Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills,
Mandaluyong City

In the Matter of

SEC En Banc Case No. 04-05-23

VIC-TER REALTY CORPORATION
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DECISION

This is a Petition for Review of the Orders dated 24 May 2002 and 20 September 2004 issued by the Company Registration and Monitoring Department ("CRMD") and Compliance and Enforcement Department ("CED") of the Commission, respectively, denying petitioners' request to reinstate themselves as original incorporators and directors of Vic-Ter Realty Corporation.

The facts of the case are as follows:

Vic-Ter Realty Corporation ("Vic-Ter Realty") was registered with the Securities and Exchange Commission ("Commission") on 04 September 1964 with the following stockholders:

Name	Shares
1. Avelina E. Gala	650
2. Ignacio E. Gala	50
3. Teresita G. Alava	50
4. Luisita G. De Villa	50
5. Lilia G. Griño	50
6. Jose E. Gala	50
7. Leonida G. Gonzales	50
8. Marita E. Gala	50

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On May 25, 1999 the Commission received Deeds of Assignment individually executed by all the aforementioned stockholders transferring their shares in the corporation in favor of their respective assignees, to wit:

ASSIGNOR	ASSIGNEE	NO. OF SHARES	DATE
1. Avelina E. Gala	Ricardo L. Brucal	650	5/24/1999
2. Marita E. Gala	Norlito Brucal	50	5/24/1999
3. Leonida G. Gonzales	Marisa Maghirang	50	5/24/1999
4. Jose E. Gala	Melissa Brucal	50	5/24/1999
5. Ignacio E. Gala	Ofelia A. Brucal	50	5/24/1999
6. Teresita G. Alava	Donnabelle B. Dimaunahan	50	5/24/1999
7. Luisita G. De Villa	Delano Dimaunahan	50	5/24/1999
8. Lilia G. Griño	Darwin A. Brucal	50	5/24/1999

In their Petition,[1] petitioners allege that on the basis of the aforesaid Deeds of Assignment, the corporation's Articles of Incorporation was amended as a result of which the "the names of original stockholders disappeared in the SEC record as of June 2, 2002 without due process."

In a letter dated 29 January 2001, petitioners complained to the CRMD that the subject Deeds of Assignment were spurious, as the signatures of the transferors were allegedly forged. Petitioners presented a Joint Affidavit executed by Luisita G. De Villa and Leonida G. Gonzales and other immediate heirs of Avelina E. Gala, the original primary stockholder, (hereinafter called as "original stockholders" for proper reference) denying that the affiants had sold their shares in favor of the new stockholders (hereinafter called as "new stockholders" for proper reference). Petitioners contend that the signatures appearing on the Deeds of Assignment are fake, particularly the signatures of Avelina E. Gala, Ignacio Gala and Jose E. Gala, who had been dead before the alleged execution of the Deeds of Assignment. Petitioners' complaint was forwarded to CED for possible investigation.

After conducting investigations, both the CRMD and the CED concluded that petitioners' complaint involves an intra-corporate dispute over which the Commission has no jurisdiction. Hence, this Petition for Review.

The Petition has no merit.

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[1] Records, Petition for Review, pp. 1-25.

Invoking Sec. 14 R.A. No. 8799,[2] petitioners insist that when the Deeds of Assignment were brought to its attention, the Commission should have first verified from them, as the original incorporators or stockholders, the authenticity of their signatures before approving the documents. Petitioners maintain that after having been apprised of the fraudulent documents, the Commission should have either revoked the amendment to Vic-Ter Realty's Articles of Incorporation which allegedly replaced the names of the incorporators, or at least suspended its effectivity. Petitioners fault the Commission for not performing its mandated duty and obligation to protect the interest of the original stockholders of the companies registered with the Commission.

Petitioners' arguments are puerile; their statement of facts misleading.

The Commission, through the CRMD, acts as a custodian of reports and other filings submitted by juridical entities within its jurisdiction. Basic is the rule that all private transactions are presumed to be fair and regular and the regular course of business is presumed to have been followed.[3] Thus, petitioners cannot fault the Commission for accepting the subject Deeds of Assignment because at

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[2] Section 14. Amendments to the Registration Statement. – **14.1.** If a registration statement is on its face incomplete or inaccurate in any material respect, the Commission shall issue an order directing the amendment of the registration statement. Upon compliance with such order, the amended registration statement shall become effective in accordance with the procedure mentioned in the Subsection 12.6 thereof.

14.2 An amendment filed prior to the effective date of the registration statement shall recommence the forty-five (45) day period within which the Commission shall act on a registration statement shall become effective only upon such date as determined by the commission.

