

CORPORATE CONSEQUENCES: LIABILITIES, PENALTIES, ACTIONS, AND SANCTIONS UNDER THE REVISED CORPORATION CODE*

*George Mitchell S. Guerrero***

ABSTRACT

Republic Act No. 11232 (2019) signed earlier this year marks the culmination of a multi-year recodification resulting in the Revised Corporation Code. In many respects, it retained the key principles of private corporate law in effect since colonial times. However, there are key facets which underwent a reimagination—a paradigm shift in underlying assumptions, inasmuch as a textual change. Two aspects stand out in the review of pre-revision characteristics: an exclusivity in jurisdiction and exclusivity in consequences. Altering the statutory language may have changed the dynamics of jurisdiction between the bodies that exercise it—the courts and the Securities and Exchange Commission—but the animating principle remained the same. Jurisdiction of one tribunal over a remedy (and corresponding consequence) excludes the other. However, the same cannot be said for liabilities, penalties, sanctions, and agency actions. Codal text, legislative history, and public policy reveals the abandonment of the rule of preclusion by civil and administrative consequences of the criminal consequences laid down in *Ient v. Tullett Prebon (Phils.), Inc.* In doing so, Congress has strengthened accountability mechanisms, increased regulatory flexibility, and prevents escape from liability without sacrificing conformity with the requirements of due process.

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** J.D., University of the Philippines College of Law (2020, expected); B.S. Business Administration, *magna cum laude*, University of the Philippines College of Business Administration (2016); Member, Order of the Purple Feather; Vice Chair, Student Editorial Board, PHILIPPINE LAW JOURNAL, Volume 92.

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I. INTRODUCTION

Earlier this year, the Revised Corporation Code was enacted.¹ For the most part, it simply recodified² established precepts of private corporate law adapted from the Anglo-American tradition as interpreted by the Philippine Legislature and Courts through the Corporation Law,³ the Corporation Code,⁴ and related jurisprudence. This healthy respect for legal–judicial stability, however, did not imply superficial alterations where change was sorely needed. Developments in the business environment, global society, and technology demanded a reimagination of regulatory processes, corporate governance systems, and accountability frameworks.⁵ To meet these challenges, the revised Code established new reportorial requirements, increased regulatory oversight, liberalized rules on business organization, and imposed an array of consequences for legal infractions.⁶

Of these changes, one of the more radical reimaginings dealt with liabilities of persons who violate corporate law and administrative rules. Penalties for infractions, of course, have been around since the Corporation Law. Significantly, however, the Revised Corporation Code reframes the approach in imposing these legal consequences. Preventive measures are equally important as punitive actions. Corporations and natural persons can both be criminally liable for committing offenses. Civil, administrative, and criminal consequences are not mutually exclusive, but are separate and possibly concurrent.

Particularly of notice are the new legal consequences provided in the new title on *Investigations, Offenses, and Penalties*. On their face, the nature of the penalties—whether criminal or administrative—are not readily apparent. Given the Court’s adherence to the time-honored doctrine of strict construction of penal provisions, proper characterization of these novel legal consequences would be crucial. The effect of the addition of a paragraph in

¹ Rep. Act No. 11232 (2019). This statute is otherwise known as the REV. CORP. CODE.

² See *Interpellation of Senator de Lima*, S. Journal 56, 17th Cong., 1st Sess. (2017).

³ Act No. 1459 (1906), as amended. This act is the Corporation Law.

⁴ Batas Blg. 68 (1980). This statute is otherwise known as the CORP. CODE.

⁵ See Explanatory Note, H. No. 528, 17th Cong. 1st Sess. (2017); see also *Sponsorship Speech of Senator Aquino*, S. Journal 20, 16th Congress, 3rd Sess. (2015).

⁶ See Explanatory Note, S. No. 231, 17th Cong., 1st Sess. (2017); *Sponsorship Speech of Senator Drilon*, S. Journal 47, 17th Cong. (2016).

the erstwhile general penal provision of the Corporation Code deserves attention in light of its potential impact on prevailing corporate law precepts.

II. TERMINOLOGY

This paper uses the term *consequences* to refer to the array of liabilities, penalties, sanctions, and withholding of reliefs available to the Securities and Exchange Commission and the courts of justice in policing compliance with corporate law and regulations.

This paper uses the word *legal*, because the consequences pertained to arise as effects of law due to some violation or noncompliance with the Code or rules—not economic or financial consequences such as loss of investor confidence or decrease in share price. In relation to this, the choice of the word *consequence*, , rests on two reasons. First, the word is broad enough to include agency or court action which impose positive or negative obligations on violators *as well as* unilateral decisions of the Commission. To illustrate, an infraction of a provision of the Code could result in a criminal fine, civil damages, or denial of an application depending on the provision violated. The former two instances clearly impose some liability upon the errant person; however, the latter places no obligation of any sort. It simply terminated the application. Both are consequences of non-compliance with the Code, but a liability is not a withholding of relief and a withholding of a relief imposes no liability. Second, the term comes from the leading case of *Ient v. Tullett Prebon (Philippines), Inc.*⁷ There, the Court used *consequences* as a broad term of art to describe the various liabilities under the Corporation Code in this wise:

Giving a broad and flexible interpretation to the term “penalized” in Section 144 only has utility if there are provisions in the Corporation Code that *specify consequences other than “penal” or “criminal” for violation of, or noncompliance with, the tenets of the Code.* Petitioners point to the civil liability prescribed in Sections 31 and 34. Aside from Sections 31 and 34, we consider these provisions of interest:

* * *

⁷ G.R. No. 189158, 814 SCRA 184 (2017).

[...] The rest of the above-quoted provisions [i.e., Sections 21, 22, 65, 66, 67, and 74],⁸ like Sections 31 and 34, provide for civil or pecuniary liabilities for the acts covered therein but what is significant is the fact that, of all these provisions that provide for *consequences* other than penal, only Section 74 expressly states that a violation thereof is likewise considered an offense under Section 144.⁹

Furthermore, references by the Court to the Record of the Batasang Pambansa emphasized the heavy use of the term by the sponsor, Minister Estelito Mendoza, and other assemblymen in their debates.¹⁰

MR. MENDOZA. If a director is prudent or wise enough, then he can protect himself in such contingency. **If he is aware of a business opportunity, he can make it known to the corporation, propose it to the corporation, and allow the corporation to reject it, after which he, certainly, may avail of it without risk of the *consequences provided for in Section 34.***¹¹

* * *

MR. MENDOZA. In my opinion it must not only be made known to the corporation; the corporation must be formally advised and **if he really would like to be assured that he is protected against the *consequences provided for in Section 34,*** he should take such steps whereby the opportunity is clearly presented to the corporation and the corporation has the opportunity to decide on whether to avail of it or not and then let the corporation reject it, after which then he may avail of it. Under such circumstances I do not believe he would **expose himself to the *consequences provided for under Section 34.***¹²

⁸ Parenthetical supplied.

⁹ Emphases supplied.

¹⁰ *Ient v. Tullett Prebon (Phils.), Inc.*, G.R. No. 189158, 814 SCRA 184 nn.60–67 (2017) *citing* I RECORD OF THE BATASANG PAMBANSA 1454, 1214, 1480, 1614, 1563–64, 2349–50, 1457–59, 1217–19, 1498, 1633, 1565, 2351.

¹¹ (Boldface in the original; italics supplied.)

