Memorial Park, Sta. Inez, Bacolor, Pampanga**. However, they were informed by Susan O. Pabustan's purported nephew, a certain Mikko P. Ortanez, that she had already left for Australia.

The EPD took pictures[13] of the Holy Spirit Memorial Park as evidence that:

(a) There are **only approximately ten (10) graves** and the park is still mostly unoccupied;

(b) The **selling of memorial lots is suspended** until further notice;

(c) **As of January 2010**, Prencesita Sison (a.k.a. Francing) is **no longer authorized** to sell lots and all transactions made by her are dishonored;

(d) The memorial park is **managed** by the following:
   (i) Susan O. Pabustan;
   (ii) Holy Spirit Memorial Park; and
   (iii) The Life and Teachings of Jesus Christ Gospel Ministry, Inc.

VI. ATTEMPT TO SERVE SUMMONS ON PRENCESITA SISON

[11] Documentary evidence of selling of memorial lots (**Annexes G, H, H-1, I, I-1** of Petition).
[12] BIR Certifications showing ownership of memorial park (**Annexes J, K** of Petition).
[13] Pictures of memorial park and signage there (**Annex M, M-1, M-2** of Petition).

On the same date, the EPD attempted to serve summons on Prencesita Sision at **Block 117, Lot 45, San Fernando Ave., Madapdap Resettlement, Mabalacat, Pampanga**, i.e. the registered address of PREACHING CENTER, now occupied by the **Dr. Orlando L. Feliciano Lying-in Clinic**. A certain Ms. Vangie, a member of the clinic staff, explained that the building was turned over to Dr. Feliciano in 2009 and has been a medical clinic ever since. Thereafter, the EPD were able to speak the Barangay Chairman, Javier P. Taruc ("Barangay Chairman Taruc"), who submitted a Certification[14] as to certain facts. He stated that **PREACHING CENTER used to have intermittent church activities, *with few attendees*, at the building now occupied by the medical clinic.**

Barangay Chairman Taruc also confirmed that PREACHING CENTER had moved to San Isidro (i.e., **Block 22, Lot 21, San Isidro Resettlement, Magalang, Pampanga**, the premises of The Life and Teachings of Jesus Christ Gospel Ministry, Inc.) but could not recall when such transfer occurred.

VII. FURTHER INVESTIGATION OF SUSAN O. PABUSTAN

On 2 September 2010, the EPD held a Conference[15] with Susan O. Pabustan's authorized representative, **Leonardo T. Pabustan**, who attested that:

(a) Before his death, Emilio M. Pabustan verbally assigned Susan O. Pabustan as Head Pastor of PREACHING CENTER;

(b) PREACHING CENTER has three church locations:
  (i) Sta. Inez (site of the **Holy Spirit Memorial Park**);
  (ii) Madapdap (site of the **Dr. Orlando L. Feliciano Lying-in Clinic**); and
  (iii) San Isidro (site of **The Life and Teachings of Jesus Christ Gospel Ministry, Inc.**)

(c) PREACHING CENTER's ***church activities*** stopped when Susan O. Pabustan left for Australia in **May 2010**;

(d) He has no personal knowledge of church activities in San Isidro;

(e) PREACHING CENTER owns the Holy Spirit Memorial Park;

(f) Emilio M. Pabustan was solely responsible for selling memorial lots;

(g) The ***selling of memorial lots*** stopped when Emilio M. Pabustan died in December 2009;

(h) Prencesita Sison was merely the Secretary of Emilio M. Pabustan.

On 13 September 2010, the EPD requested the travel records of Susan O. Pabustan from the Bureau of Immigration, to verify the statements of Mikko P. Ortanez and Leonardo T. Pabustan.

On 27 September 2010, the Bureau of Immigration submitted a Letter dated 15 September 2010[16] stating that Susan O. Pabustan had **no travel records** whatsoever.

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[14] Certification of Barangay Chairman Taruc (**Annex N** of Petition).
[15] Summary of Conference with Leonardo Pabustan (**Annex O** of Petition).

VIII. FURTHER INVESTIGATION OF PRENCESITA SISON

On 20 September 2010, the EPD had a Conference[17] with **Prencesita Sison**, who explained she only just then received notices. She stated under oath that:

(a) PREACHING CENTER has had no members since its establishment in 2000;

(b) Emilio M. Pabustan owned Holy Spirit Memorial Park, which he did not want his wife (Conchita Pabustan) and children to inherit, so he transferred its ownership to PREACHING CENTER upon its incorporation in November 2000;

(c) The actual operation of the memorial park had stopped much earlier, when Mt. Pinatubo erupted in 1991 and buried the property in lahar;

(d) She ***used to own*** the property in **Madapdap** (i.e. the medical clinic), until she sold it sometime in 2004;

(e) She ***currently owns*** the property in **San Isidro** (i.e. "The Life and Teachings of Jesus Christ Gospel Ministry, Inc.);

(f) When Emilio M. Pabustan died, she established a close relationship with his daughter, Susan O. Pabustan, and agreed to *appoint* her as Head Pastor;

(g) Susan O. Pabustan prepared the Amended AOI in December 2009, naming *herself* as Head Pastor, and **it was she who decided to use the old address** in Madapdap (which was already exclusively used by the medical clinic).

