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THIRD DIVISION

[G.R. Nos. 134963-64. September 27, 2001]

ALFREDO LONG and FELIX ALMERIA, *petitioners, vs.* **LYDIA BASA, ANTHONY SAYHEELIAM and YAO CHEK,** *respondents.*

[G.R. Nos. 135152-53. September 27, 2001]

LIM CHE BOON, TAN HON KOC, JOSEPH LIM and LIU YEK SEE, *petitioners, vs.* **LYDIA BASA, ANTHONY SAYHEELIAM and YAO CHEK,** *respondents.*

[G.R. No. 137135. September 27, 2001]

LIM CHE BOON, TAN HON KOC, JOSEPH LIM and LIU YEK SEE, *petitioners, vs.* **LYDIA BASA, ANTHONY SAYHEELIAM and YAO CHEK,** *respondents.*

SYNOPSIS

Petitioners Joseph Lim, Liu Yek See, Alfredo Long and Felix Almeria were members of a religious group known as "The Church In Quezon City (Church Assembly Hall), Incorporated" which was registered with the Securities and Exchange Commission in 1973. The members of the said Church vested upon their Board of Directors the absolute power to admit and expel a member of the Church. As early as 1988, the Board of Directors observed that certain members of the church including petitioners herein exhibited conduct which was dishonorable, improper and injurious to the character and interest of the Church. They warned petitioners that if they persist in their highly improper conduct, they will be dropped from the membership of the Church. However, petitioners ignored their repeated admonitions. Alarmed that petitioners' conduct will continue to undermine the integrity of the principles of faith of the Church, the Board of Directors, during its August 30, 1993 regular meeting, removed from the membership list certain names of members, including the names of herein petitioners. On September 29, 1993, petitioners and others questioned their expulsion by filing with the SEC Securities Investigation and

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Clearing Department a petition seeking mainly the annulment of the August 30, 1993 membership list and the reinstatement of the original list, on the ground that it was made without prior notice and hearing. Subsequently, SEC Hearing Officer Manuel Perea ruled, among others, that the expulsion was in accordance with the Church By-laws. In a petition for *certiorari*, the SEC *en banc* affirmed the *Perea* ruling. Petitioners did not appeal the said decision. Since the said SEC *en banc* decision pertained only to the preliminary injunction incident, the SEC, through a hearing panel, conducted further proceedings. Petitioners filed motions to dismiss/strike out the counterclaim and third-party complaint, but those motions were denied. Upon denial of the separate motions for reconsideration of both parties, the respondents filed with the SEC *en banc* a petition for review questioning the validity of the expulsion. The SEC *en banc* issued an order setting aside the expulsion of certain members of the Church. The private respondents filed a petition for review with the Court of Appeals. The Court of Appeals reversed the order of the SEC *en banc*. Hence, this petition.

The Court emphasized that the issue of the validity of the expulsion had long been resolved and declared valid by the SEC *en banc* in its decision dated July 11, 1994 in SEC EB Case No. 389. The petitioners themselves admitted in their present petition that they did not appeal anymore from the July 11, 1994 decision of the SEC *en banc*, thereby rendering the same final and conclusive. As such, the expulsion order is now inextricably binding on the parties concerned and can no longer be modified, much less reversed.

Further, the provision on expulsion under the CHURCH By-Laws, as phrased, may sound unusual and objectionable to petitioners as there is no requirement of prior notice to be given to an erring member before he can be expelled. It must be stressed that the basis of the relationship between a religious corporation and its members is the latter's absolute adherence to a *common religious or spiritual belief.* Once this basis ceases, membership in the religious corporation must also cease. Thus, generally, there is no room for dissension in a religious corporation. And where, as here, any member of a religious corporation is expelled from the membership for espousing doctrines and teachings contrary to that of his church, the established doctrine in this jurisdiction is that such action from the church authorities is *conclusive* upon the civil courts.

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SYLLABUS

1. **REMEDIAL LAW; CIVIL PROCEDURE; JUDGMENT; DECISION OF QUASI-JUDICIAL BODY IS FINAL AND CONCLUSIVE; CASE AT BAR.**— It must be emphasized that the issue of the validity of the expulsion had long been resolved and declared valid by the SEC *en banc* in its decision dated July 11, 1994 in SEC EB Case No. 389. The decision affirmed the order dated February 22, 1994 of SEC Hearing Officer Manuel Perea in SEC Case No. 09-93-4581. The petitioners themselves admitted in their present petition that they did not appeal anymore from the July 11, 1994 decision of the SEC *en banc*, thereby rendering the same final and conclusive. As such, the expulsion order is now inextricably binding on the parties concerned and can no longer be modified, much less reversed.

2. **ID.; ID.; ID.; ID.; REOPENING OF THE CASE IS IN GROSS DISREGARD OF THE RULES AND BASIC LEGAL PRECEPT.**— Clearly, the issuance by the SEC *en banc* of its July 31, 1996 order in SEC EB Case No. 484, which *reopened* the very same issue of the validity of the expulsion proceedings, *completely reversing its final and executory en banc decision of July 11, 1994 (SEC EB Case No. 389),* is certainly in gross disregard of the rules and basic legal precept that accord finality to administrative, quasi-judicial and judicial determinations.

3. **ID.; ID.; ID.; MUST REACH A POINT OF FINALITY SET BY LAW, RULES AND REGULATIONS.**— The Court of Appeals is, therefore, correct in voiding the SEC *en banc* orders dated July 31, 1996 and January 29, 1997 in SEC EB Case No. 484, thereby upholding the expulsion of petitioners and others by the Board of Directors on August 30, 1993. In this regard, what we said in *Fortich vs. Corona, et al.* bears repeating: "The orderly administration of justice requires that the judgments/resolutions of a court or quasi-judicial body *must reach a point of finality set by the law, rules and regulations.* The noble purpose is to write *finis* to disputes once and for all. *This is a fundamental principle in our justice system*, without which there would be no end to litigations. *Utmost respect and adherence to this principle must always be maintained by those who wield the power of adjudication. Any act which violates such principle must immediately be struck down.*"

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4. **ID.; ID.; ID.; ID.; ONCE A CASE HAD BEEN RESOLVED WITH FINALITY, VESTED RIGHTS WERE ACQUIRED BY THE WINNING PARTY.**— In the aforecited case of *Fortich vs. Corona,* we held that once a case had been resolved with finality, vested rights were acquired by the winning party. Consequently, the rule on finality of decisions, orders or resolutions of a judicial, quasi-judicial or administrative body is "*not a question of technicality but of substance and merit,*" the underlying consideration therefor being the protection of the substantive rights of the winning party. In the succinct words of Mr. Justice Artemio V. Panganiban in the case of *Videogram Regulatory Board vs. Court of Appeals, et al.,* "Just as a losing party has the right to file an appeal within the prescribed period, *the winning party also has the correlative right to enjoy the finality of the resolution of his/her case.*"

5. **MERCANTILE LAW; CORPORATION LAW; RELIGIOUS CORPORATION; ACTION FROM THE CHURCH AUTHORITIES IS CONCLUSIVE UPON THE CIIVIL COURTS.**— The CHURCH By-law provision on expulsion, as phrased, may sound unusual and objectionable to petitioners as there is no requirement of prior notice to be given to an erring member before he can be expelled. But that is how peculiar the nature of a religious corporation is *vis-à-vis* an ordinary corporation organized for profit. It must be stressed that the basis of the relationship between a religious corporation and its members is the latter's absolute adherence to a *common religious or spiritual belief.* Once this basis ceases, membership in the religious corporation must also cease. Thus, generally, there is no room for dissension in a religious corporation. And where, as here, any member of a religious corporation is expelled from the membership for espousing doctrines and teachings contrary to that of his church, the established doctrine in this jurisdiction is that such action from the church authorities is *conclusive* upon the civil courts.

6. **ID.; ID.; ID.; CORPORATION CODE LEAVES MATTER OF ECCLESIASTICAL DISCIPLINE TO THE RELIGIOUS GROUP CONCERNED.**— Obviously recognizing the peculiarity of a religious corporation, the Corporation Code leaves the matter of ecclesiastical discipline to the religious group concerned. Section 91 of the Corporation Code, which has been made explicitly applicable to religious corporations by the second paragraph of

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Section 109 of the same Code, states: "SEC. 91. *Termination of membership.*- Membership shall be terminated *in the manner and for the causes provided in the articles of incorporation or the by-laws.* Termination of membership shall have the effect of extinguishing all rights of a member in the corporation or in its property, unless otherwise provided in the articles of incorporation or the by-laws."

