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[G.R. No. 236726; September 14, 2021]

ATTY. PABLO B. FRANCISCO, *Petitioner*, *v.* **MELANIO DEL CASTILLO, SANDRA BERNALES, and THE REPUBLIC OF THE PHILIPPINES,** *Respondents*.

D E C I S I O N

LOPEZ, J., *J.*:

Before this Court is a Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court assailing the Decision[2] dated July 31, 2017 and the Resolution[3] dated January 8, 2018 of the Court of Appeals (CA) in CA-G.R. SP No. 148877, which reversed and set aside the Order[4] dated February 26, 2016 of the Regional Trial Court (RTC) of Antipolo City, Branch 71, in Criminal Case No. 15-50102, denying the Omnibus Motion to Quash the Information, to Quash the Warrant of Arrest, and to Cancel the Setting for Arraignment filed by Melanio Del Castillo and Sandra Bernales.

Facts

Melanio Del Castillo, Sandra Bernales (private respondents), and Atty. Pablo B. Francisco (petitioner) are members of the Board of Brookside Residents Association, Inc. (BRAI).

On September 3, 2014, petitioner went to BRAI office to inspect and request for copies of the financial books and records of the Association for the years 2008 to 2013. As his request met

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[1] *Rollo*, pp. 3-20.

[2] Penned by Associate Justice Japar B. Dimaampao, with Associate Justices Amy C. Lazaro-Javier (now a member of this Court) and Pedro B. Corales, concurring; *id.* at 23-29.

[3] *Id.* at 40-41.

[4] Penned by Presiding Judge Kevin Narce B. Vivero; *id.* at 97-98.

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an unfavorable response, petitioner filed a criminal case against private respondents for violation of Section 7 (b) of Republic Act No. 9904 (R.A. No. 9904).[5]

Subsequently, private respondents were charged in an Information, the accusatory portion of which reads:

> That on or about the 3rd day of September 2014, in the Municipality of Cainta, Province of Rizal, Philippines[,] and within the jurisdiction of this Honorable Court, the above-named accused, conspiring and confederating together and both of them mutually helping and aiding one another, did, then and there willfully, unlawfully and knowingly fail to provide copies of the Brookside Hills Association[,] Inc., (BRAI) financial books and records for the year[s] 2008-2013, in violation of his right as homeowner and member of Brookside Hills Association[,] Inc., (BRAI).
>
> CONTRARY TO LAW.[6]

The case was then filed before the RTC of Antipolo City, docketed as Criminal Case No. 15-50102 and, thereafter, raffled off to Branch 71.

The RTC issued a Warrant of Arrest, but the private respondents were granted provisional liberty upon posting of the recommended bail.[7]

Ensuingly, private respondents filed an Omnibus Motion to Quash the Information, to Quash the Warrant of Arrest, and to Cancel the Setting of Arraignment[8] and claimed that it was the Housing and Land Use Regulatory Board (HLURB), not the regular court, that has jurisdiction to hear violations of any of the provisions of R.A. No. 9904.

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[5] *Magna Carta for Homeowners and Homeowners' Associations and for Other Purposes*.

[6] *Rollo*, pp. 91-92.

[7] *Id.* at 105.

[8] *Id.* at 93-96.

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RTC Ruling

In an Order dated February 26, 2016, the RTC dismissed private respondents' omnibus motion and disposed the same as follows:

WHEREFORE, premises considered, the Omnibus Motion dated 27 April 2015 filed by the accused is **DENIED**.

Accordingly, calendar this case again on 01 March 2016 for the arraignment of the accused.

SO ORDERED.[9] (Emphasis in the original)

Private respondents filed a Motion for Reconsideration, which was denied in the Order[10] dated September 21, 2016, prompting them to elevate the case to the CA via petition for *certiorari*.