14.3 If any change occurs in the facts set forth in a registration statement, the issuer shall file an amendment thereto setting forth the change.

14.4 If, at any time, the Commission finds that a registration statement contains any false statement or omits to state any fact required to be stated therein or necessary to make the statements therein not misleading, the Commission may conduct an examination, and, after due notice and hearing, issue an Order suspending the effectivity of the registration statement. If the statement is duly amended, the suspended order may be lifted.

14.5 in making such examination the Commission or any officer or the officers designated by it may administer oaths and affirmations and shall have access to, and may demand the production of, any books, records or documents relevant to the examination, shall be a ground for the issuance of a suspension order.

[3] Sections 3 (p) and (q) , Rule 131, Revised Rules of Court.

the time they were presented, these documents appeared to be due and regular on its face.

Accordingly, in the absence of a timely opposition to the filing of the documents, or an actual case pending before a government agency, board or officer questioning the authenticity of the documents, or a clear indication that the documents should be subjected to acute scrutiny, the Commission, through CRMD, is duty-bound to accept the Deeds of Assignment. However, the acceptance of said documents by the CRMD does not in any way amount to a confirmation by the Commission of the due execution and veracity of said documents.

More importantly, there is no truth to petitioners' allegations that the corporation's Articles of Incorporation had been amended such that the names of the original individual stockholders disappeared in the SEC record, and that the amendment was approved by the Commission.

After carefully verifying with the records, the only amendment to Vic-Ter Realty's Articles of Incorporation was made on June 2, 2000 involving Art. III thereof. Contrary to the petitioners' claim, Article III of its Articles of Incorporation concerned the change in the principal office of the corporation, and not the names of the original stockholders. As of this date, the names of the original stockholders remain unchanged in the Articles of Incorporation. This is so because a corporation is only incorporated once, and the names of the original incorporators remain as such regardless of the change in the stockholding or ownership of the corporation.

Petitioners' reliance on Sec. 14 of R.A. No. 8799 is totally misplaced because that particular provision refers to amendments to Registration Statement which is defined under the said law as follows:

> 3.12. "Registration Statement" is the application for the registration of securities required to be filed with the Commission. (Underscoring supplied)

As petitioners admit, their complaint involves the amendment of the Articles of Incorporation of Vic-Ter Realty Corporation on the basis of spurious Deeds of Assignment. The Complaint does not involve the registration of securities of the corporation. Petitioners' insistence that Sec. 14 of R.A. No. 8799 which relates to the registration of securities is completely way out of facts.

Petitioners should not berate the Commission for allegedly accepting and approving the subject Deeds of Assignment because there is no such approval made on those documents. What appears on record is an acknowledgment letter dated May 26, 1999 issued by Enrique L. Flores, Jr., of the Corporate Reorganization Division, informing the corporation that the Deeds of Assignment have been received and that the "same have been noted and attached to the records of the corporation on file with the Commission." Nothing in the corporation's record at the Commission shows that the Commission has ever approved the Deeds of Assignment.

Petitioners need to realize that their squabble with the new stockholders as to who are the legitimate stockholders of the Corporation is a matter outside the jurisdiction of the Commission. As discussed earlier, the Commission did not approve the subject Deeds of Assignment and any amendment on Vic-Ter Realty's Articles of Incorporation such that the names of the original stockholders have disappeared from SEC records. Thus, the only concern of petitioners is the alleged fraudulent transfer of the shares of the original stockholders to the new set of stockholders anchored on the Deeds of Assignment allegedly falsified by the new set of stockholders. Clearly, it is a purely civil matter resoluble by civil law principles outside the jurisdiction of the Commission.

In Viray v. Court of Appeals ("Viray case"),[4] the Supreme Court upheld the jurisdiction of the Regional Trial Court, instead of the Securities & Exchange Commission, where the status of the stockholders of the corporation based on a Memorandum of Agreement was in issue. It is conceded that the action in the *Viray case* is one for judicial confirmation of their rescission of a Memorandum of Agreement. Nevertheless, like in the instant case, the dispute in the *Viray case* involves the validity of the transfer of stocks from the former to the present stockholders involving a written document which definitely makes petitioners' complaint outside the jurisdiction of the Commission.

*The dispositive part follows in the next page.

[4] G.R. No. 92481, 09 November 1990.

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WHEREFORE, in view of the foregoing, the petition is DISMISSED for lack of merit.

SO ORDERED.

Mandaluyong City, 08 April 2014.

TERESITA J. HERBOSA
Chairperson

MA. JUANITA E. CUETO
Commissioner

MANUEL HUBERTO B. GAITE
Commissioner

ELADIO M. JALA
Commissioner

ANTONIETA FORTUNA-IBE
Commissioner

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