7. **ID.; ID.; ID.; BY ADHERING TO THE CHURCH BY-LAWS, MEMBERS ARE DEEMED TO HAVE WAIVED THEIR RIGHTS OF NOTICE PRIOR TO THE EXPULSION; CASE AT BAR.**— [T]he petitioners really have no reason to bewail the lack of prior notice in the By-laws. As correctly observed by the Court of Appeals, they have waived such notice by adhering to those By-laws. They became members of the CHURCH *voluntarily. They entered into its covenant and subscribed to its rules. By doing so, they are bound by their consent.*

8. **POLITICAL LAW; CONSTITUTIONAL LAW; BILL OF RIGHTS; DUE PROCESS; NOT VIOLATED IN CASE AT BAR.**— Even assuming that petitioners' expulsion falls within the Constitutional provisions on "prior notice" or "due process," still we can not conclude that respondents committed a constitutional infraction. It bears emphasis that petitioners were given more than sufficient notice of their impending expulsion, as shown by the records. We have narrated earlier the events which led to the questioned expulsion. From the *undisputed* testimony of Director Anthony Sayheeliam (now respondent), it is clear that, *as early as 1988,* the respondents-Board of Directors patiently and persistently reminded, advised and exhorted the erring members, including herein petitioners, to stop espousing doctrines, teachings and religious belief diametrically opposed to the Principles of Faith embraced by the CHURCH. The respondents-Board of Directors further warned them during Sunday worship gatherings, in small group meetings and one-on-one talk, that they would face disciplinary action and be dropped from the membership roll should they continue to exhibit acts inimical and injurious to the teachings of the Holy Bible which the CHURCH so zealously upholds. When they ignored petitioners' exhortations and warnings, the erring members should not now complain about their expulsion from the membership of the CHURCH by the Board of Directors on August 30, 1993.

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9. ID.; ID.; ID.; ID.; FORMAL OR TRIAL TYPE HEARING IS NOT AT ALL TIMES AND IN ALL INSTANCES ESSENTIAL.— [T]he expulsion was not tainted with any arbitrary treatment from the members of the Board of Directors who, since 1988 up to August 30, 1993, or *approximately five (5) years*, have patiently exhorted and warned the dissident members. This long period of time is more than adequate an opportunity for the erring members and their followers to contemplate upon their covenant with the CHURCH on their duty to protect and promote its Principles of Faith and not to violate them. It is a well-settled principle in law that what due process contemplates is freedom from arbitrariness; what it requires is fairness and justice; substance, rather than the form, being paramount. What it prohibits is not the absence of previous notice but the absolute absence thereof. A formal or trial type hearing is not at all times and in all instances essential. Clearly, although the By-laws of the CHURCH do not require the Board of Directors to give notice to the dissident petitioners of their impending expulsion, more than sufficient notice was given to them before they were expelled by the Board on August 30, 1993.

10. REMEDIAL LAW; PROVISIONAL REMEDIES; PRELIMINARY INJUNCTION; SPECIAL ORDER ALLOWING PETITIONERS AS MEMBERS OF THE CHURCH TO PARTICIPATE IN RELIGIOUS ACTIVITIES DOES NOT INCLUDE NON-RELIGIOUS ACTIVITY OF THE CHURCH.— The Special Order allows petitioners entry into the CHURCH building to "*participate* in worship or other religious activities" "*as members of the CHURCH*". Clearly, the Special Order does not allow petitioners unlimited or unrestrained access or use of the premises and properties of the CHURCH. The intended special conference to be conducted by petitioners is *not* a CHURCH activity and the participants therein are *not members* of

MELO, *J.*, *dissenting opinion*:

1. REMEDIAL LAW; CIVIL PROCEDURE; COURTS WILL NOT INTERFERE WITH THE INTERNAL AFFAIRS OF AN UNINCORPORATED ASSOCIATION.— [I]n Lions Club *International vs. Amores* (121 SCRA 621 [1983]), we defined certain exceptions to this general rule, holding thus: ... the courts

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will not interfere with the internal affairs of an unincorporated association so as to settle disputes between the members or questions of policy, discipline or internal government, so long as the goverment of the society is fairly and honestly administered in conformity with its laws and the laws of the land, and no property or civil rights are invaded. Under such circumstances, the decision of the association is binding and conclusive and is not subject to review or collateral attacks in the courts. The general rule of non-interference in the internal affairs of associations is, however, subject to exceptions, but the power of review is extremely limited. Accordingly, the courts have and will exercise the power to interfere in the internal affairs of an association where law and justice so require, and the proceedings of the association are subject to judicial review where there is fraud, oppression, or bad faith, or where the action complained of is capricious, arbitrary, or unjustly discriminatory. Also, the courts will usually entertain jurisdiction to grant relief in case property or civil rights are invaded, although it has also been held that the involvement of property rights does not necessarily authorize judicial intervention, in the absence of arbitrariness, fraud or collusion. Moreover, the courts will intervene where the proceedings in question are violative of the laws of the society, or the law of the land, as by depriving a person of due process of law. Similarly, judicial intervention is warranted where there is lack of jurisdiction on the part of the tribunal conducting the proceedings, where the organization exceeds its powers, or where the proceedings are otherwise illegal.

2. **ID.; ID.; GENERALLY, CIVIL COURTS WILL NOT INTERFERE IN MATTERS INVOLVING DISPUTES WITHIN A RELIGIOUS CORPORATION.**— Customarily and generally, the civil courts would not interfere in matters involving disputes within a religious corporation, not only because the question may be essentially ecclesiatical in nature but more importantly because of the fundamental principle of separation church and State provided in our Constitution. x x x In Romero vs. De los Reyes (14 Phil. 115 [1965]), we upheld the general rule that: The amendment of the constitution, restatement of articles of religion and abandonment of faith or abjuration alleged by appellant, having to do with faith, practice, doctrine, from or worship, ecclesiastical law, custom and rule of a church and having reference to the power of excluding from the church those allegedly unworthy of membership, are unquestionably ecclesiatical matters which are outside the province of civil courts.

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3. ID.; ID.; ID.; EXCEPTIONS.— As clearly stated in Lions Club International, the general rule of non-interference admits of certain exception: The civil courts can review proceedings undertaken by religious organizations and may interfere, so to speak, with the internal affairs thereof, as law and justice so require, when the acts complained of contravene the basic law of the land and violate the civil rights of its members. More specifically, where there is fraud, oppression, or bad faith, and where the action of the leaders of the organization is capricious, arbitary, and unjustly discriminatory, the civil courts may exercise judicial power. The courts will likewise exercise jurisdiction to grant relief in case property or civil rights are invaded, although it has also been held that involvement of property rights does not necessarily authorize judicial intervention, in the absence of arbitrariness, fraud, and collusion. Another specific instance when intervention by the courts becomes warranted is when the proceedings in question are violative of either the by-laws of the society itself or the basic law of the land, such as when there is a violation of the fundamental right to due process of law. Similarly, judicial intervention is warranted where there is lack of jurisdiction on the part of the tribunal conducting the proceedings, where the organization exceeds its powers, or where the proceedings are otherwise illegal.

4. POLITICAL LAW; CONSTITUTIONAL LAW; BILL OF RIGHTS; DUE PROCESS; LOSS OF THE OPPORTUNITY TO WORSHIP IN FAMILIAR SURROUNDINGS DESERVES THE PROTECTION OF THE LAW.— The factual antecedents of the present case bring it squarely within the exception to the general rule of non-interference or non-intervention. It must be underscored that the issue does not merely involve the right to use the property of CQC in the present case, but more importantly that the expulsion from CQC does constitute a serious emotional deprivation on the part of each of petitioners which, when compared to losses of property or contractual rights, can be far more damaging and prejudicial. Further, the loss of the opportunity to worship in familiar surroundings is a valuable right, which deserves the protection of the law where no constitutional barrier exists (*Baugh v. Thomas*, 265 A. 2d 675).