CA Ruling

In a Decision[11] dated July 31, 2017, the CA granted the petition and ordered the dismissal of the criminal case against private respondents. The CA held that private respondents' failure to furnish petitioner the copies of BRAI's financial books and records was merely an intra-association dispute, jurisdiction of which lies with the HLURB. The CA explained that while the HLURB was empowered under Section 23 of R.A. No. 9904 to impose a fine as a penalty for violation of the rights of a member, or commission of the prohibited acts under Section 22 of the same law, the penalty could hardly be considered punitive in character because the prohibited act is not considered a crime defined and penalized under the Revised Penal Code or other penal statutes.[12]

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[9] *Supra* note 4, at 98.

[10] *Rollo*, p. 99.

[11] *Id.* at 23-29.

[12] *Id.* at 26.

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The *fallo* of the CA Decision reads:

WHEREFORE, the Petition for *Certiorari* is hereby GRANTED. The assailed Orders dated 26 February 2016 and 21 September 2016 of the Regional Trial Court, Fourth Judicial (sic) of Antipolo City, Branch 71, in Criminal Case No. 15-50102 are REVERSED and SET ASIDE. Accordingly, the Omnibus Motion to Quash Information, to Quash the Warrant of Arrest[,] and to Cancel the setting for arraignment is GRANTED.

SO ORDERED.[13] (Emphasis in the original)

Petitioner thereafter filed a Motion for Reconsideration,[14] which was denied in the CA's January 8, 2018 Resolution,[15] which prompted petitioner to file the present petition for review on *certiorari* against private respondents. Petitioner prayed that the CA's July 31, 2017 Decision and January 8, 2018 Resolution be reversed and set aside and that the case be remanded to the RTC for further proceeding. Thereafter, private respondents filed their Comment[16] reiterating their plea for the dismissal of the criminal action. Meanwhile, public respondent, Republic of the Philippines, through the Office of the Solicitor General (OSG), filed its Comment[17] on January 10, 2019 and concurred with the legal arguments raised by the private respondents. In turn, petitioner filed his Reply[18] on October 1, 2018.

Petitioner insists that the case filed against private respondents for violation of Section 7 (b) of R.A. No. 9904 was cognizable by the RTC. He claimed that the case, although arose out of an intra-association controversy, was actually a criminal case instituted in violation of the penal provisions of R.A. No. 9904.

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[13] *Id.* at 28.

[14] *Id.* at 30-36.

[15] *Id.* at 40-41.

[16] *Id.* at 44-50.

[17] *Id.* at 77-90.

[18] *Id.* at 53-58.

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On the other hand, private respondents and the OSG are one in professing that the allegations in the Information do not constitute a crime or offense. As such, the RTC had no jurisdiction to adjudicate the same.

Issues

We resolve in this petition the following:

First, whether or not it is the HLURB or the RTC that has jurisdiction over the controversy; and

Second, whether or not Section 23, in relation to Sections 7 (b) and 22 (c) of R.A. 9904, is a penal provision.

Our Ruling

The petition is bereft of merit.

An intra-association dispute is understood as a "suit which arose out of the relations between and among members of the association; between any or all of them and the association of which they are members; between such association and the State insofar as it concerns their individual franchise or right to exist."[19]

In the case before Us, petitioner anchors his claim on the deprivation of his full rights to inspect association books and records, guaranteed by Sec. 7 (b) of R.A. No. 99041.[20] Indeed, the present case is an intra-association dispute that presents a conflict among members of the association, specifically involving the enforcement of an association member's right to inspect association books and records.

The HLURB has exclusive jurisdiction to resolve intra-association disputes under R.A. No. 9904

Section 20 (d) of R.A. No. 9904 otherwise known as the *Magna Carta for Homeowners and Homeowners Associations* gave the

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[19] Rule 1, Sec. 4 (w) of the Implementing Rules and Regulations of Republic Act No. 9904.

[20] *Rollo*, p. 9.

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HLURB the authority to decide intra-association and/or inter-association controversies or disputes, thus:

> Section 20. *Duties and Responsibilities of the HLURB*. - In addition to the powers, authorities and responsibilities vested in it by Republic Act No. 8763, Presidential Decree No. 902-A, Batas Pambansa Blg. 68 and Executive Order No. 535, Series of 1981, as amended, the HLURB shall:
>
> x x x x
>
> (d) Hear and decide intra-association and/or inter-association controversies and/or conflicts, without prejudice to filing civil and criminal cases by the parties concerned before the regular courts: Provided, that all decisions of the HLURB are appealable directly to the Court of Appeals; x x x.