¹² (Boldface in the original; italics supplied.)

Yet again the Court adverted to *consequences* later in the same case, as follows:

Verily, in the instances that Sections 31 and 34 were taken up on the floor, legislators did not veer away ***from the civil consequences as stated within the four corners of these provisions.*** Contrasted with the interpellations on Section 74 (regarding the right to inspect the corporate records), the discussions on said provision leave no doubt that legislators intended both civil and penal liabilities to attach to corporate officers who violate the same, as was repeatedly stressed in the excerpts from the legislative record[.]

III. CHARACTERIZATION OF CORPORATE LEGAL CONSEQUENCES

These legal consequences can be divided into three types: criminal penalties, civil liabilities, and administrative agency actions.¹³ The first type can either take the form of imprisonment or a criminal fine.¹⁴ The second may be a pecuniary liability, injunctive relief,¹⁵ or coercive remedy.¹⁶ For example, violation or non-compliance with the Code may make one liable for damages, or subject to a restraining order, or under compulsion to make restitution. The third form contemplates administrative sanction¹⁷ or

¹³ REV. ADM. CODE, Exec. Order No. 292 (1987), bk. VII, ch. 1, § 2(15). “Agency action” includes the whole or part of every agency rule, order, license, sanction, relief or its equivalent or denial thereof.

¹⁴ *See* Esler vda. de Tad-Y v. Ledesma, 52 Phil. 114 (1928). “[D]efinition of fine [is] a pecuniary punishment imposed by a lawful tribunal upon a person convicted of crime or misdemeanor. Strictly speaking, it is said the term does not embrace those pecuniary penalties or forfeitures provided by statute that a civil action may be brought to recover.”; *See also Fine*, BLACK’S LAW DICTIONARY (9th ed. 2009). “A pecuniary criminal punishment or civil penalty payable to the public treasury.”

¹⁵ *Bacolod City Water Dist. v. Labayen*, G.R. No. 157494, 446 SCRA 110 (2004). Injunction is defined as “a judicial writ, process or proceeding whereby a party is ordered to do or refrain from doing a certain act.”

¹⁶ *Coercive relief*, BLACK’S LAW DICTIONARY (9th ed. 2009). Judicial relief, either legal or equitable, in the form of a personal command to the defendant that is enforceable by physical restraint.

¹⁷ REV. ADM. CODE, bk. VII, ch. 1, § 2(12). “Sanction” includes the whole or part of a prohibition, limitation or other condition affecting the liberty of any person; the withholding of relief; the imposition of penalty or fine; the destruction, taking, seizure or withholding of property; the assessment of damages, reimbursement, restitution, compensation, cost, charges or fees; the revocation or suspension of license; or the taking of other compulsory or restrictive action.

regulatory action (e.g. withholding of relief).¹⁸ Under certain circumstances, for instance, a corporation may be dissolved by order of the Securities and Exchange Commission, natural and juridical persons may be made liable for administrative fines, or their applications may be denied.

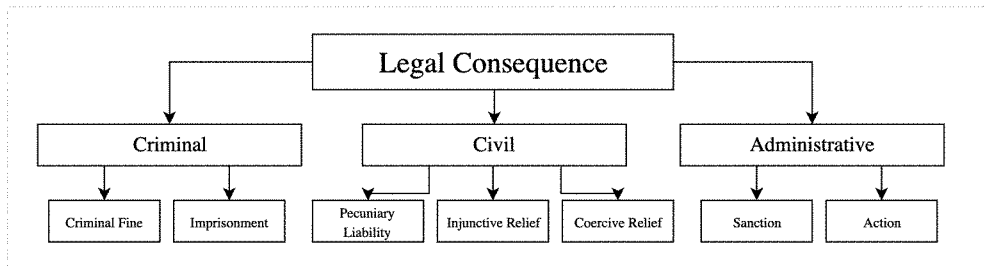


FIGURE 1. Types of Legal Consequences

Classifying this trifecta is relevant because each type of consequence has unique dimensions. They differ as to the quantum of evidence, the applicability of evidentiary rules, the level of formality, the offended and prosecuting parties, and the gravity of the consequences.

As a matter of evidentiary burden, administrative consequences call only for substantial evidence to be meted out.¹⁹ Civil liabilities require preponderance of evidence to attach.²⁰ Criminal penalties demand proof beyond reasonable doubt to justify conviction and their imposition.²¹

It is a well-settled rule that the technical rules of evidence do not apply to proceedings before administrative tribunals.²² Administrative legal consequences can therefore follow without strict observance of the Rules of Evidence. On the other hand, the Rules of Court, including the Rules of Evidence, apply in all courts and in all trials and proceedings, except as

¹⁸ REV. ADM. CODE, bk. VII, ch. 1, § 2(13). “Relief” includes the whole or part of any grant of money, assistance, license, authority, privilege, exemption, exception, or remedy; recognition of any claim, right, immunity, privilege, exemption or exception; or taking of any action upon the application or petition of any person.

¹⁹ RULES OF COURT, Rule 133, § 5; *Securities & Exch. Comm’n v. Interport Res. Corp.*, G.R. No. 135808, 567 SCRA 354 (2008).

²⁰ RULES OF COURT, Rule 133, § 1.

²¹ RULES OF COURT, Rule 133, § 2.

²² *Securities & Exch. Comm’n (SEC) Rules of Proc.* (2016), § 1-5 to 1-6; *Securities & Exch. Comm’n v. Interport Res. Corp.*, G.R. No. 135808, 567 SCRA 354 (2008); *Government Serv. Ins. Sys. v. Ct. of Appeals*, G.R. No. 128523, 296 SCRA 514 (1998); *Cuenca v. Atas*, G.R. No. 146214, 535 SCRA 48 (2007); *see also* IRENE CORTES, *PHILIPPINE ADMINISTRATIVE LAW* 365 (1984).

otherwise provided by the law or the Rules of Court.²³ Ergo, a court of justice must observe evidentiary rules in finding facts which merit the imposition of legal consequences.

Procedural formalities also differ among the three. Certain regulatory powers may be exercised *motu proprio* or on motion. Some administrative actions can be taken summarily²⁴ or after notice and hearing. Judicial proceedings, in order to avail of civil remedies, on the other hand, could be *ex parte*²⁵ or ventilated in open court.²⁶ Invariably, criminal proceedings are full-blown trials to afford the accused his constitutional entitlements.²⁷

Prosecution of criminal offenses are done *de officio*.²⁸ The offended party is the State itself and the prosecution is undertaken by the National Prosecution Service in the name of the People of the Philippines. Civil actions, however, are maintained by the real parties in interest who stand to be benefited or prejudiced by the result.²⁹ Civil legal consequences, if granted, inure to their benefit. Administrative action differs because it may be prompted by the Commission itself,³⁰ being the principal regulatory authority, or by a prejudiced party by pleadings before Commission akin to actions before judicial courts.³¹

The gravity of the consequences also radically differs among the three types of legal consequences. Specifically, it varies depending on whether it is imposed on a natural or juridical person. Criminal penalties weigh most heavily on individuals. Under the Corporation Law and the Corporation Code, commission of the offenses could mean incarceration.³² Ostensibly, only a natural person can be imprisoned.³³ However, both a corporation and a natural person can suffer criminal fines.³⁴ One characteristic that is unique to criminal penalties, be it a fine or

²³ RULES OF COURT, Rule 128, § 2.