5. ID.; ID.; ID.; ID.; NOT PROPER TO DISMISS THE ISSUE ON MERE TECHNICALITIES; CASE AT BAR.— In this regard, I do not think that it would be proper for the Court to dismiss the issue on mere technicalities, ruling that the Securities and Exchange

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Commission (SEC) erred in re-opening the case which had previously become final and executory. The Perea case had indeed become final and executory but it pertained only to the preliminary remedy sought by petitioners. As correctly pointed out in the majority opinion, the hearing panel conducted further proceedings to decide the permissive counterclaim and third-party complaint incorporated in respondents' supplemental answer, including their prayer for injunctive relief to prevent petitioners from interfering and usurping functions of the Board of Directors. Petitioners filed motions to dismiss/strike out the counterclaim and third-party complaint. These motions were denied by the hearing panel in an Omnibus Order date October 2, 1995. The motions for reconsideration of both parties were subsequently denied. Thereafter, respondents (not petitioners), filed a petition for review with the SEC *En Banc* which was docketed therein as SEC EB Case No. 484. This certiorari proceeding where the SEC En Banc issued the Order dated July 31, 1996 gave rise to the instant review. In other words, respondents were the ones who invoked the certiorari powers of the SEC *En Banc* which took cognizance of the issue if the propriety of the expulsion of the complaining members of the CQC. It would not be fair for respondents to now turn around and say that the SEC is guilty of gross disregard of the rules and basic legal precepts that accord finality to administrative, quasi-judicial, and judicial determination, or res judicata.

6. **ID.; ID.; ID.; ID.; NOT COMPLIED IN CASE AT BAR.**— It was indeed reversible error for the Court of Appeals to ignore the clear intent of the CQC that its members be accorded due process of law by giving them a chance to explain prior to expulsion. Of course, respondents insist that petitioners were in fact accorded due process despite the fact that it was not necessary under their By-Laws. The record, however, shows otherwise. During the hearing conducted on November 15, 1993, Anthony Sayheeliam admitted that the expelled members were not notified of the grounds for their expulsion, and were not given the opportunity to defend themselves. x x x The procedural requirement spelled out in their By-Laws was evidently not met at all.

7. **ID.; ID.; ID.; ID.; RIGHT TO BE ADVISED IN ADVANCE OF THE CHARGES IS A FUNDAMENTAL RIGHT TO WHICH THE MEMBER IS ENTITLED EVEN WITHOUT A BY-LAW PROVISION.**— I, therefore, agree with the SEC when it ruled that a member could be expelled only after notice and hearing.

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Petitioners correctly assert that the Court of Appeals erred in holding that no prior notice or hearing is required as the By-Laws were silent on the matter. It has been held that the right to be advised in advance of the charges is a fundamental right to which the member is entitled even without a by-law provision. (*Namentra, Inc. v. American Society of Travel Agents, Inc.*, 28 Misc 2d 291, 211 NY S2d 655 cited in Fletcher Cyclopedia Corporation, Vol. 12 A, 803, 810). This is in accord with the principles established in Article 19 of the Civil Code, enjoining every person to act with justice, to give every one his due, and to observe honesty and good faith.

8. **ID.; ID.; ID.; ID.; ID.; APPLICABLE TO RELIGIOUS ORGANIZATIONS.**— As specifically applied to religious organizations, we have ruled in *United States vs. Cañete* (38 Phil. 253 [1918]): ... Thus the general cause of public morality which under lies all good government, an which every good citizen, be he priest or layman, is bound to promote, is affected by the fidelity with which ministers of the gospel discharge the high trust of their appointment. In order to be successful public teachers of morality, they must be unspotted public exemplars of it. Hence, if it be suspected that a wolf in sheep's clothing has invaded their rank, and sits at their counsel board, it is not only for the interest of all the members of the association to know the fact, but it is their imperative duty to make inquiry and ascertain the fact. They owe such duty to the plaintiff as a brother member, if he is charged with scandalous conduct, to the end that his innocence may be established. They owe it to themselves, lest by indifference they give apparent approval to his conduct. Their intimate official relation to the plaintiff in the cause of their common work leaves them no alternative; and if, in making such inquiry and in acting upon the subject matter of it, they proceed with honesty of purpose and act from a sense of duty, the law protects them. It is a matter of public policy that the charges against the members of the CQC be investigated with a specific obligation to the member that he be given an opportunity to establish his innocence. And this can only be done if he is given "a chance to be heard." The due process clause of the Constitution requires notice and opportunity to be heard before any person can lawfully be deprived of his rights.

9. **MERCANTILE LAW; CORPORATION LAW; RELIGIOUS CORPORATION; NOTICES OF MEETINGS OF THE BOARD OF DIRECTORS SHOULD BE GIVEN AT LEAST**

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ONE DAY PRIOR TO THE MEETING; NOT ESTABLISHED IN CASE AT BAR.— In addition to the foregoing, I also believe that the resolution of respondents approving the August 30, 1993 list of membership in the Church is void. Respondents failed to comply with Section 53 of the Corporation Code that requires that notices of meetings of the board of directors should be given at least one day prior to the meeting. Respondents failed to establish that petitioners Lim Che Boon and Tan Hon Koc were duly notified of the meeting of the Board of Directors during which the August 30, 1993 list of members was adopted. There was no "duly assembled" quorum at the time the resolution was discussed and voted upon as required under Article IV, Paragraph E of the CQC's By-Laws. x x x It is unrebutted that respondents' group comprises merely the minority in the CQC. The meeting called by private respondents on February 12, 1995, which excluded petitioners' group, was not valid considering that it was called by a person who is not a member of the CQC or a director thereof. The acts then of respondents as a result of their meeting are void as they were conducted without notice to or in the absence of the other members of the CQC. The members of the Board, duly elected by the majority as determined from the Membership Book are deemed valid.

10. **ID.; ID.; ID.; EXCLUSION OF PETITIONERS BEING NULL AND VOID, THEIR STANDING AS *BONA FIDE* MEMBERS CONTINUES; CASE AT BAR.**— In view of the foregoing, I believe that the Court of Appeals erred in dismissing petitioners' petition in SEC Case No. 02-95-49949. The exclusion of petitioners being null and void, their standing as bona fide members of the CQC continues. Thus, the election among the majority of the members of the CQC, including petitioners herein who are deemed not to have been excluded therefrom, conducted on June 20, 1994 was in accordance with the By-Laws and should be considered valid, together with all other acts emanating therefrom. The list of members indicated in the Church's Membership Book (Annex Q in G.R. No. 134963-64) should be the complete list of the membership of the CQC.

11. **REMEDIAL LAW; CIVIL PROCEDURE; COURT SHOULD REFRAIN FROM RULING ON THE FAITH AND PRINCIPLES OF THE ORGANIZATION WHICH ARE PURELY ECCLESIASTICAL MATTERS.**— Finally, the charges between the parties that the other has diverted from the

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faith and principles of their organization are purely ecclesiastical matters and the Court should refrain from ruling thereon. It may be noted, however, that it is undisputed that the CQC was founded by Witness Lee. It is thus a matter to be resolved by the members of the institution whether those who continue to look at Witness Lee should be deemed to have diverted from their faith (as claimed by respondents), or it is respondents who have diverted their faith by their denial of the role of Witness Lee in the CQC (as claimed by petitioners).

DECISION

SANDOVAL-GUTIERREZ, *J.:*

These are consolidated cases involving a religious corporation whose Board of Directors had expelled certain members thereof on purely spiritual or religious grounds since they refused to follow its teachings and doctrines. The controversy here centers on the legality of the expulsion.

The facts, as found by the Court of Appeals and as culled from the voluminous records of these cases, may be stated as follows:

In 1973, a religious group known as "The Church In Quezon City (Church Assembly Hall), Incorporated" ("CHURCH" for brevity), located at 140 Talayan St., Talayan Village, Quezon City, was organized as "an entity of the brotherhood in Christ."[1]

It was registered in the same year with the Securities and Exchange Commission (SEC) as a non-stock, non-profit religious corporation for the administration of its temporalities or the management of its properties.[2]

The Articles of Incorporation and By-laws of the CHURCH decree that its affairs and operation shall be managed by a Board of Directors consisting of six (6) members,[3] who shall be members of the CHURCH.[4]

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[1] Article III, par. 1, By-laws; Annex "M", Petition; *Rollo*, Vol. I, p. 176.

[2] Par. 6, Articles of Incorporation; *Rollo*, Vol. II, p. 1030.

[3] Par. 7, *ibid.*; Article IV, pars. 1 & 4, By-laws.

[4] Article IV, par. 1, By-laws.