Necessarily, an intra-association dispute arising out of the relations between or among members of the association presupposes the existence of a member's right and a violation committed by another member. The rights of an association member are enumerated under Sec. 7 of R.A. No. 9904 as follows:

> Section 7. *Rights of a Member*. - An association member has full rights:
>
> (a) to avail of and enjoy all basic community services and the use of common areas and facilities;
>
> **(b) to inspect association books and records during office hours and to be provided upon request with annual reports, including financial statements;**
>
> (c) to participate, vote and be eligible for any elective or appointive office of the association subject to the qualifications as provided for in the bylaws;
>
> (d) to demand and promptly receive deposits required by the association as soon as the condition for the deposit has been complied with or the period has expired;
>
> (e) to participate in association meetings, elections and referenda, as long as his/her *bona fide* membership subsists; and
>
> (f) to enjoy all other rights as may be provided for in the association's by laws. (Emphases ours)

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Pertinently, Section 22 of R.A. No. 9904 declares, among others, the act of preventing a homeowner from reasonably exercising his/her right to inspect association books as a prohibited act, *viz.*:

> Section 22. *Prohibited Acts*. — It shall be prohibited for any person:
>
> x x x x
>
> (c) To prevent any homeowner who has paid the required fees and charges from reasonably exercising his/her right to inspect association books and records;
>
> x x x

Complementary to these provisions is Sec. 23 of the same law, which authorizes the HLURB to impose administrative penalties and sanctions in case of violations of any of the provisions of R.A. No. 9904, thus:

> Section 23. *Penalties and Sanctions*. — Any person who, intentionally or by gross negligence, violates any provision of this Act, fails to perform his/her functions under this Act and/or violates the rights of the members, shall be punished with a fine of not less than Five thousand pesos (Php5,000.00) but not more than Fifty thousand pesos (Php50,000.00) and permanent disqualification from being elected or appointed as member of the board, officer or employee of the association, without prejudice to being charged before a regular court for violations of the provisions of the Revised Penal Code, Civil Code and other pertinent laws.
>
> If the violation is committed by the association, the members, officers, directors or trustees of the association who have actually participated in, authorized, or ratified the prohibited act shall be held liable.
>
> If the violation is committed by the employees and agents who acted in gross violation of the provisions of this Act, the officers, directors or trustees, or incorporators of the association shall be jointly and severally liable with the offending employees, agents, and the association.

Indeed, it was held in *Jaka Investments Corporation v. Urdaneta Village Association, Inc.*,[21] that cases involving intra-association controversies fall under the jurisdiction of the HLURB, the government agency clothed with the technical expertise on the matter.

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[21] G.R. Nos. 204187 and 206606, April 1, 2019.

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While Sections 20 and 23 of R.A. No. 9904 acknowledges the filing of a separate complaint for an act committed in violation of any of the rights of the members of a homeowner's association because of the phrase "*without prejudice to being charged before a regular court for violations of the provisions of the Revised Penal Code, Civil Code and other pertinent laws*," it must be underscored that the said *proviso* only applies to acts that accompany violation of the rights of a member. A sole violation of an association member's right that is not accompanied by an act constituting an offense, for which an action under the Revised Penal Code, or an action for damages under the Civil Code may be instituted, does not amount to a cause of action upon which a complaint may concurrently be filed with the trial court.

This is evident from the deliberations of the members of the Bicameral Conference Committee when they harmonized House Bill No. 50 and Senate Bill No. 3106 that later became R.A. No. 9904, which put emphasis on the power of the HLURB to impose fines for violation of a homeowner's rights, thus:

CHAIRPERSON ZUBIRI. I think 50 will be reasonable. Anyway[,] there are provisions here that HLURB can enforce like removal of erring officers. I think what's more important is they, if there . . . how would you say, corrupt or they are abusive, they can be removed under these provisions. That's the most important, I think, provision. So siguro fifty na pwede.