²⁴ SEC Rules of Proc. (2016), pt. IV, r. III, § 3-1.

²⁵ See RULES OF COURT, Rule 58.

²⁶ RULES OF COURT, Rule 30.

²⁷ RULES OF COURT, Rule 115–16, 119.

²⁸ RULES OF COURT, Rule 110, § 5.

²⁹ RULES OF COURT, Rule 3, § 2.

³⁰ SEC Rules of Proc (2016), pt. II, r. II, § 2-1; pt. II, r. IV, § 4-1.

³¹ SEC Rules of Proc. (2016), pt. III, r. II, § 2-1.

³² See Corporation Law, §§ 54, 69, 112, 143–44, 190(A) [*later*, 190 ½]; CORP. CODE, § 144.

³³ *Ching v. Sec’y of Justice*, G.R. No. 164317, 481 SCRA 609 (2006).

³⁴ *Id.*

imprisonment, is the social opprobrium that comes with being convicted as a criminal. While civil liabilities are neither light themselves, the effect on both types of persons are similar. Damages can be assessed against business organizations or its officers and directors. Either can be ordered to perform certain acts or commanded to refrain from doing something on pain of contempt. The practical difference lies only in that while corporations can be made to pay damages, injunctive and coercive reliefs levied against it are effectively performed by human agents. Administrative consequences, however, have greater variability. It contemplates everything from something as minor as being ordered to comply within a reasonable period to multimillion-peso fines. Arguably, administrative consequences can be tougher on the corporate entity than on individuals. While people can be made to pay administrative fines or disqualified from election as directors, the corporation could be dissolved—the functional equivalent of capital punishment.³⁵

These essential differences explain why the legal consequences are distinct and concurrent. Acts proscribed by criminal statute and punished by criminal penalty could also be subject to civil proceedings and civil liabilities.³⁶ The same may be said of administrative legal consequences.³⁷ This logic animates the concept of threefold liability recognized in Administrative Law and the Law on Public Officers.³⁸

Despite the dimensional differences among the three types of legal consequences, there are situations wherein its nature could not be readily apparent from the language of the law. For example, when the law imposes a fine without qualifying its character, how would one classify it? Is it a criminal fine, a civil fine, or an administrative fine?

The Court, in order to navigate through such grey areas among the possible legal consequences laid down an analytical framework in *Ient*. The essence of the framework can be distilled as follows:

³⁵ *Government v. El Hogar Filipino*, 50 Phil 399 (1927); *Government v. Phil. Ests. Sugar Dev. Co. (Ltd.)*, 38 Phil 15 (1918).

³⁶ *People v. Ligon*, G.R. No. 74041, 152 SCRA 419 (1987); *Lim v. Mindanao Wines & Liquor Galleria*, G.R. No. 175851, 675 SCRA 628 (2012).

³⁷ *People v. Sandiganbayan*, G.R. No. 164577, 623 SCRA 147 (2010).

³⁸ *See Torresdes v. Villamor*, G.R. No. 151110, 564 SCRA 492 (2008); *Office of the Pres. v. Cataquiz*, G.R. No. 183445, 657 SCRA 681 (2011).

First, the law should be applied in its plain and ordinary sense as apparent on the face of the text. This is conformable to the rule laid down in *People v. Temporada*.³⁹

Second, granting that the statutory provision is ambiguous, resort to subsidiary statutory construction aids and rules of legal hermeneutics should be applied. These aids include the structure of the law, legislative history, and the underlying policies. This principle was adopted by the Court using the persuasive reasoning of the majority opinion of the U.S. Supreme Court in *United States v. R.C.L.*⁴⁰

Third, if the statute's meaning cannot be discerned even after resort to such subsidiary aids, the Court should apply the rule of lenity. This rule prescribes that when penal statutes are capable of two or more interpretations, the interpretation more favorable to the accused should be adopted. The holding is consistent with *Intestate Estate of Gonzales vda. Carungcong v. People*.⁴¹

IV. HISTORY OF CORPORATE LEGAL CONSEQUENCES

The first statute respecting private corporations in the Anglo-American sense was enacted in 1906 by the Philippine Commission. Even at this early stage of the development of Philippine Corporate Law, the corporation and its human agents were subject to potential civil, criminal, and administrative consequences for violations of the law. Corporations, for instance, were liable to dissolution by legislative fiat or by forfeiture of corporate charter.⁴² Failure to comply with a judicial subpoena ancillary to the visitorial powers of the Governor-General through the Attorney-General, Insular Treasurer, or Insular Auditor, rendered the violator liable for contempt of the Court of First Instance or the Supreme Court.⁴³ Criminal fines, imprisonment, or both were imposed on directors and officers for specific offenses defined in the law. Among such crimes were: (a) transacting without a license by a foreign corporation;⁴⁴ (b) making or authorizing new loans by directors or officers of savings and mortgage banks when reserves are equal to or insufficient to meet depositor calls for

³⁹ G.R. No. 173473, 574 SCRA 258 (2008).

⁴⁰ 503 U.S. 291 (1992).

⁴¹ G.R. No. 181409, 612 SCRA 272 (2010).

⁴² Corporation Law, § 76–77.

⁴³ Corporation Law, § 54.

⁴⁴ Corporation Law, § 69.

repayment;⁴⁵ (c) authorizing, receiving, or making of loans without prior board authorization by an officer or director of a trust corporation;⁴⁶ (d) receiving funds for, or paying out funds of, or transferring securities or properties of an insolvent trust corporation by any officer or director.⁴⁷ Various criminal penalties were also imposed on errant officers or directors of banking corporations.⁴⁸

In 1929, the Corporation Law was amended⁴⁹ providing for a catch-all penal provision. This provision exists in substantially the same form through the Corporation Code and now the Revised Corporation Code. It is, to wit:

SEC. 190(A). *Penalties.*—The violation of any of the provisions of this Act and its amendments not otherwise penalized therein, shall be punished by a fine of not more than five thousand pesos and by imprisonment for not more than five years, in the discretion of the court. If the violation is committed by a corporation, the same shall, upon such violation being proved, be dissolved by quo warranto proceedings instituted by the Attorney-General or by any provincial fiscal by order of said Attorney-General: Provided, That nothing in this section shall be construed to repeal the other causes, for the dissolution of corporations prescribed by existing law, and the remedy provided for in this section shall be considered as additional to the remedies already existing.

Significantly, legal consequences under the Corporation Law were principally criminal or civil. The only administrative sanction provided for under the act was revocation of the license of foreign corporations by the Secretary of Finance and Justice or the Secretary of Commerce and Police.⁵⁰ This is unsurprising given that during this period no administrative agency functioned as corporate watchdog. Under the unamended Corporation Law, the corporate registrar was the Division of Archives, Patents, Copyrights, and Trade-Marks of the Executive Bureau and the power to impose legal

⁴⁵ Corporation Law, § 112.

⁴⁶ Corporation Law, § 143.

⁴⁷ Corporation Law, § 144.

⁴⁸ Corporation Law, §§ 112–15.

⁴⁹ Act No. 3518 (1929). An Act Amending the Corporation Law, Act Numbered Fourteen Hundred and Fifty-Nine, as Amended, and for Other Purposes.

⁵⁰ Corporation Law, § 68.

consequences was invariably done through the courts on suit of executive officials.