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As a "brotherhood in Christ," the CHURCH embraced the "Principles of Faith" that "every member or officer" thereof "shall, without mental reservation, adhere strictly to the doctrine, teaching and faith being observed by the (CHURCH) in proclaiming the Gospel of Christ, to save lost souls, to lead men in worshipping the true God, in accordance with the Holy Bible and to believe:

(a) The Old and the New Testaments comprising the Holy Bible as inspired by God;

(b) The Trinity of the God-Head, which is God the Father, God the Son and God the Holy Spirit.

(c) That Jesus Christ, the only begotten Son of the Living God, conceived by the Virgin Mary through the Holy Spirit, and possessing the nature of both God and man, and who died on the cross to save mankind, was buried, rose again on the third day, has ascended up to heaven, and will come back to reign as King someday.

(d) That the only way to salvation is solely by trusting on the shed blood of Jesus and the conviction of the Holy Spirit."[5]

Zealous in upholding and guarding their Christian faith, and to ensure unity and uninterrupted exercise of their religious belief, the members of the CHURCH vested upon the Board of Directors the absolute power "(to preserve and protect the(ir) faith"[6] and to *admit*[7] and *expel*[8] a member of the CHURCH.

Admission for membership in the CHURCH is so exacting. Only "persons zealous of the Gospel, faithful in Church work and of sound knowledge of the Truth, *as the Board of Directors shall admit to membership,* shall be members of the (CHURCH)."[9]

The *procedure* for the *expulsion* of an erring or dissident member is prescribed in Article VII (paragraph 4) of the CHURCH By-laws, which provides that "If it is *brought to the notice of the*

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[5] Article III (Declaration of Principles of Faith), par. 2, By-laws.

[6] Article IV, par. 4 (a), By-laws; *Rollo*, Vol. I, p. 177.

[7] Article VII, pars. 1 & 2, By-laws; *Rollo*, Vol. I, pp. 179-180.

[8] *Ibid.*, par. 4; *Rollo*, Vol. I, p. 180.

[9] *Ibid.*, par. 1.

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Board of Directors that any member *has failed to observe any regulations and By-laws of the Institution* (CHURCH) *or the conduct of any member has been dishonorable or improper or otherwise injurious to the character and interest of the Institution, the Board of Directors may b(y) resolution without assigning any reason therefor expel such member* from such Institution and he shall then forfeit his interest, rights and privileges in the Institution."

As early as 1988, the Board of Directors observed that certain members of the CHURCH, including petitioners herein, exhibited "conduct which was dishonorable, improper and injurious to the character and interest of the (CHURCH)"[10] by "introducing (to the members) doctrines and teachings which were not based on the Holy Bible" and the Principles of Faith embraced by the CHURCH.[11]

Confronted with this situation, the respondents, as members of the Board of Directors, and some responsible members of the CHURCH, advised the petitioners "to correct their ways"[12] and reminded them "that under the By-laws, this organization is only for worshipping the true God, not to worship Buddha or men."[13] The respondents also *warned* them that if they persist in their highly improper conduct, they will be dropped from the membership of the CHURCH.[14]

These exhortations and warnings to the erring members were made during Sunday worship gatherings, "in small group meetings and even one-on-one personal talk with them."[15] *Since 1988*,[16] these

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[10] Transcript of Stenographic Notes (TSN) of the testimony of Anthony Sayheeliam (member of the Board of Directors) in the SEC-Perea case, December 1, 1993, pp. 9-10; Annex "2" of Respondents' Consolidated Comment; *Rollo*, Vol. II, pp. 1080-1081.

[11] *Rollo*, Vol. II, p. 899.

[12] *Ibid.*, p. 1081.

[13] *Ibid.*

[14] *Ibid.*, p. 1082.

[15] *Ibid.*

[16] *Ibid.*, p. 1083.

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warnings were announced by the members of the Board "(s)ometimes once a week (when they) meet together."[17]

But petitioners ignored these repeated admonitions.

Alarmed that petitioners' conduct will continue to undermine the integrity of the Principles of Faith of the CHURCH, the Board of Directors, during its August 30, 1993 regular meeting[18] held for the purpose of reviewing and updating the membership list of the CHURCH, removed from the said list certain names of members, including the names of herein petitioners Joseph Lim, Liu Yek See, Alfredo Long and Felix Almeria.[19] They were removed for espousing doctrines inimical or injurious to the Principles of Faith of the CHURCH. The Board also updated the list by removing the names of those who have migrated to other countries, those deceased and those whom the CHURCH had lost contact with.[20] The resolution adopted by the Board in that August 30, 1993 meeting reads in part:

"Director Anthony Sayheeliam announced that the regular meeting is to review, update and approve the list of corporate membership. After due deliberation and upon motion duly made and seconded, the following resolutions were approved and adopted:

"RESOLVED, AS IT IS HEREBY RESOLVED, that the list of corporate membership of this Institution as shown on Annex "A" is hereby reviewed, updated and approved by the Board.

"RESOLVED, FURTHER, AS IT IS HEREBY FURTHER RESOLVED, that the Board approved that those who are not included in the said list of corporate membership of this Institution are no longer considered as a corporate member of this Institution.

"RESOLVED, FINALLY, AS IT IS HEREBY RESOLVED, that any or all previous lists of membership are hereby superseded, revoked and/or rendered null, void and of no effect.

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[17] *Ibid.*, p. 1082.

[18] Minutes of the August 30, 1993 regular meeting of the Board of Directors, *Rollo*, Vol. II, p. 1041.

[19] *Rollo*, Vol. II, p. 1040.

[20] See testimony of Anthony Sayheeliam, *supra*.

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"There being no further business and no other matter to transact, the meeting was thereupon adjourned."[21]

All the then six (6) members of the Board, namely, Directors Lim Che Boon, Tan Hon Koc (herein petitioners), Anthony Sayheeliam, Leandro Basa, Yao Chec and Lydia L. Basa (herein respondents) "were duly informed" of that meeting.[22] However, Directors Lim Che Boon and Tan Hon Koc did not appear.[23] Thus, the above-quoted resolution was signed only by Directors Anthony Sayheeliam, Leandro Basa, Yao Chec and Lydia L. Basa who composed the majority of the Board.

The updated membership list approved by the Board on August 30, 1993, together with the minutes of the meeting, were duly filed with the SEC on September 13, 1993.[24]

On September 29, 1993, petitioners Lim Che Boon, Tan Hon Koc, Joseph Lim, Liu Yek See and others questioned their expulsion by filing with the SEC Securities Investigation and Clearing Department a petition,[25] docketed as SEC Case No. 09-93-4581 (and later a supplemental petition) against Directors Yao Chek, Leandro Basa, Lydia Basa and Anthony Sayheeliam. It sought mainly the annulment of the August 30, 1993 membership list and the reinstatement of the original list *on the ground that the expulsion was made without prior notice and hearing.* The case was assigned to SEC Hearing Officer Manuel Perea (the *"Perea case"*).

The petition also prayed for the issuance of a temporary restraining order (TRO) and a writ of preliminary injunction principally to enjoin the Board of Directors from holding any election of a new set of directors among the members named in the August 30, 1993 list of corporate membership.

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[21] *Rollo*, Vol. II, pp. 1040-1041.

[22] *Ibid.* See also testimony of Anthony Sayheeliam (TSN, Dec. 1, 1993, pp. 6-7); *Rollo*, Vol. II, pp. 1077-1078, 1026-1027.

[23] *Ibid.*

[24] Annexes "D" and "E", Petition, *Rollo*, Vol. I, pp. 118-119.

[25] Annex "F", Petition, *Rollo*, Vol. I, p. 120.

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After conducting a hearing on the application for a writ of preliminary injunction, SEC Hearing Officer Manuel Perea denied the same in an order dated February 22, 1994.[26] Perea ruled *inter alia* that the expulsion was in accordance with the aforequoted provisions of paragraph 4, Article VII of the CHURCH By-laws, reasoning that "the notice referred to (in par. 4) is notice to the Board of Directors of the grounds for expulsion enumerated therein and not notice to the (erring) members...."[27] Perea's order further stated: "It is also clear (from par. 4) that the resolution of expulsion need not state the reason for expelling a member."[28]

Petitioners elevated Perea's order of February 22, 1994 to the SEC *en banc* via a *petition for certiorari,* docketed as *SEC EB Case No. 389.*[29] The SEC, in an *en banc decision* dated *July 11, 1994,*[30] *affirmed the Perea ruling* and *"dismissed for lack of merit"* the petition.