REP. ZIALCITA. I agree. I accept.

MR. JALANDONI. Mr. Chairman, I'd like to ask whether or not it will be the HLURB which will impose these sanctions or will it be the courts?

MS. GOLEZ-CABRERA. Without prejudice naman on the filing on the basis of the same Act for violation of the Revised Penal Code and Civil Code, at 'yung administrative fine, I think, we will impose.

CHAIRPERSON ZUBIRI. So the proposed provision. I'll just read the proposed provision for clarity then we can move forward.

"Penalties and Sanctions. — Any person who willfully violates or through gross negligence, any provisions of this Act, fails to perform any duties imposed on him, or violates the rights of a member, shall be

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punished with a fine of not less than five thousand (5,000) but not more than fifty thousand pesos (50,000) and permanent disqualification from being elected or appointed as member of the board, officer or employee in the association, without prejudice to being charged before regular court for violation of the provisions of the Revised Penal Code, Civil Code and other pertinent laws."

The next paragraph will read "If the offense is committed by the members, officers, directors or trustees, or incorporators of the association who have actually participated in, authorized or ratified the prohibited act shall be held liable."

Tinanggal na natin 'yung word "criminal, shall be held liable."

"If the offense is committed by the employees and agents who acted in gross violation of provisions of this Act, the officers, directors or trustees, incorporators of the association shall be jointly and severally liable with the offending employees and agents."

Ang dinagdag ni Senator Angara "and associations."

So "employees, agents and association."

MR. JALANDONI. Mr. Chairman.

CHAIRPERSON ZUBIRI. Yes.

MR. JALANDONI. May I propose that the term "offense" be changed to violation. Because "offense" is a definition of a penal act under the Revised Penal Code and so it might be construed to carry a criminal liability. So[,] if it's a violation, then it is really confined to a violation of the act.

CHAIRPERSON ZUBIRI. No comment.

MR. JALANDONI. Thank you, Mr. Chairman. Thank you.[22]

The intention of the Bicameral Conference Committee was thus to confine violations of the Act within the jurisdiction of the HLURB, which is authorized to impose fines directed primarily on

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[22] Bicameral Conference Committee on the Disagreeing Provisions of House Bill 50 and Senate Bill 3106 Re Magna Carta for Homeowners and Homeowner's Association, September 30, 2009, pp. 36-37.

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the erring officers of a homeowner's association. R.A. No. 9904 authorizes the filing of a separate complaint in court but not on the basis of a sole violation of a homeowner's rights. This is bolstered by Mr. Jalandoni's suggestion to use the term "violation" instead of "offense" to avoid an interpretation that a violation of the provisions of the Act would carry a criminal liability. A violation of the provisions of the Act, is thus, an administrative violation that falls within the exclusive jurisdiction of the HLURB.

Hence, the phrase "without prejudice" under Secs. 20 and 23 of R.A. No. 9904 simply means that a complaint may be filed with the regular courts, provided that there is a violation of the Revised Penal Code, Civil Code and other pertinent laws that accompanied the violation of any of the provisions of R.A. No. 9904. Here, since the complaint was premised on the violation of a homeowner's right to inspection under R.A. No. 9904 *only* and does not allege any violation of the Revised Penal Code or other pertinent laws, there is no basis for the filing of a criminal case in court. Jurisdiction is clearly lodged with the HLURB.

The exclusive jurisdiction of HLURB to resolve intra-association disputes is further supported by various enactments that vested and transferred to various bodies, the jurisdiction to resolve intra-association disputes.

Originally, administrative supervision over homeowners' associations was vested by law with the Securities and Exchange Commission (SEC).[23] This was later transferred to the Home Financing Commission (HFC) on May 3, 1979, through the passage of Executive Order No. 535 (E.O. No. 535).[24] Specifically, the provision that transferred the jurisdiction of the SEC over homeowners' associations reads as follows:

x x x x

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[23] *See Maria Luisa Park Association, Inc. v. Almendras*, 606 Phil. 670, 679 (2009).