Hence, this Petition.

IX. FAILURE OF PERSONAL SERVICE OF SUMMONS

On 25 August 2011, Summons was issued against PREACHING CENTER and Susan O. Pabustan, to be served at **all three known addresses** of PREACHING GOSPEL and Susan O. Pabustan.

On 31 August 2011, upon service at Holy Spirit Memorial Park, Mikko P. Ortanez requested to receive the Summons and reiterated that Susan O. Pabustan had gone to Australia.

On 30 September 2011, Jose B. Nepomuceno, a messenger employed by the Commission, executed an **Affidavit of Service** stating that **personal service had failed**.

X. ISSUANCE AND POSTING OF ALIAS SUMMONS

On 10 October 2011, the Commission's Office of the General Counsel (OGC) issued an **Order** directing the EPD to manifest its intention to serve Alias Summons.

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[16] Bureau of Immigration's negative certification of travel records (**Annex P** of Petition).
[17] Summary of Conference with Prencesita Sison (**Annex Q** of Petition).

On 18 October 2011, the EPD filed its **Manifestation** to serve Alias Summons.

On 2 November 2011, **Alias Summons** was issued against PREACHING CENTER and Susan O. Pabustan, indicating all three known addresses.

The Alias Summons was immediately posted onto the Commission's website, where it remained **unanswered past the deadline of fifteen (15) days**.

XI. MOTION FOR EXTENSION FILED BY PREACHING GOSPEL

On 26 January 2012, PREACHING GOSPEL filed with the Commission its Entry of Appearance with Motion for Extension of Time to File Responsive Pleading.

ISSUE

Whether or not the SEC Registration of PREACHING CENTER can be **revoked**, under PD 902-A, for **Serious Misrepresentation** and/or **Fraud in Procurement**.

DISCUSSION

At the outset, we note that a Motion for Extension of Time to File Responsive Pleading was filed beyond the 15-day deadline to file an Answer. Under **Section 3-12 of the 2006 SEC Rules of Procedure**, "if the respondent fails to answer the complaint within the [15-day] period, he shall be considered in default." **Section 3-6 of the 2006 Rules** also makes clear that a Motion for Extension of Time to File Pleadings is a prohibited Pleading; should one be filed, such prohibited pleading shall be automatically expunged from the records of the case.

Let us thus proceed to the merits of this case.

Under **Section 6(i) of PD 902-A**, a corporation's Certificate of Registration may be revoked, *inter alia*, for the following reasons:

> **Serious misrepresentation** as to what the corporation can do or is doing to the great prejudice of or damage to the general public[18]
>
> **Fraud in Procuring** its Certificate of Registration[19]

PREACHING CENTER was registered as a Corporation Sole under **Section 110 of the Corporation Code**, which provides that:

> **For the purpose of administering and managing, as trustee**, the affairs, property, and temporalities of any religious denomination, sect, or church, **a corporation sole may be formed** by the chief archbishop, bishop, priest, minister, rabbi, or

[18] **Section 6(i)(2)** of PD 902-A.
[19] **Section 6(i)(1)** of PD 902-A.

> other presiding elder of such religious denomination, sect, or church. (Emphasis supplied)

A corporation sole **consists of one person only**.[20] In PREACHING CENTER's case, it is the Head Pastor—initially Emilio M. Pabustan, then Susan O. Pabustan.

Religious corporations organized under the corporation code—including corporations sole—as corporate entities and as grantees of primary franchises, are **subject to the jurisdiction of the Commission in matters that are legal and corporate**, notwithstanding their religious nature.[21]

Such a corporation sole can only be formed if there is an **existing** religious denomination, sect, or church to be administered or managed.[22]

I. SERIOUS MISREPRESENTATION

The term "church" may refer to (a) a group of **followers**, or (b) a meeting **place**. More precisely, ***Black's Law Dictionary*** includes definitions such as a "congregation" and "a place where people regularly assemble for worship."

In the first place, PREACHING CENTER has no church in the sense that **it has no followers**. Its corporate secretary, Prencesita Sison, stated under oath[23] that it has never had any members since its incorporation in 2000. Moreover, it could never meet the legal requirement that the church must pre-exist the corporation sole.

In the second place, PREACHING CENTER has no church in the sense that **it has no meeting place**, as none of its addresses are used for religious activities, to wit:

(a) The SEC-registered address in **Madapdap** is neither owned nor occupied by PREACHING CENTER.[24] It is occupied by an unrelated medical clinic.