Petitioners did not appeal from the decision of the SEC en banc.[31]

Since the said SEC *en banc* decision pertains only to the preliminary injunction incident, the SEC, through a hearing panel, conducted further proceedings to hear and decide the permissive counterclaim and third-party complaint incorporated in respondents' supplemental answer, including their prayer for injunctive relief to prevent petitioners from interfering and usurping the functions of the Board of Directors.[32]

Petitioners subsequently filed motions to dismiss/strike out the counterclaim and third-party complaint. But the motions were denied by the hearing panel in its omnibus order dated October 2,

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[26] See Annex "A" (assailed decision of the Court of Appeals), Petition, *Rollo*, Vol. I, pp. 61-63.

[27] *Ibid.*, p. 62.

[28] *Ibid.*

[29] *Ibid.*, p. 63.

[30] Annex "2", Respondents' Consolidated Comment, *Rollo*, Vol. II, pp. 1124-1130.

[31] Petition dated October 1, 1998, par. 28.

[32] *Ibid.*, p. 69.

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1995. The said order also declined to act on respondents' third-party complaint's prayer for injunctive relief since "there is a case pending before another Hearing Officer in SEC Case No. 4994 for the declaration of nullity of the general membership meeting held on February 12, 1995."[33]

Upon denial of the separate motions for reconsideration of both parties, the respondents filed with the SEC en banc a petition for review on *certiorari,* docketed as *SEC EB Case No. 484.* A review of the records show that the issue posed in this case is also the validity of the questioned expulsion already resolved by the SEC *en banc* in its decision dated July 11, 1994 in SEC EB Case No. 389 which had attained finality.

On *July 31, 1996,* the *SEC en banc,* by a vote of two to one, with one Commissioner abstaining, issued an order in *SEC EB* Case No. 484, setting aside the expulsion of certain members of the CHURCH approved by its Board of Directors on August 30, 1993 for being void and ordering the reinstatement of petitioners as members of the CHURCH.

Promptly, herein respondents Anthony Sayheeliam and Lydia Basa filed a petition for review with the Court of Appeals, docketed as CA-G.R. SP No. 41551,[34] assailing the July 31, 1996 order.

Respondent Yao Check, for his part, filed a motion for reconsideration of the order of July 31, 1996. Upon denial of his motion, he also filed with the Court of Appeals a petition for review, docketed as CA-G.R. SP No. 43389. This case was consolidated with CA-G.R. SP No. 41551.[35]

On May 29, 1998, the Court of Appeals promulgated its now assailed decision granting respondents' consolidated petitions and reversing the July 31, 1996 order of the SEC *en banc* in SEC EB Case No. 484.

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[33] Assailed Decision of the Court of Appeals, *Rollo*, p. 70.

[34] Annex "DD", Petition, dated Oct. 1, 1998.

[35] Annex "KK", *ibid.*

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Petitioners filed a motion for reconsideration but was denied by the appellate court in a resolution dated August 18, 1998.[36]

Hence, the present consolidated petitions for review by *Certiorari* (G.R. Nos. 134963-64 and G.R. Nos. 135152-53) under Rule 45 of the 1997 Rules of Civil Procedure, as amended.

The pith issue in the instant cases, as correctly defined by the Court of Appeals in its challenged decision and resolution, is whether the expulsion of petitioners Joseph Lim, Liu Yek See, Alfredo Long and Felix Almeria from the membership of the CHURCH by its Board of Directors through a resolution issued on August 30, 1993 is in accordance with law.

Petitioners insist that the expulsion is void since it was rendered without prior notice to them or, in a constitutional context, without due process.

On the other hand, respondents assert that the expulsion is in accordance with the By-laws of the CHURCH.

We rule against the petitioners.

It must be emphasized that the issue of the validity of the expulsion had long been resolved and declared valid by the SEC *en banc* in its decision dated July 11, 1994 in SEC EB Case No. 389. The decision affirmed the order dated February 22, 1994 of SEC Hearing Officer Manuel Perea in SEC Case No. 09-93-4581. The petitioners themselves admitted in their present petition that they did not appeal anymore from the July 11, 1994 decision of the SEC *en banc,*[37] thereby rendering the same final and conclusive. As such, the expulsion order is now inextricably binding on the parties concerned and can no longer be modified, much less reversed.

What was definitely resolved in the *Perea* decision and in SEC EB Case No. 389 was the validity of the expulsion proceedings conducted by the Board of Directors in its meeting on August 30, 1993 wherein a Resolution updating the membership list of the

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[36] Annex "B", Petition dated Oct. 1, 1998.

[37] Petition, *ibid.*, par. 28.

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CHURCH was approved. On the other hand, the SEC hearing panel conducted *further proceedings* only to decide the *permissive counterclaim* and *third-party complaint* incorporated in *respondents' supplemental answer, including their prayer for injunctive relief to prevent petitioners from interfering and usurping the functions of the Board of Directors.*

Thus, we find accurate the following findings and conclusion of the Court of Appeals on this matter:

"....It ought to be recalled that *when Hearing Officer Perea denied the herein respondents' (now petitioners') prayer for injunctive relief* in SEC Case No. 09-93-4581 *to stop the herein petitioners (now respondents) from calling a membership meeting on the basis of the expurgated list of membership dated August 30, 1993,* they interposed in SEC EB Case No. 389 a *petition to review the order of denial.* Then and there, *the SEC en banc rendered its decision dated July 11, 1994 sustaining Hearing Officer Perea on the ratiocination that the expulsion of members effected on August 30, 1993 by the board of directors was valid having been done in accordance with the bay-laws of the CHURCH,* and although the herein respondents (now petitioners) subsequently sought the dismissal of SEC Case No. 09-93-4581, *the order of dismissal explicitly stated that it did not encompass the herein petitioners' (now respondents') permissive counterclaim and third-party complaint. Thus, further proceedings were conducted which culminated in the issuance of the Hearing Panel's Omnibus Orders dated October 2, 1995 and January 19, 1996, which were elevated, this time by the herein petitioners (now respondents), to the SEC en banc in a petition for review on certiorari docketed as SEC EB Case No. 484.* It was in this latter case that the SEC *en banc* handed down its assailed order of July 31, 1996 *in violation of the law of the case that was earlier laid down with finality in SEC EB Case No. 389.*

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"Thusly, the question on the validity of the expulsion of some of the members of the CHURCH was squarely raised and frontally resolved in the decision rendered in SEC EB Case No. 389."[38] (Italics ours)

Clearly, the issuance by the SEC *en banc* of its July 31, 1996 order in SEC EB Case No. 484, which *reopened* the very same

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[38] Assailed Decision of the Court of Appeals, *Rollo*, pp. 88, 90.

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issue of the validity of the expulsion proceedings, *completely reversing its final and executory en banc decision of July 11, 1994 (SEC EB Case No. 389),* is certainly in gross disregard of the rules and basic legal precept that accord finality to administrative, quasi-judicial and judicial determinations.

The Court of Appeals is, therefore, correct in voiding the SEC *en banc* orders dated July 31, 1996 and January 29, 1997 in SEC EB Case No. 484, thereby upholding the expulsion of petitioners and others by the Board of Directors on August 30, 1993.

In this regard, what we said in *Fortich vs. Corona,* et al.[39] bears repeating: "The orderly administration of justice requires that the judgments/resolutions of a court or quasi-judicial body *must reach a point of finality set by the law, rules and regulations.* The noble purpose is to write *finis* to disputes once and for all. *This is a fundamental principle in our justice system,* without which there would be no end to litigations. *Utmost respect and adherence to this principle must always be maintained by those who wield the power of adjudication. Any act which violates such principle must immediately be struck down."*[40]

Let it not be said that the denial of the present petitions, even on this ground alone, is a mere technicality. In the aforecited case of *Fortich vs. Corona,* we held that once a case had been resolved with finality, vested rights were acquired by the winning party.[41] Consequently, the rule on finality of decisions, orders or resolutions of a judicial, quasi-judicial or administrative body is *"not a question of technicality but of substance and merit,"*[42] the underlying consideration therefor being the protection of the substantive rights of the winning party.[43] In the succinct words of Mr. Justice Artemio V. Panganiban in the case of *Videogram Regulatory Board vs. Court of Appeals, et al.,*[44] "Just as a losing

[39] 289 SCRA 624 (1998).

[40] *Ibid.,* at p. 651.

[41] 298 SCRA 679, 693 (1998); 312 SCRA 751, 760 (1999).

[42] *Ibid.,* p. 693.

[43] *Fortich vs. Corona,* 312 SCRA 751, 760 (1999).