Three decades later, corporate registration and investigatory functions were transferred to the Securities and Exchange Commission; however, imposition of consequences remained with the successor offices of executive officials (*viz.* the President for the Governor-General, the Solicitor-General for the Attorney-General, etc.) under the Corporation Law.⁵¹

In the nascent years of the Republic, the Commission was granted contempt powers and the ability to administratively fine corporations which fail to observe the terms of its license or violate the orders of the Commission.⁵² While the power to suspend licenses and permits had already been granted to the Commission, the power to revoke corporate registration, however, remained in the Court of First Instance's jurisdiction.⁵³

In 1976, President Ferdinand Marcos enacted the Securities and Exchange Commission Reorganization Act,⁵⁴ expanding the quasi-judicial powers of the Commission, to include the power to issue injunctions as well as cease and desist orders.⁵⁵ Certain matters were placed within the original and exclusive jurisdiction of the Commission.⁵⁶ Moreover, the previously judicial power to revoke corporate registration was made administrative by its transfer to the Securities and Exchange Commission.⁵⁷

For 74 years, the Corporation Law remained the law of the land. In the course of those seven decades, it was amended multiple times.⁵⁸ The *Batasang Pambansa*, however, in 1980, revised the law on private corporations by enacting the Corporation Code.

⁵¹ Com. Act No. 287 (1938).

⁵² Rep. Act No. 1143 (1954).

⁵³ Rep. Act No. 5050 (1967).

⁵⁴ Pres. Dec. No. 902-A (1976).

⁵⁵ Pres. Dec. No. 902-A (1976), §§ 3, 5.

⁵⁶ Pres. Dec. No. 902-A (1976), § 5.

⁵⁷ Pres. Dec. No. 902-A (1976), § 6(d).

⁵⁸ Act No. 1506, Act No. 1565, Act No. 1630, Act No. 1659, Act No. 1744, Act No. 1834, Act No. 1895, Act No. 2003, Act No. 2012, Act No. 2037, Act No. 2092, Act No. 2100, Act No. 2135, Act No. 2307, Act No. 2427, Act No. 2452, Act No. 2772, Act No. 2792, Act No. 2900, Act No. 2994, Act No. 3392, Act No. 3518, Act No. 3521, Act No. 3610, Act No. 3741, Act No. 3849, Act No. 3850, Com. Act No. 83, Com. Act No. 93, Com. Act No. 287, Com. Act No. 306, Com. Act No. 399, Com. Act No. 437; Rep. Act No. 337, Rep. Act No. 944, Rep. Act No. 3531, Rep. Act No. 3779, Rep. Act No. 5455.

This iteration of the general corporations law did away with the specific offenses defined in the Corporation Law. Many of those corporations subject of the specially defined offenses became subject to specific laws, for instance, the General Banking Act⁵⁹ for banking corporations, trust companies, and building and loan associations; the Insurance Act⁶⁰ for insurance corporations; and the Foreign Business Regulation Act⁶¹ for foreign corporations. Instead, the Corporation Code imposed administrative and civil legal consequences for violations of non-compliance with the requirements of the Code. Some of the legal consequences provided in the Corporation Code are: (a) liability as a trustee for the corporation and accounting of profits;⁶² (b) voidability of corporate contract;⁶³ (c) accounting and refunding of profits;⁶⁴ (d) liability as a general partner for all debts, liabilities, and damages incurred;⁶⁵ (e) dissolution of the corporation;⁶⁶ (f) solidary liability of officers or directors with the concerned stockholder;⁶⁷ (g) payment of interest on unpaid subscriptions;⁶⁸ (h) declaration that shares are delinquent;⁶⁹ and (i) revocation of license to transact business.⁷⁰ Section 190(A) of the Corporation Law, however, was substantially retained with minor alterations.⁷¹

V. CHARACTERISTICS OF PRE-REVISION CORPORATE LEGAL CONSEQUENCES

A. Administrative and Judicial Dichotomy

The three types of legal consequences are not exercised in an identical manner. Certain consequences are imposed either through

⁵⁹ Rep. Act No. 337 (1948).

⁶⁰ Act No. 2427 (1914).

⁶¹ Rep. Act No. 5455 (1968).

⁶² CORP. CODE, § 31.

⁶³ CORP. CODE, §§ 32–33.

⁶⁴ CORP. CODE, § 34.

⁶⁵ CORP. CODE, § 21.

⁶⁶ CORP. CODE, §§ 22, 121, 144.

⁶⁷ CORP. CODE, § 65.

⁶⁸ CORP. CODE, § 66.

⁶⁹ CORP. CODE, § 67.

⁷⁰ CORP. CODE, § 134.

⁷¹ CORP. CODE, § 144; *compare* Corporation Law, § 190(A) and REV. CORP. CODE, § 170, ¶ 1.

administrative or judicial processes because they are animated by different underlying considerations.

The administrative consequences themselves, as mentioned above, are twofold: the relief aspect and the sanction aspect. Relief on sundry requirements and bureaucratic processes are clearly best reposed in the Securities and Exchange Commission. The Commission is legally charged with the primary implementation of the Code.⁷² It employs staff who monitor compliance with the various requisites of the corporate laws and regulations, as well as, legal officers whose concerns are chiefly regulatory in character.⁷³ Owing to its rule-making power, it lays down the forms and processes to be observed in those sundry applications and submissions brought before it for action.⁷⁴ As a matter of logic, it is in the best position to know whether the reliefs sought should be granted, withheld, or be held meantime in abeyance for compliance within a reasonable time.

The premises for charging the Commission with primary jurisdiction over administrative adjudications are similar. Imposition of sanctions is a responsibility of the Securities and Exchange Commission because of its technical expertise. Significantly, it is also given more leeway in the gathering of facts.⁷⁵ In addition, being the corporate registrar, it is regularly apprised of corporate information, financial statements, and organizational movements, giving it an intimate perspective of the corporation's circumstances. These features allow the Commission to be more agile in rendering decisions while being able to calibrate the sanction or relief according to broader considerations not available to the judicial courts.⁷⁶

On the other hand, the courts of justice are empowered to impose legal consequences of civil and criminal character. These consequences no longer involve highly technical subjects beyond the cavil of the judicial

⁷² See CORP. CODE, § 139, 143; compare REV. CORP. CODE, §§ 175, 178–80; see also SEC. REG. CODE, § 5.

⁷³ See SEC Citizen's Charter 2018; see generally SEC. REG. CODE, Pres. Dec. No. 905-A (1976) & annex A, and Com. Act No. 83 (1936).

⁷⁴ SEC. REG. CODE, Rep. Act No. 8799 (2000), § 72; CORP. CODE, § 143; compare REV. CORP. CODE, § 49, 62, 179–180.

⁷⁵ SEC Rules of Proc. (2016), § 1-5 to 1-6; see Securities & Exch. Comm'n v. Interport Res. Corp., G.R. No. 135808, 567 SCRA 354 (2008); Government Serv. Ins. Sys. v. Ct. of Appeals, G.R. No. 128523, 296 SCRA 514 (1998); Cuenca v. Atas, G.R. No. 146214, 535 SCRA 48 (2007); see also IRENE CORTES, PHILIPPINE ADMINISTRATIVE LAW 365 (1984).