[24] AMENDING THE CHARTER OF THE HOME FINANCING COMMISSION, RENAMING IT AS HOME FINANCING CORPORATION, ENLARGING ITS POWERS, AND FOR OTHER PURPOSES, May 3, 1979.

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2. In addition to the powers and functions vested under the Home Financing Act, the Corporation, shall have among others, the following additional powers:

> a) To require submission of and register articles of incorporation of homeowners associations and issue certificates of incorporation/ registration, upon compliance by the registering associations with the duly promulgated rules and regulations thereon; maintain a registry thereof; and **exercise all the powers, authorities and responsibilities that are vested on the Securities and Exchange Commission with respect to homeowners association, the provision of Act 1459, as amended by P.D. 902-A, to the contrary notwithstanding; x x x** (Emphases supplied)

Thus, by virtue of E.O. No. 535, the HFC assumed the SEC's original and exclusive jurisdiction under Section 5 of Presidential Decree No. 902-A (P.D. No. 902-A),[25] which includes controversies arising out of intra-association disputes. Later, Executive Order No. 90 (E.O. No. 90)[26] was issued, which renamed the Home

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[25] Sec. 5. In addition to the regulatory and adjudicative functions of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and decrees, it shall have original and exclusive jurisdiction to hear and decide cases involving:

(a) Devices or schemes employed by or any acts, of the board of directors, business associates, its officers or partnership, amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the stockholder, partners, members of associations or organizations registered with the Commission;

(b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members, or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity; and

(c) Controversies in the election or appointments of directors, trustees, officers or managers of such corporations, partnerships or associations.

[26] IDENTIFYING THE GOVERNMENT AGENCIES ESSENTIAL FOR THE NATIONAL SHELTER PROGRAM AND DEFINING THEIR MANDATES, CREATING THE HOUSING AND URBAN DEVELOPMENT

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Financing Commission to Home Insurance and Guarantee Corporation (HIGC).[27] Thereafter, Republic Act No. 8763 (R.A. No. 8763)[28] was enacted on March 7, 2000, which renamed the HIGC to Home Guaranty Corporation (HGC). In the same law, the powers, authorities and responsibilities vested in the HGC with respect to homeowners' associations, was transferred to the Housing and Land Use Regulatory Board (HLURB).[29]

On January 7, 2010, R.A. No. 9904 was enacted, which defined the rights and obligations of an association and its members, and the scope of jurisdiction of the HLURB, specifically including the power to hear and decide intra-association and/or inter-association controversies and/or conflicts, without prejudice to filing civil and criminal cases by the parties concerned before the regular courts.[30] Moreover, in order to bolster the jurisdiction of the HLURB over homeowner's association, R.A. No. 9904 required every homeowner's association, including those previously registered with the HIGC and the SEC, to register with the HLURB, thus:

Section 4. *Registration with the HLURB*. — Every association of homeowners shall be required to register with the HLURB. This registration shall serve to grant juridical personality to all such

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COORDINATING COUNCIL, RATIONALIZING FUNDING SOURCES AND LENDING MECHANISMS FOR HOME MORTGAGES AND FOR OTHER PURPOSES, December 17, 1986.

[27] See Sec. 1 d., E.O. 90, series of 1986.

[28] ACT CONSOLIDATING AND AMENDING REPUBLIC ACT NOS. 580, 1557, 5488, AND 7835 AND EXECUTIVE ORDER NOS. 535 AND 90, AS THEY APPLY TO THE HOME INSURANCE AND GUARANTY CORPORATION WHICH SHALL BE RENAMED AS HOME GUARANTY CORPORATION, AND FOR OTHER PURPOSES, March 7, 2000.

[29] Section 26. *Powers over Homeowners Associations*. — The powers authorities and responsibilities vested in the Corporation with respect to homeowner's association under Republic Act No. 580, as amended by Executive Order No. 535 is hereby transferred to the Housing and Land Use Regulatory Board (HLURB).

x x x x

[30] See Sec. 20 (d), R.A. No. 9904.