[44] 265 SCRA 50-51, 56 (1996), cited in *Fortich vs. Corona,* 298 SCRA 679, 693 (1998).

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party has the right to file an appeal within the prescribed period, *the winning party also has the correlative right to enjoy the finality of the resolution of his/her case.''*

Be that as it may, we find baseless petitioners' claim that their expulsion was executed without prior notice or due process.

In the first place, the By-laws of the CHURCH, which the members have expressly adhered to, does *not* require the Board of Directors to give prior notice to the erring or dissident members in cases of expulsion. This is evident from the procedure for expulsion prescribed in Article VII (paragraph 4) of the By-laws, which reads:

"4. If it is *brought to the notice of the Board of Directors that any member has failed to observe any regulations and By-laws of the Institution (CHURCH) or the conduct of any member has been dishonorable or improper or otherwise injurious to the character and interest of the Institution, the Board of Directors may b(y) resolution without assigning any reason therefor expel such member* from such Institution and he shall then forfeit his interest, rights and privileges in the Institution." (Italics ours)

From the above-quoted By-law provision, the only requirements before a member can be expelled or removed from the membership of the CHURCH are: (*a*) the Board of Directors has been notified that a member has failed to observe any regulations and By-laws of the CHURCH, or the conduct of any member has been dishonorable or improper or otherwise injurious to the character and interest of the CHURCH, and (*b*) a resolution is passed by the Board expelling the member concerned, without assigning any reason therefor.

It is thus clear that a member who commits any of the causes for expulsion enumerated in paragraph 4 of Article VII may be expelled by the Board of Directors, through a resolution, without giving that erring member any notice prior to his expulsion. The resolution need not even state the reason for such action.

The CHURCH By-law provision on expulsion, as phrased, may sound unusual and objectionable to petitioners as there is no requirement of prior notice to be given to an erring member before

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he can be expelled. But that is how peculiar the nature of a religious corporation is *vis-à-vis* an ordinary corporation organized for profit. It must be stressed that the basis of the relationship between a religious corporation and its members is the latter's absolute adherence to a *common religious or spiritual belief.* Once this basis ceases, membership in the religious corporation must also cease. Thus, generally, there is no room for dissension in a religious corporation. And where, as here, any member of a religious corporation is expelled from the membership for espousing doctrines and teachings contrary to that of his church, the established doctrine in this jurisdiction is that such action from the church authorities is *conclusive* upon the civil courts. As far back in 1918, we held in *United States vs. Canete*[45] that:

"...in matters purely ecclesiastical the decisions of the proper church tribunals are *conclusive* upon the civil tribunals. A church member who is expelled from the membership by the church authorities, or a priest or minister who is by them deprived of his sacred office, is *without remedy in the civil courts, which will not inquire into the correctness of the decisions of the ecclesiastical tribunals.*"[46] (Italics ours)

Obviously recognizing the peculiarity of a religious corporation, the Corporation Code leaves the matter of ecclesiastical discipline to the religious group concerned.

Section 91 of the Corporation Code, which has been made explicitly applicable to religious corporations by the second paragraph of Section 109 of the same Code, states:

"SEC. 91. *Termination of membership.*- Membership shall be terminated *in the manner and for the causes provided in the articles of incorporation or the by-laws.* Termination of membership shall have the effect of extinguishing all rights of a member in the corporation or in its property, unless otherwise provided in the articles of incorporation or the by-laws." (Italics ours)

Moreover, the petitioners really have no reason to bewail the lack of prior notice in the By-laws. As correctly observed by the

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[45] 38 Phil. 253.

[46] *Ibid.*, p. 260.

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Court of Appeals, they have waived such notice by adhering to those By-laws. They became members of the CHURCH *voluntarily. They entered into its covenant and subscribed to its rules. By doing so, they are bound by their consent.*[47]

Even assuming that petitioners' expulsion falls within the Constitutional provisions on "prior notice" or "due process," still we can not conclude that respondents committed a constitutional infraction. It bears emphasis that petitioners were given more than sufficient notice of their impending expulsion, as shown by the records.

We have narrated earlier the events which led to the questioned expulsion. From the *undisputed* testimony of Director Anthony Sayheeliam (now respondent), it is clear that, *as early as 1988,* the respondents-Board of Directors patiently and persistently reminded, advised and exhorted the erring members, including herein petitioners, to stop espousing doctrines, teachings and religious belief diametrically opposed to the Principles of Faith embraced by the CHURCH. The respondents-Board of Directors further warned them during Sunday worship gatherings, in small group meetings and one-on-one talk, that they would face disciplinary action and be dropped from the membership roll should they continue to exhibit acts inimical and injurious to the teachings of the Holy Bible which the CHURCH so zealously upholds.

When they ignored petitioners' exhortations and warnings, the erring members should not now complain about their expulsion from the membership of the CHURCH by the Board of Directors on August 30, 1993.

The Court of Appeals, whose findings of fact is accorded great respect as the same is conclusive on us, made a precise observation on this matter:

"…. the petitioners (now respondents) further state that the Board of Directors, before deciding to purge their list of membership, gave the erring members sufficient warning of their impending ouster. Thus:

'… the records of the instant case indisputably show that the erring members of the corporation, including respondents (now

[47] *Ibid.*, pp. 261-262.

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petitioners) Lim Che Boon, Joseph Lim, Tan Hon Joc, Liu Yek See, Felix Almeria and Alfredo Long, were given more than sufficient notice that the perpetration of acts inimical to and inconsistent with the Articles of Faith of the Corporation will be subject to disciplinary authority of the Board of Directors:

(Testimony of Anthony Sayheeliam, member of the Board of Directors)

Q. You mentioned that former members of the Corporation were dropped or expelled due to violations of the principles of faith under the Articles of Incorporation and the By-laws, as well as for conduct which was dishonorable, improper and injurious to the character and interest of the corporation. When did the Board first note or observe these violations?

A. The Board noticed that since 1988.

Q. As a member of the Board of Directors, what actions did you take after the board observed these violations?

A. We warned them and advised them to correct their ways of doing these things.

Q. As a member of the Board of Directors, what did you say or do in order to convince these former members to correct their ways?

A. We told them that under the By-laws this organization is only for worshipping the true God, not to worship Buddha or men.

Q. You also mentioned that you gave warnings to these errant members. As a member of the Board of Directors, what did you do or say to warn these former members of the consequences of their acts?

A. Especially to the members of the organization, they should take all the consequences. Otherwise, they will be dropped.

Q. These warnings and statements advising them to correct their way, on what occasion were these statements made?

A. In a general service, Sunday, and also in small group meetings and even one-on-one, personally talking with them.

Q. How often were these warnings or advise to correct made?

A. Sometimes once a week we meet together.

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Q. Since when?

A. Since 1988." (TSN, December 1, 1993, Perea Case, pp. 9-12).

From the foregoing testimony of petitioner (now respondent) Anthony Sayheeliam during the hearing in the Perea Case on 01 December 1993, it remains **undisputed** ***that as early as 1988 private respondents (now petitioners) and their cohorts knew that their acts and conduct would be subject to disciplinary action.*** **In fact, private respondents (now petitioners) never specifically denied or disputed the testimony of petitioner (now respondent) Anthony Sayheeliam,** ***whether on the witness stand or in any pleading in the Perea Case or in the other cases between the parties, that they have been repeatedly admonished by the members of the Board of Directors that the introduction of teachings and doctrines inconsistent with the Principles of Faith of the Corporation is punishable with their expulsion (Rollo, CA-G.R. SP No. 41551, pp. 46-48.)***

"We find the stance of the petitioners (now respondents) more persuasive as it is more in accord with Section 91 of the Corporation Code which mandates that membership in a no-stock corporation and, for that matter, in a religious corporation 'shall be terminated *in the manner and for the causes enumerated in the articles of incorporation or by-laws.'* **The respondents (now petitioners) make no protestation that the CHURCH's by-law provision on expulsion has not been complied with..."**[48] (Italics ours)

Consequently, the expulsion was not tainted with any arbitrary treatment from the members of the Board of Directors who, since 1988 up to August 30, 1993, or a*pproximately five (5) years,* have patiently exhorted and warned the dissident members. This long period of time is more than adequate an opportunity for the erring members and their followers to contemplate upon their covenant with the CHURCH on their duty to protect and promote its Principles of Faith and not to violate them. It is a well-settled principle in law that what due process contemplates is freedom from arbitrariness; what it requires is fairness and justice; substance, rather than the form, being paramount. What it prohibits

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[48] Assailed Decision of the Court of Appeals, *Rollo*, pp. 78-80.