⁷⁶ Dionisio v. Ct. of First Instance of South Cotabato, G.R. No. 61048, 124 SCRA 222 (1983); United Church of Christ in the Phil., Inc. v. Bradford United Church of Christ, Inc., G.R. No. 171905, 674 SCRA 92 (2012).

courts. Rather, civil and criminal proceedings call for the construction and application of laws, general and specific, upon the facts in order to settle controversies involving legally demandable and enforceable rights—the very essence of judicial power.⁷⁷ The jurisdiction apportioned to administrative tribunals like the Securities and Exchange Commission are limited to their regulatory subjects.⁷⁸ Courts of justice, however, exercise general jurisdiction over subjects not reposed in any other tribunal.⁷⁹ They do this through formal processes and well-defined procedural laws that aid in the determination of where the law and equities lie. Full-blown trials, more painstaking and prolonged than expedient administrative adjudication, by design allow exhaustive ventilation of issues and ensure fair play among litigants.

The role of the judiciary cannot be understated in proceedings where a person may be deprived of liberty—whether due to the penal code or under some special penal law like the Corporation Code. Freedom from restraint, being one of the most cherished of fundamental rights,⁸⁰ must be zealously guarded and may not be taken without due process.⁸¹ The prescribed manner by which this may done can only be through criminal due process overseen by the courts.⁸² Even criminal fines imposable under the Code require the highest degree of judicial scrutiny and proof beyond reasonable doubt. This is because criminal conviction bears not only the pecuniary aspect of the fine, but also the social opprobrium of the People in whose name the crime was prosecuted.

Judicial intervention is also significant especially in civil issues which questions the very existence of the corporate entity. Attacks upon the existence of the corporate entity, a fiction granted by the State, could not be made outside the judicial process. Barring positive violation of law or its voluntary act, the life of the Corporation cannot be curtailed except by *quo warranto* instituted by the grantor, the Republic itself, through the Solicitor

⁷⁷ CONST. art. VIII, § 1, ¶ 2.

⁷⁸ *Chung Ka Bio v. Intermediate App. Ct.*, 246 Phil. 556 (1988).

⁷⁹ *Batas Blg. 129* (1980), § 19(6). This is the Judiciary Reorganization Act.

⁸⁰ *Secretary of Justice v. Lantion*, G.R. No. 139465, 322 SCRA 160, 185 (2000). “No less is this true, but even more so in the case before us, involving as it does the possible deprivation of liberty, which, based on the hierarchy of constitutionally protected rights, is placed second only to life itself and enjoys precedence over property, for while forfeited property can be returned or replaced, the time spent in incarceration is irretrievable and beyond recompense.”

⁸¹ CONST. art. III, § 1. No person shall be deprived of life, liberty, or property without due process of law, nor shall any person be denied the equal protection of the laws.

⁸² See IRENE CORTES, *PHILIPPINE ADMINISTRATIVE LAW* 232 (1984).

General.⁸³ It is no less significant for natural persons who are made liable for civil indemnity or damages to have their day in court. Unless for instance, officers or directors are shown to have caused prejudice to others personally or have done so beyond the pale of corporate agency, they cannot be made liable. Due process requires that a case be proved by preponderant evidence against them.⁸⁴

B. Mutually Exclusive

Notably, under the Corporation Code, administrative sanction or civil liability precluded application of the penal provision in Section 144. The Court in *Ien*⁸⁵ laid down the rule that the word “penalized” in the Section 144 clause stating, “[v]iolations of any of the provisions of this Code or its amendments not otherwise specifically penalized” embraced civil and administrative legal consequences. However, an exception was found under Paragraph 3 of Section 74⁸⁶ which specifically referenced the concurrent imposition of civil as well as criminal liability. This favorable reading of the law was premised on the rule of lenity.

There is no provision in the Corporation Code using similarly emphatic language that evinces a categorical legislative intent to treat as a criminal offense each and every violation of that law. Consequently, there is no compelling reason for the Court to construe Section 144 as similarly employing the term “penalized” or “penalty” solely in terms of criminal liability.

* * *

Section 22 imposes the penalty of involuntary dissolution for non-use of corporate charter. The rest of the above-quoted provisions, like Sections 31 and 34, provide for civil or pecuniary liabilities for the acts covered therein but what is significant is the fact that, of all these provisions that provide for consequences other than penal, only Section 74 expressly states that a violation thereof is likewise considered an offense under Section 144. If

⁸³ CORP. CODE, § 20; RULES OF COURT, Rule 66, § 1(c); *compare* REV. CORP. CODE, § 19 and Corporation Law, § 19.

⁸⁴ RULES OF COURT, Rule 133, § 1.

⁸⁵ G.R. No. 189158, 814 SCRA 184 (2017).

⁸⁶ CORP. CODE, § 74, ¶ 3. Any officer or agent of the corporation who shall refuse to allow any director, trustee, stockholder or member of the corporation to examine and copy excerpts from its records or minutes, in accordance with the provisions of this Code, shall be liable to such director, trustee, stockholder or member for damages, and in addition, shall be guilty of an offense which shall be punishable under Section 144 of this Code: [...].

respondent and the Court of Appeals are correct, that Section 144 automatically imposes penal sanctions on violations of provisions for which no criminal penalty was imposed, then such language in Section 74 defining a violation thereof as an offense would have been superfluous. There would be no need for legislators to clarify that, aside from civil liability, violators of Section 74 are exposed to criminal liability as well. We agree with petitioners that the lack of specific language imposing criminal liability in Sections 31 and 34 shows legislative intent to limit the consequences of their violation to the civil liabilities mentioned therein. Had it been the intention of the drafters of the law to define Sections 31 and 34 as offenses, they could have easily included similar language as that found in Section 74.

VI. CORPORATE LEGAL CONSEQUENCES UNDER THE REVISED CORPORATION CODE⁸⁷

A. Textual Changes

The Code revision, in some cases, replaced consequences for existing violations and in others, defined completely new violations and consequences.

Under the Corporation Code, the sanction for non-use of corporate charter was the dissolution of the corporation.⁸⁸ The revision, however, changed the consequence to a less onerous one: revocation of the certificate of incorporation.⁸⁹ Although revocation per the SEC Rules of Procedure pertains to involuntary dissolution⁹⁰ and opinions of the Commission's general counsel advert to cessation of corporate existence upon revocation,⁹¹ the change in terminology is crucial. This is because revocation of certificate of incorporation for grounds overseen by the Company Registration and Monitoring Department may still be set aside by petition to lift the revocation,⁹² as opposed to matters which fall under Enforcement and

⁸⁷ The comprehensive list of *corporate legal consequences* under the REV. CORP. CODE can be found in the appendix to this paper.

⁸⁸ CORP. CODE, § 22, ¶ 1.

⁸⁹ REV. CORP. CODE, § 21, ¶ 1.

⁹⁰ SEC Rules of Proc. (2016), pt. I, r. II, § 2-2(c)(2) n.1.

⁹¹ See Revoked Corporations; Who May Be Liquidators SEC-OGC Op. No 14-22 (2014). See also Revoked Corporations, SEC-OGC Op. No. 11-38 (2011) and Mass Revocation Orders; Powers of a Revoked Corporation, SEC-OGC Op. No. 09-24 (2009).

⁹² SEC Rules of Proc. (2016), pt. I, r. II, § 2-2(a)(1). a) Fraud in the procurement of certificate of registration; b) The corporation fails to formally organize and commence

Investor Protection Department which have no equivalent remedy in the rules.⁹³ Similarly, the sanction for continuous inoperation was downgraded from revocation of the certificate of incorporation⁹⁴ to placement in delinquent status.⁹⁵ The lesser sanction for inoperation effectively grants an errant corporation two successive periods for compliance and two successive remedies. Now, a corporation may resume operations within two years in order to have its delinquency lifted.⁹⁶ Should it fail to do so—thus, resulting in revocation of its certificate of incorporation—it may then petition that the revocation be lifted.