(b) Prencesita Sison's property in **San Isidro** has never been occupied by PREACHING CENTER *per se*, but rather by an unregistered entity (**The Life and Teachings of Jesus Christ Gospel Ministry, Inc.**). There is no evidence that it has ever been used for church activities.

(c) Holy Spirit Memorial Park in **Sta. Inez**, owned by PREACHING CENTER, was not used as a church but rather in the business selling of memorial lots.[25]

There must be a *pre-existing church*, in order for the corporation sole to administer *church-owned* properties.[26] As it is, PREACHING CENTER **seriously misrepresents** that it administers and manages a church when there is in fact absolutely none.

PREACHING CENTER also **seriously misrepresents** that it is in the business of selling memorial park lots, which is clearly outside its essentially-religious purpose.

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[20] Roman Catholic Apostolic Administration of Davao v. LRA, GR No. L-8451, 20 December 1957.
[21] SEC Opinion dated 15 May 2001.
[22] SEC Opinion dated 14 February 1997.
[23] Supra note 17.
[24] Id.
[25] Supra notes 11 and 12.
[26] Supra note 22.

In other words, PREACHING CENTER does none of the purposes (church activities) it is authorized to do, while doing another, unauthorized purpose (real estate for profit). Selling memorial lots—for the personal account of Emilio O. Pabustan, Susan O. Pabustan, and/or Prencesita Sison—is neither necessary nor incidental to PREACHING CENTER's religious purpose. This activity, therefore, also amounts to ***Ultra Vires*** **under Section 45 of the Corporation Code**, to wit:

> No corporation under this Code shall possess or exercise any corporate powers except those conferred by this Code or by its articles of incorporation and except such as are necessary or incidental to the exercise of the powers so conferred.

II. FRAUD IN PROCUREMENT

It is difficult to show that original Head Pastor **Emilio M. Pabustan** did not intend *in good faith* to administer and manage a church, especially since the Barangay Chairman certified that there were *a few followers* in the beginning.[27] The Commission has ruled that **the fraud "must be contained or connected with the documents and/or papers presented** to this Commission for registration."[28]

However, it is more easily shown that succeeding Head Pastor **Susan O. Pabustan** had no such intention to manage a church, as she was *aware* that the true business of PREACHING CENTER was the selling of memorial lots.

Thus, the "procurement" contemplated in the EPD's Petition is the application for Amended AOI in 2009, and not the original incorporation in 2000. When Susan O. Pabustan filed the **Amended AOI in December 2009**, she:

(a) **Named herself Head Pastor even though she knew there was no church to begin with**, and knowing the corporation would be used instead for selling memorial lots for profit, amply proven by certificates and receipts;[29]

(b) **Registered the Madapdap premises which she knew to be a false corporate address**, as it was used exclusively by an unrelated medical clinic.

She was aware that Prencesita Sison was selling memorial lots. This is clear from her signage at the memorial park that transactions with "Francing" are dishonored.[30]

Susan O. Pabustan also claimed, through Leonardo Pabustan, that PREACHING CENTER was affiliated with **The Life and Teachings of Jesus Christ Gospel Ministry, Inc.**, an unregistered entity.

Section 110 of the Corporation Code states that a corporation sole acts as ***trustee of a church*** over its properties. It can be inferred from Susan O. Pabustan's sudden disappearance after the Amendment that she had ***no intention to act as trustee*** of her purported church. Evidently, she had ***no church*** at all, as there were no church members and there was no church building.

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[27] Supra note 14.
[28] In re: Charyn Marketing Enterprise Corporation (SEC Case No. 03-05049, 13 October 2005).
[29] Supra note 11
[30] Supra note 13.

Furthermore, PREACHING CENTER's signage[31] at the memorial park claiming that ***Susan O. Pabustan manages it*** and that ***selling of memorial lots has stopped*** only underscores that such was its true purpose. The selling of memorial lots stopped at around the time Susan O. Pabustan disappeared, corroborating Leonardo Pabustan's statement[32] that "church activities" stopped when she left.

Her actions and fraudulent intent undoubtedly bind the corporation as she is the only member. Consequently, PREACHING CENTER is liable for **fraud in procuring the (amended) certificate of registration.**

WHEREFORE, premises considered, the Petition is hereby **GRANTED**. The SEC Certificate of Registration No. A2000016413, issued to **PREACHING CENTER GOSPEL MINISTRY, INC.** is hereby **REVOKED** based on **Sections 6(i)(2) and 6(i)(1) of PD 902-A**.

Let the Company Registration and Monitoring Department (CRMD) be furnished a copy of this Decision for appropriate action.

SO ORDERED.

Pasay City, Philippines; 27 July 2017.

TERESITA J. HERBOSA
Chairperson

ANTONIETA F. IBE
Commissioner

EPHYRO LUIS B. AMATONG
Commissioner

BLAS JAMES G. VITERBO
Commissioner

EMILIO B. AQUINO
Commissioner

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[31] Id.
[32] Supra note 15.