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is not the absence of previous notice but the absolute absence thereof.[49] A formal or trial type hearing is not at all times and in all instances essential.[50]

Clearly, although the By-laws of the CHURCH do not require the Board of Directors to give notice to the dissident petitioners of their impending expulsion, more than sufficient notice was given to them before they were expelled by the Board on August 30, 1993.

Petitioners, however, contend that the expelled members were not actually notified and warned of their impending expulsion. In support of this, they also cited the following testimony of Anthony Sayheeliam:

"ATTY. PAULITE:

Q. *Did you go through the list one by one?*

A. *Yes.*

Q. So do you remember how many were expelled because of conduct dishonorable, improper, injurious to the corporation?

A. *At the time* we did not count the number. *We just talked it one by one, discussed ...*

Q. Okey, Did you notify them of the grounds for their expulsion?

A. No.

Q. You did not. Did you give them an opportunity to defend themselves?

A. No."[51] (Italics ours)

Petitioners' interpretation of the above-quoted testimony of Anthony Sayheeliam was out of context. The question and answer *focused* on what the Board of Directors did *during its meeting on August 30, 1993 wherein it evaluated each member's standing*

[49] *Maglasang vs. Ople*, 63 SCRA 511 (1975); *Mutuc vs. Court of Appeals*, 190 SCRA 43 (1990).

[50] *Navarro III vs. Damasco*, 246 SCRA 260, 265 (1995), citing *Stayfast Philippine Corp. vs. NLRC,* 218 SCRA 596 (1993).

[51] TSN, November 15, 1993, pp. 51-52.

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and conduct in the light of the grounds for disciplinary action as provided in the CHURCH By-laws. This is plain from the *underscored* portions of Sayheeliam's testimony. Thus, what Sayheeliam was saying is that *on that very day of the expulsion,* the Board of Directors did not notify the expelled members anymore. Obviously, such notice was not made by the Board of Directors simply because the By-laws of the CHURCH does not require the same, as already discussed earlier.

Incidentally, during the pendency of these cases in this Court, petitioners filed an application for a TRO/writ of preliminary injunction dated November 10, 1998, claiming therein that respondents are denying them access to the premises of the CHURCH for purposes of exercising their right of worship. Acting on the application, this Court required the respondents to comment thereon. In the meantime, it issued a Special Order on December 18, 1998 enjoining the respondents from enforcing the Court of Appeals' decision *"insofar as petitioners' rights and privileges* **as members** *of the CHURCH are concerned."* Accordingly, petitioners were allowed "entry into the CHURCH building of worship and *participate in its religious and social activities."*

On January 29, 1999, petitioners Lim Che Boon, Tan Hon Koc, Joseph Lim and Liu Yek See filed a petition to cite respondents in contempt for refusing to comply with the Special Order of this Court. This was docketed as G.R. No. 137135. Petitioners averred therein that respondents denied them access to the worship halls for their special conference involving the spiritual training of some 1,800 college students from Regions I to VI.

In their comment, respondents opposed the petition, claiming that their refusal to lend the worship halls was due to the fact that the intended special conference is *not* a religious service/activity *of the CHURCH* and the participants are *not members of the CHURCH.* Thus, respondents assert that they did not violate the Special Order of this Court.

We agree with the respondents. The Special Order allows petitioners entry into the CHURCH building to *"participate* in worship or other religious activities" **"as members of the CHURCH."** Clearly, the Special Order does not allow petitioners

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unlimited or unrestrained access or use of the premises and properties of the CHURCH. The intended special conference to be conducted by petitioners is *not* a CHURCH activity and the participants therein are *not members* of the CHURCH.

WHEREFORE, the present consolidated petitions are *DENIED.* The assailed decision of the Court of Appeals dated May 29, 1998 and its resolution dated August 18, 1998 are *AFFIRMED.* Costs against petitioners.

The Special Order dated December 18, 1998 issued by this Court is *LIFTED.*

SO ORDERED.

Vitug and *Panganiban, JJ.,* concur.
Melo, J. (Chairman), please see dissenting opinion.

MELO, *J., dissenting opinion:*

Customarily and generally, the civil courts would not interfere in matters involving disputes within a religious corporation, not only because the question may be essentially ecclesiastical in nature but more importantly because of the fundamental principle of separation church and State provided in our Constitution. This general rule, however, is admittedly subject to certain exceptions, and I submit that the instant case is one such instance.

In *Romero vs. De los Reyes* (14 Phil. 115 [1965]), we upheld the general rule that:

> The amendment of the constitution, restatement of articles of religion and abandonment of faith or abjuration alleged by appellant, having to do with faith, practice, doctrine, from of worship, ecclesiastical law, custom and rule of a church and *having reference to the power of excluding from the church those allegedly unworthy of membership,* are unquestionably ecclesiastical matters which are outside the province of civil courts.
>
> (p. 128.)

But, in *Lions Club International vs. Amores* (121 SCRA 621 [1983]), we defined certain exceptions to this general rule, holding thus:

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... the courts will not interfere with the internal affairs of an unincorporated association so as to settle disputes between the members or questions of policy, discipline or internal government, *so long as the goverment of the society is fairly and honestly administered in conformity with its laws and the laws of the land, and no property or civil rights are invaded.* Under such circumstances, the decision of the association is binding and conclusive and is not subject to review or collateral attacks in the courts.

The general rule of non-interference in the internal affairs of associations is, however, subject to exceptions, but the power of review is extremely limited. Accordingly, *the courts have and will exercise the power to interfere in the internal affairs of an association where law and justice so require, and the proceedings of the association are subject to judicial review where there is fraud, oppression, or bad faith, or where the action complained of is capricious, arbitrary, or unjustly discriminatory.* Also, the courts will usually entertain jurisdiction to grant relief in *case property or civil rights are invaded,* although it has also been held that the involvement of property rights does not necessarily authorize judicial intervention, in the absence of arbitrariness, fraud or collusion. Moreover, the courts will intervene where *the proceedings in question are violative of the laws of the society, or the law of the land, as by* ***depriving a person of due process of law.*** Similarly, judicial intervention is warranted where there is *lack of jurisdiction on the part of the tribunal conducting the proceedings, where the organization exceeds its powers, or where the proceedings are otherwise illegal.*

(p. 628)

What is in issue in the present consolidated petitions is whether or not the expulsion of some of the members of the religious community called "The Church in Quezon City" (CQC), contravene the laws of the land or are violative of the civil rights of the members thereof.

I vote in the affirmative.

As clearly stated in *Lions Club International,* the general rule of non-interference admits of certain exception: The civil courts can review proceedings undertaken by religious organizations and may interfere, so to speak, with the internal affairs thereof, as law and justice so require, when the acts complained of contravene the basic law of the land and violate the civil rights of its members. More specifically, where there is fraud, oppression, or bad faith,

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and where the action of the leaders of the organization is capricious, arbitrary, and unjustly discriminatory, the civil courts may exercise judicial power. The courts will likewise exercise jurisdiction to grant relief in case property or civil rights are invaded, although it has also been held that involvement of property rights does not necessarily authorize judicial intervention, in the absence of arbitrariness, fraud, and collusion. Another specific instance when intervention by the courts becomes warranted is when the proceedings in question are violative of either the by-laws of the society itself or the basic law of the land, such as when there is a violation of the fundamental right to due process of law. Similarly, judicial intervention is warranted where there is lack of jurisdiction on the part of the tribunal conducting the proceedings, where the organization exceeds its powers, or where the proceedings are otherwise illegal.

The factual antecedents of the present case bring it squarely within the exception to the general rule of non-interference or non-intervention. It must be underscored that the issue does not merely involve the right to use the property of CQC in the present case, but more importantly that the expulsion from CQC does constitute a serious emotional deprivation on the part of each of petitioners which, when compared to losses of property or contractual rights, can be far more damaging and prejudicial. Further, the loss of the opportunity to worship in familiar surroundings is a valuable right, which deserves the protection of the law where no constitutional barrier exists (*Baugh v. Thomas,* 265 A. 2d 675).