A new title on Investigations, Offenses, and Penalties was added.⁹⁷ As the title's caption implies, it provides for investigatory and administrative powers to the Commission in order to strengthen its ability to act as corporate watchdog.⁹⁸ It provides for the power to alternately or cumulatively impose administrative fines, cease and desist orders, suspension and revocation of certificate of incorporation, dissolution, and forfeiture of corporate assets.⁹⁹ Several acts and conduct, as well as the toleration and abetting of these proscribed deeds, were also made punishable by fine.¹⁰⁰

Although they are not legal consequences themselves, important provisions affecting the framework of corporate responsibility were included in the revision. New provisions pertaining to the size, nature of the business, and capacity of the corporation as well as participation of individual-violators in the imposition of legal consequences were included.¹⁰¹ Significantly, a paragraph to institute separate liability—administrative, civil, and criminal—provided in the revised Code and special laws was enacted.

operation within two (2) years from the date of its incorporation; c) Continuous inoperation for a period of at least five (5) years; d) Failure to file its by-laws within the prescribed period; and e) Failure to file or register any of the following for a period of at least five (5) years: (a) Financial Statements; (b) General Information Sheet; and (c) Stock and Transfer Book or Membership Book.; *See generally* SEC Mem. Circ. No. 5 (2016). Removing the Periods for Filing Petitions to Set Aside Orders of Revocation or Orders of Suspension of Corporations for Failure to Comply with the Reportorial Requirements.

⁹³ SEC Rules of Proc. (2016), pt. I, r. II, § 2-2(c)(2). Petitions for revocation of corporate registration in all cases, except those which fall under the original authority of CRMD. (Footnote omitted.)

⁹⁴ CORP. CODE, § 22, ¶ 1.

⁹⁵ REV. CORP. CODE, § 21, ¶ 2.

⁹⁶ REV. CORP. CODE, § 21, ¶ 3.

⁹⁷ REV. CORP. CODE, tit. XVI.

⁹⁸ REV. CORP. CODE, §§ 154–56.

⁹⁹ REV. CORP. CODE, § 158.

¹⁰⁰ REV. CORP. CODE, §§ 159–72.

¹⁰¹ REV. CORP. CODE, §§ 158, 172 & 179, ¶ 2.

Moreover, the Code provides for the imputation of the penalty for the offenses on “directors, trustees, members, officers, or employees responsible for the violation or indispensable to its commission.” Express visitorial powers, present in the Corporation Law,¹⁰² were reinstated in the Revised Corporation Code.¹⁰³ The revised Code also restated the contempt power¹⁰⁴ provided for in the Securities Regulation Code.¹⁰⁵ Corporate Governance Mechanisms, previously applicable only to publicly-listed companies¹⁰⁶ and public companies,¹⁰⁷ embodied by the Securities Regulation Code¹⁰⁸ and issuances of the Commission were codified.¹⁰⁹ Furthermore, the revised Code imposed more exhaustive disclosure requirements and greater transparency measures for corporations.¹¹⁰

B. Philosophical Dimension

The present legal regime governing private corporations in certain ways reframed the approach in imposing legal consequences. First, the heavy emphasis of the Revised Corporation Code on disclosure and transparency,¹¹¹ corporate governance standards,¹¹² and regulatory flexibility¹¹³ evinces a preventive policy to complement, if not supplant, the punitive framework. Indeed, if the root causes of corporate legal violations or non-compliance are addressed, no consequences would arise. Second, the Revised Corporation Code abandons mutual exclusivity among criminal, administrative, and civil legal consequences. The former Section 144 (now Section 170) was modified to include a new paragraph expressly stating that, “[l]iability for any of the foregoing offenses shall be separate from any other

¹⁰² Corporation Law, § 54.

¹⁰³ REV. CORP. CODE, § 178.

¹⁰⁴ REV. CORP. CODE, §§ 157, 179(g).

¹⁰⁵ See Sec. Reg. Code, §§ 5.1(j), 53.4.

¹⁰⁶ SEC Mem. Circ. No. 19 (2016). Code of Corporate Governance for Publicly-Listed Companies.

¹⁰⁷ SEC Mem. Circ. No. 6 (2009). Revised Code of Corporate Governance *amended* by SEC Mem. Circ. No. 9 (2014).

¹⁰⁸ SEC. REG. CODE, § 38.

¹⁰⁹ See REV. CORP. CODE, §§ 22, 23, 26, 31, 37, 46, 49, 50, 57, 58, 73, 74, 129, 177, 179(d).

¹¹⁰ REV. CORP. CODE, § 25, 29, 39, 49, 73, 127–28, 129, 177.

¹¹¹ See REV. CORP. CODE, §§ 14, 47, 49–52, 57–58, 73–74, 127–29; see also Explanatory Note, S. No. 1011, 17th Cong., 1st Sess. (2016), *Sponsorship Speech of Senator Drilon*, S. Journal 47, 17th Cong. (2016).

¹¹² See REV. CORP. CODE, § 22–29, 37, 39, 49–58, 73–74, 80–85, 103, 106, 125–130, 177–180; see also *Sponsorship Speech of Senator Drilon*, S. Journal 47, 17th Cong. (2016).

¹¹³ See REV. CORP. CODE, § 158, 170, 178–79; see also *Sponsorship Speech of Senator Drilon*, S. Journal 47, 17th Cong. (2016).

administrative, civil, or criminal liability under this Code and other laws.”¹¹⁴ Furthermore, recurrent across the provisions of the Code is the theme of separate, concurrent liability.¹¹⁵ Third, broader regulatory leeway granted to the Securities and Exchange Commission, as well as the positive duty imposed upon it to consider the “extent of participation, nature, effects, frequency, and seriousness of the violation”¹¹⁶ widened the agency’s ability to the proper legal consequence (or combinations of consequences) for infractions.

While the Revised Corporation Code broadened the Commission’s power to impose legal consequences in the forms of administrative sanctions or withholding agency reliefs, it did not do away with the administrative–judicial dichotomy. For instance, the broad power to dissolve corporations granted by the revised Code is delimited in certain cases.¹¹⁷ The clear import of the limit is that in instances of committing, concealing, or aiding the commission of, *inter alia*, securities violations, court judgment is a condition precedent to the exercise of the Commission’s power to dissolve. The character of those situations wherein the law requires prior court judgment is criminal. In fact, those proscribed conducts are expressly penalized under Title XVI of the Code. Conformable with the prevailing principles prior to the revision, those matters are reposed within judicial competence. Thereafter, an additional civil consequence of forfeiture is imposable by the court upon petition of the Commission. In effect, the potential overreach of the broadened accountability mechanisms is nipped by corresponding procedural and substantive checks.

VII. CHARACTERIZATION OF LEGAL CONSEQUENCES IN TITLE XVI

One of the more notable changes made by the code revision was the introduction of the new title on “Investigations, Offenses, and Penalties”.¹¹⁸ Notwithstanding the caption, however, the title actually embraces both clearly administrative¹¹⁹ and, disputably, criminal provisions.¹²⁰ On their face, the nature of the provision cannot be ascertained. For one, there is no

¹¹⁴ REV. CORP. CODE, § 170, ¶ 2.