In this regard, I do not think that it would be proper for the Court to dismiss the issue on mere technicalities, ruling that the Securities and Exchange Commission (SEC) erred in re-opening the case which had previously become final and executory. The *Perea case* had indeed become final and executory but it pertained only to the preliminary remedy sought by petitioners. As correctly pointed out in the majority opinion, the hearing panel conducted further proceedings to decide the permissive counterclaim and third-party complaint incorporated in respondents' supplemental answer, including their prayer for injunctive relief to prevent petitioners from interfering and usurping functions of the Board of Directors. Petitioners filed motions to dismiss/strike out the

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counterclaim and third-party complaint. These motions were denied by the hearing panel in an Omnibus Order dated October 2, 1995.

The motions for reconsideration of both parties were subsequently denied. Thereafter, respondents (not petitioners), filed a petition for review with the SEC *En Banc* which was docketed therein as SEC EB Case No. 484. This *certiorari* proceeding where the SEC *En Banc* issued the Order dated July 31, 1996 gave rise to the instant review. In other words, respondents were the ones who invoked the *certiorari* powers of the SEC *En Banc* which took cognizance of the issue of the propriety of the expulsion of the complaining members of the CQC. It would not be fair for respondents to now turn around and say that the SEC is guilty of gross disregard of the rules and basic legal precepts that accord finality to administrative, quasi-judicial, and judicial determination, or *res judicata.*

It is, thus, essential for us to determine whether respondents complied with the requirements of CQC's By-Laws before they expelled petitioners. The applicable provision reads:

> 4. If it is brought to the notice of the Board of Directors that any member has failed to observe any regulations and By-Laws of the Institution or the conduct of any member has been dishonorable or improper or otherwise injurious to the character and interest of the Institution, the Board of Directors may by resolution, without assigning any reason therefore, expel such member from the Institution and he shall then forfeit his interest, rights and privileges in the Institution.
>
> (Article VII, By-Laws)

This particular provision was explained by the incorporators during the hearing on the registration of CQC with the SEC, as intended to give the member a chance to explain:

> Q. May we know from what are the discipline imposed by the proposed church to the members, if any?
>
> MR. ONG:
>
> A. We have here the Rules and Regulations of the CHURCH IN QUEZON CITY (CHURCH ASSEMBLY HALL), INC., which for purposes of identification we request that the same be marked

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as Exhibit "C", consisting of 2 pages, dated May 2, 1973.

ATTY. TANINGCO:

Let the document mentioned be marked accordingly.

Q. Now, on the second page of this Rules and Regulations that is previously marked Exhibit "C", there appears above the typewritten name Lydia Lao a signature. Will you please take a look at this signature and tell us whose signature is this?

MISS LAO:

A. This is my signature, your Honor.

Q. Also, in the second page of this Rules and Regulations, there appears as one of the provisions, entitled "Punishment," will you please explain to this Commission the meaning of this? It says that "any member found to be inimical to or unfaithful to the teaching or doctrines of the brotherhood of the Church in Quezon City (Church Assembly Hall), Inc., will be removed from membership.

A. Any member who acts or believes contrary to our doctrine stated in the bible or the faith that we are adhering, then he will be requested to leave.

Q. Who decides that a member should be requested to leave when found guilty?

A. Our responsible brothers and sisters.

Q. Is he not given a chance to explain his acts?

A. He is given a chance to explain.

(tsn, August 8, 1973)

It was indeed reversible error for the Court of Appeals to ignore the clear intent of the CQC that its members be accorded due process of law by giving them a chance to explain prior to expulsion.

Of course, respondents insist that petitioners were in fact accorded due process despite the fact that it was not necessary under their By-Laws. The record, however, shows otherwise. During the hearing conducted on November 15, 1993, Anthony Sayheeliam admitted that the expelled members were not notified

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of the grounds for their expulsion, and were not given the opportunity to defend themselves.

ATTY. PAULITE:

Q. Did you go through the list one by one?

ANTHONY SAYHEELIAM:

A. Yes.

Q. So do you remember how many were expelled because of conduct dishonorable, improper, injurious to the corporation?

A. At the time we did not count the number. We just talked it one by one, discussed...

Q. Okey, Did your notify them of the grounds for their expulsion?

A. No.

Q. You did not. Did you give them an opportunity to defend themselves?

A. No.

(tsn, November 15, 1993, pp. 51-52.)

The procedural requirement spelled out in their By-Laws was evidently not met at all.

I, therefore, agree with the SEC when it ruled that a member could be expelled only after notice and hearing. Petitioners correctly assert that the Court of Appeals erred in holding that no prior notice or hearing is required as the By-Laws were silent on the matter. It has been held that the right to be advised in advance of the charges is a fundamental right to which the member is entitled even without a by-law provision. (*Namentra, Inc. v. American Society of Travel Agents, Inc.,* 28 Misc 2d 291, 211 NY S2d 655 cited in *Fletcher Cyclopedia Corporation,* Vol. 12A, 803, 810). This is in accord with the principles established in Article 19 of the Civil Code, enjoining every person to act with justice, to give every one his due, and to observe honesty and good faith.

As specifically applied to religious organizations, we have ruled in *United States vs. Cañete* (38 Phil. 253 [1918]):

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... Thus the general cause of public morality which underlies all good government, and which every good citizen, be he priest or layman, is bound to promote, is affected by the fidelity with which ministers of the gospel discharge the high trust of their appointment. In order to be successful public teachers of morality, they must be unspotted public exemplars of it. Hence, if it be suspected that a wolf in sheep's clothing has invaded their rank, and sits at their counsel board, it is not only for the interest of all the members of the association to know the fact, but it is their imperative duty to make inquiry and ascertain the fact. They owe such duty to the plaintiff as a brother member, if he is charged with scandalous conduct, to the end that his innocence may be established. They owe it to themselves, lest by indifference they give apparent approval to his conduct. Their intimate official relation to the plaintiff in the cause of their common work leaves them no alternative; and if, in making such inquiry and in acting upon the subject matter of it, they proceed with honesty of purpose and act from a sense of duty, the law protects them.

(p. 263.)

It is a matter of public policy that the charges against the members of the CQC be investigated with a specific obligation to the member that he be given an opportunity to establish his innocence. And this can only be done if he is given "a chance to be heard." The due process clause of the Constitution requires notice and opportunity to be heard before any person can lawfully be deprived of his rights.

In addition to the foregoing, I also believe that the resolution of respondents approving the August 30, 1993 list of membership in the Church is void. Respondents failed to comply with Section 53 of the Corporation Code that requires that notices of meetings of the board of directors should be given at least one day prior to the meeting. Respondents failed to establish that petitioners Lim Che Boon and Tan Hon Koc were duly notified of the meeting of the Board of Directors during which the August 30, 1993 list of members was adopted. There was no "duly assembled" quorum at the time the resolution was discussed and voted upon as required under Article IV, Paragraph E of the CQC's By-Laws.

In view of the foregoing, I believe that the Court of Appeals erred in dismissing petitioners' petition in SEC Case No. 02-95-49949. The exclusion of petitioners being null and void, their

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standing as *bona fide* members of the CQC continues. Thus, the election among the majority of the members of the CQC, including petitioners herein who are deemed not to have been excluded therefrom, conducted on June 20, 1994 was in accordance with the By-Laws and should be considered valid, together with all other acts emanating therefrom. The list of members indicated in the Church's Membership Book (Annex Q in G.R. No. 134963-64) should be the complete list of the membership of the CQC.

It is unrebutted that respondents' group comprises merely the minority in the CQC. The meeting called by private respondents on February 12, 1995, which excluded petitioners' group, was not valid considering that it was called by a person who is not a member of the CQC or a director thereof. The acts then of respondents as a result of their meeting are void as they were conducted without notice to or in the absence of the other members of the CQC. The members of the Board, duly elected by the majority as determined from the Membership Book are deemed valid.

Finally, the charges between the parties that the other has diverted from the faith and principles of their organization are purely ecclesiastical matters and the Court should refrain from ruling thereon. It may be noted, however, that it is undisputed that the CQC was founded by Witness Lee. It is thus a matter to be resolved by the members of the institution whether those who continue to look at Witness Lee should be deemed to have diverted from their faith (as claimed by respondents), or it is respondents who have diverted their faith by their denial of the role of Witness Lee in the CQC (as claimed by petitioners).

Under the foregoing premises, I, therefore, register my dissent and vote to grant the petition for *certiorari*. The decision of the Court of Appeals dated May 29, 1998 in C.A. G.R. SP No. 31551 and 43389, and their Resolution dated August 18, 1998, which denied petitioners Almeri's and Long's motion for reconsideration, should be REVERSED and SET ASIDE, and the Order of the SEC dated July 31, 1996, be REINSTATED.