¹¹⁵ REV. CORP. CODE, §§ 26, 27, 117, 151, 161, 178.

¹¹⁶ REV. CORP. CODE, §§ 158, 179.

¹¹⁷ REV. CORP. CODE, §§ 138(e) *in relation to* 179(k).

¹¹⁸ REV. CORP. CODE, tit. XVI.

¹¹⁹ REV. CORP. CODE, §§ 157–58.

¹²⁰ REV. CORP. CODE, §§ 159–170.

express indication that the fine sought to be imposed is of penal character. Significantly, the provisions immediately follow the Section 158 (Administrative Sanctions) which likewise imposes, *inter alia*, a fine as legal consequence for violation of law. That the word “offenses” appears on Title XVI’s caption cannot by itself transform a penalty to one of criminal character. The Court in *Ient*¹²¹ citing *Smith v. Doe*¹²² noted that “The location and labels of a statutory provision do not by themselves transform a civil remedy into a criminal one.” Not to mention, the new provisions are sandwiched between the aforesaid Section 158 and the reenacted Section 170 (formerly 144), which has a penal portion (i.e. a criminal fine) and an administrative portion (i.e. dissolution). It can, thus, be surmised that the provisions are ambiguous.

Nevertheless, the instructive case of *Ient* lends the analytical framework which would aid in discerning the nature of the legal consequences set forth in Sections 159–169. Given that the provisions are not clear on their face, resorting to aids in statutory construction follows.

Legislative history evinces an intent on the part of the Congress to impose new criminal penalties and corporate criminal liability. The nearly identically worded Explanatory Notes of Senate Bill No. 1011,¹²³ House Bills No. 528¹²⁴ and 877¹²⁵—all of which were later consolidated into the respective committee bills for the Senate and House of Representatives, namely Senate Bill No. 1280¹²⁶ and House Bill No. 8374¹²⁷—mention “[...] the proposal to include criminal liability for the usage of the corporate vehicle for fraud, and graft and corrupt practices whether done directly or through an intermediary (including the dissolution of the corporation and the forfeiture of its assets) and for retaliation against whistleblowers. In these instances, corporate criminal liability shall be separate and distinct from the criminal liability of responsible officers and directors.” The listed offenses correspond to Sections 164, 166–68, and 169. Furthermore, Sections 159–69, as originally worded in the aforementioned bills, included the carceral penalty of imprisonment concurrently or alternately with the imposition of a fine. On sponsorship of the committee bill, Senate Bill No. 1280, for

¹²¹ G.R. No. 189158, 814 SCRA 184, 215 (2017).

¹²² 538 U.S. 84, *citing* United States v. 89 Firearms, 465 U.S. 354.

¹²³ S. No. 1011, 17th Cong., 1st Sess. (2016).

¹²⁴ H. No. 528, 17th Cong., 1st Sess. (2016).

¹²⁵ H. No. 877, 17th Cong., 1st Sess. (2016).

¹²⁶ S. No. 1280, 17th Cong., 1st Sess. (2016).

¹²⁷ H. No. 8374, 17th Cong., 3rd Sess. (2018).

second reading, the Chairman of the Senate Committee on Constitutional Amendments and Revision of Laws had this to say:

In compliance therefore with our obligations under the United Nations Convention Against Corruption, or the UNCAC, to prevent the use of the corporation as a vehicle for committing crimes, we hereby seek to impose corporate criminal liability and penalties for graft and corruption. Aside from having to pay hefty fines, the corporation may also suffer revocation of its registration.¹²⁸

In the main, it appears that the legislative history indicates the intention to make the legal consequences provided in Sections 159–169 criminal in character.

Though the structure of the law per se could not reasonably lead to the conclusion that the provisions are penal, taken together with the legislative history, the intent becomes more apparent. As previously stated, the provisions appear in the title on “Investigations, Offenses, and Penalties”. Moreover, the listing of criminal offenses occurs sequentially after the last administrative sanction imposed. This reveals the logical architecture of the law that similar legal consequences are clustered accordingly. Also, the new paragraph added to the erstwhile Section 144, now Section 170, states “Liability for any of the foregoing *offenses* [...]”¹²⁹ This underscores the structural argument favoring the criminal provision thesis.

As such, the ambiguity of the provisions does not call for the application of the rule of lenity as to perforce cause the construction of the provisions as non-criminal. This is in keeping with the overarching policy principles of the Revised Corporation Code for greater accountability, regulatory flexibility, and separate and concurrent liabilities.

VIII. IMPLICATION

Because of the abandonment of the preclusive rule in *Ient* as an effect of the second paragraph of Section 170, not only are there new offenses for which corporate officers, directors, and other natural agents as well as the corporations themselves may be held liable, but there also is the concurrent

¹²⁸ *Sponsorship Speech of Senator Drilon*, S. Journal 47, 17th Cong. (2016).

¹²⁹ REV. CORP. CODE, § 171. (Emphasis supplied.)

liability for civil and/or administrative legal consequences. Natural and legal persons may be proceeded against simultaneously before the Securities and Exchange Commission and the courts of justice under these separate liabilities. The institution of and the results from these very different proceedings—although potentially stemming from the same act, omission, or set of acts or omissions—would not bar each other. They are, after all, premised on different causes of actions and are determined using different quanta of evidence.

By the same token, escaping liability in one proceeding may not necessarily mean getting off scot free. For instance, an errant corporation may be acquitted for failure to prove guilt beyond reasonable doubt, but it may still be fined administratively. This result would not be unlikely given that administrative tribunals are not bound by the technical rules of evidence and the quantum of evidence required to sustain a decision is but substantial.

Significantly, the Code ensures that responsible persons are—at every step of the commission of the violation—held to account. More than just the trifecta of legal consequences to which they are liable for their personal actions, directors and officers, as well as employees, may be made liable with the errant corporation for criminal fines arising from the offenses committed.¹³⁰ Mere aiding and abetting the commission of violations of the Code or an administrative rule would make the aider or abettor suffer the liability to an extent not exceeding a principal offender.¹³¹

This concurrence of potential consequences also empowers the Commission to choose the most expeditious of remedies or the most exhaustive of proceedings, depending on the policy considerations it wishes to implement. If an errant corporation needs only a proverbial slap on the wrist to deter making the same minor infraction, an administrative agency action might be employed for example. But a billion-peso Ponzi scheme, for instance, could spur the Commission into imposing an administrative sanction for speedier vindication while at the same time initiating protracted prosecution for crimes in order to serve the greater ends of justice. While of course the administrative–judicial dichotomy still applies, the substantial overlap of matters subject to multiple legal consequences give the Securities and Exchange Commission a broad arsenal of choosing the appropriate combination of actions it would wish to take.

¹³⁰ REV. CORP. CODE, § 171.

¹³¹ REV. CORP. CODE, § 172.

Evidently, the Revised Corporation Code has equipped the Commission with the necessary tools and sufficient leeway to exercise its mandate as the corporate watchdog.

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APPENDIX

<i>Provision</i>	<i>Corporate Legal Consequence</i>	<i>Character</i>
§ 11	Dissolution	Administrative Sanction
§ 16	Disapproval of Articles of Incorporation or Amendment	Administrative Action
§ 17	Disallowance of Use of Non-distinguishable Name, Previously Reserved Registered Name, Name which is Protected by Law, or Name which is Contrary to Law, Rules, or Regulations	Administrative Action
§ 17	Summary Cease and Desist Order	Administrative Action
§ 17	Removal of Visible Signages, Marks, Advertisements, Labels, Prints, and Other Effects Bearing the Corporate Name	Administrative Sanction
§ 17	Contempt	Administrative Sanction
§ 17 in relation to § 158	Hold Corporation and Responsible Directors Administratively Liable	Administrative Sanction
§ 17	Hold Corporation and Responsible Directors Civilly Liable	Civil Liability
§ 17	Hold Corporation and Responsible Directors Criminally Liable	Criminal Penalty
§ 17	Revocation of Registration of Corporation	Administrative Sanction
§ 19	Inquiry into Due Incorporation of Corporation by Quo Warranto	Civil Consequence
§ 20	Liability as General Partners for All Debts, Liabilities, and Damages Incurred	Civil Liability
§ 21	Revocation of Certificate of Incorporation for Non-use of Corporate Charter	Administrative Sanction
§ 21	Placement in Delinquent Status for Continuous Inoperation	Administrative Action
§ 21	Revocation of Certificate of Incorporation	Administrative Sanction
§ 25	Summarily Order Holding of Election Direct Issuance of Notice	Administrative Action

	Designate: Presiding Officer, Record Date, Date for Determination of Stockholders/Members Entitled to Vote	
§ 26 in relation to § 158	Disqualification from Being a Director	Administrative Sanction
§ 27	Removal of Director (<i>motu proprio</i> or on verified complaint)	Administrative Sanction
§ 27 in relation to § 158	Sanctions on Board of Directors/Trustees	Administrative Sanction
§ 30	Joint and Several Liability for Damages Suffered by the Corporation, Stockholders, Members, or Other Persons	Civil Liability
§ 30	Liability as a Trustee for the Corporation and Accounting of Profits which Would Have Accrued to the Corporation	Civil Liability
§ 31	Voidability of Contract of Corporation with the Self-Dealing Directors	Civil Consequence
§ 32	Voidability of Contract of Corporation with Interlocking Directors	Civil Consequence
§ 33	Account for and Refund of Profits which Should Belong to the Corporation	Civil Consequence
§ 37	Non-approval of Increase of Bonded Indebtedness	Administrative Action
§ 37	Non-approval of Increase or Decrease of Capital Stock	Administrative Action
§ 45	Non-certification that Bylaws/Amendment are in Accordance with Code	Administrative Action
	Non-acceptance of Filing of Bylaws/Amendment	
§ 49	Order the Petitioner-Stockholder/Member to Call Meeting	Administrative Action
§ 61	Non-approval of Consideration	Administrative Action
§ 64	Solidary Liability of Director/Officer with Stockholder for Difference between Value Received at Issuance of Watered Stock and Par/Issued Value	Civil Liability
§ 65	Liability for Interest on Unpaid Subscriptions to the Corporations	Civil Liability

§ 66	Declaration of Stocks as Delinquent	Civil Consequence
§ 67	Delinquency Sale for Recovery of Balance on Subscription, Accrued Interests, Costs of Advertisement, and Expenses of Sale	Civil Liability
§ 69	Court Action to Recover Unpaid Subscription	Civil Consequence
§ 70	Deprivation of Right to Representation and to Vote and be Voted Upon	Civil Consequence
§ 73 in relation to § 158	Administrative Sanction for Abuse of Right	Administrative Sanction
§ 73	Liability to Director, Trustee, Stockholder, or Member for Damages	Civil Liability
§ 73 in relation to § 161	Criminal Liability	Criminal Penalty
§ 73	Summary Investigation and Order Directing Inspection or Reproduction by SEC	Administrative Action
§ 78	Investigation and/or Refusal to Approve Articles and Plan of Merger or Consolidation	Administrative Action
§ 103	Arbitrate and Issue Orders Due to Deadlocks <ul style="list-style-type: none"> ◆ Cancelling or altering any provision contained in the articles of incorporation, bylaws, or any stockholders' agreement; ◆ Cancelling, altering or enjoining a resolution or act of the corporation or its board of directors, stockholders, or officers; ◆ Directing or prohibiting any act of the corporation or its board of directors, stockholders, officers, or other persons party to the action; ◆ Requiring the purchase at their fair value of shares of any stockholder, either by the corporation regardless of the availability of unrestricted retained earnings in its books, or by the other stockholders; ◆ Appointing a provisional director; ◆ Dissolving the corporation; or ◆ Granting such other relief as the circumstances may warrant. 	Administrative Action

§ 104	Dissolution	Administrative Sanction
§ 113	Disapproval of Declaration of Dissolution of Corporation Sole	Administrative Action
§ 129	Placement of One Person Corporation under Delinquent Status	Administrative Action
§ 130	Joint and Several Liability for the Debts and Other Liabilities of the One Person Corporation.	Civil Liability
§ 138	Involuntary Dissolution	Administrative Sanction
§ 138	Forfeiture of Assets	Civil Consequence
§ 151	Revocation of License of Foreign Corporation	Administrative Sanction
§ 156	Temporary Cease and Desist Orders	Administrative Action
§ 157	Contempt	Administrative Sanction
§ 158	Administrative Fine	Administrative Sanction
§ 158	Permanent Cease and Desist Order	Administrative Sanction
§ 158	Suspension of Certificate of Incorporation	Administrative Sanction
§ 158	Revocation of Certificate of Incorporation	Administrative Sanction
§ 158	Dissolution	Administrative Sanction
§ 159	Criminal Fine (Unauthorized Use of Corporate Name)	Criminal Penalty
§ 160	Criminal Fine (Violation of Disqualification Provision)	Criminal Penalty
§ 161	Criminal Fine (Violation of Duty to Maintain Records, to Allow Their Inspection or Reproduction)	Criminal Penalty
§ 162	Criminal Fine (Willful Certification of Incomplete, Inaccurate, False; or Misleading Statements or Reports)	Criminal Penalty
§ 163	Criminal Fine (Independent Auditor Collusion)	Criminal Penalty

§ 164	Criminal Fine (Obtaining Corporate Registration Through Fraud)	Criminal Penalty
§ 165	Criminal Fine (Fraudulent Conduct of Business)	Criminal Penalty
§ 166	Criminal Fine (Acting as Intermediaries for Graft and Corrupt Practices)	Criminal Penalty
§ 167	Criminal Fine (Engaging Intermediaries for Graft and Corrupt Practices)	Criminal Penalty
§ 168	Criminal Fine (Tolerating Graft and Corrupt Practices)	Criminal Penalty
§ 169	Criminal Fine (Retaliation against Whistleblowers)	Criminal Penalty
§ 170	Criminal Fine (Other Violations of the Code)	Criminal Penalty
§ 170	Dissolution in Relation to Criminal Violation in § 170	Administrative Sanction
§ 170	Administrative Liability of Responsible Director, Trustee, or Officer	Administrative Sanction
§ 171	Imposition of Criminal Liability upon the Offender-Corporation and/or upon its Directors, Trustees, Stockholders, Members, Officers, or Employees Responsible for the Violation or Indispensable to its Commission.	Criminal Penalty
§ 172	Criminal Fine	Criminal Penalty
§ 177	Placement in Delinquent Status	Administrative Sanction
§ 179	Direct and Indirect Contempt	Administrative Sanction

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