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associations that have not previously acquired the same by operation of the General Corporation Law or by any other general law.

The procedure for registration shall be specifically provided for in the implementing rules and regulations to be promulgated by the HLURB pursuant to Section 28 of this Act. Such procedure shall provide for an adjudicatory mechanism that will be observed in the event there is a dispute involving two (2) or more associations established within the same subdivision/village, community/area, or housing project seeking registration. In resolving this type of dispute, the HLURB shall take into account the date each association was legally established, the date of submission of its application for registration, the number of members, and other similar factors.

The existence of associations previously registered with the Home Insurance Guarantee Corporation or the SEC shall be respected, and the said associations shall not be charged a penalty when they register with the HLURB after this Act takes effect.

With the enactment of Republic Act No. 11201 (R.A. No. 11201)[31] on February 14, 2019, the HLURB was reconstituted as the Human Settlements Adjudication Commission (HSAC).[32] Sections 33 and 34 of the Implementing Rules and Regulations of R.A. No. 11201 has listed down the cases over which the Regional Adjudicators of the HSAC had original and exclusive jurisdiction as well as the cases over which the Commission Proper has exclusive appellate jurisdiction, *viz.*:

Sec. 33. *Jurisdiction of the Commission*. - The Commission shall have the exclusive appellate jurisdiction over:

33.1 All cases decided by the Regional Adjudicators; and

33.2 Appeals from decisions of local and regional planning and zoning bodies.

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[31] An Act Creating the Department of Human Settlements and Urban Development, Defining its Mandate, Powers and Functions, and Appropriating Funds Therefor.

[32] Sec. 12, R.A. No. 11201.

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> The decision of the Commission shall be final and executory after fifteen (15) calendar days from receipt by the parties.
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> Sec. 34. *Jurisdiction of Regional Adjudicators*. — The Regional Adjudicators shall exercise original and exclusive jurisdiction to hear and decide cases involving the following:
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> 34.2 Cases involving [HOME owners Associations (HOA)]:
>
> (a) Controversies involving the registration and regulation of HOAs;
>
> (b) Intra-association disputes or controversies arising out of the relations between and among members of HOAs; between any or all of them and the HOA of which they are members;
>
> (c) Inter-association disputes or controversies arising out of the relations between and among two (2) or more HOAs between and among federations and other umbrella organizations, on matters pertaining to the exercise of their right, duties and functions; and
>
> (d) Disputes between such HOA and the State, insofar as it concerns their individual franchise or right to exist and those which are intrinsically connected with the regulation of HOAs or dealing with the internal affairs of such entity.

Notably, even with the amendment in the law, the case against private respondents should have been brought before the HLURB pursuant to R.A. No. 9904, which was the law in force prior to R.A. No. 11201.

The exclusive jurisdiction of the HLURB over intra-association disputes is therefore made clear by the foregoing legislative enactments. The registration of a homeowner's association with the HLURB vested it with jurisdiction to resolve disputes arising out of the relations between and among members of homeowner's association, and between any or all of them and the homeowner's association of which they are members. As the enforcement of a homeowner's right to inspect association books and records is a dispute among homeowners, it is the HLURB that has jurisdiction to resolve the dispute.

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A violation of the right to inspect ***association books*** *DOES NOT carry the same liability as that of a violation of the right to inspect* ***corporate books***

Aside from the provisions of R.A. No. 9904, petitioner anchors his claim for violation of his right to inspection, on Section 74, in relation to Section 144, of the Corporation Code. Under these provisions, a violation of the right to inspect corporate books is punishable by a fine or imprisonment as follows:

> Sec. 144. *Violations of the Code*. - Violations of any of the provisions of this Code or its amendments not otherwise specifically penalized therein shall be punished by a fine of not less than one thousand (₱1,000.00) pesos but not more than ten thousand (₱10,000.00) pesos or by imprisonment for not less than thirty (30) days but not more than five (5) years, or both, in the discretion of the court. If the violation is committed by a corporation, the same may, after notice and hearing, be dissolved in appropriate proceedings before the Securities and Exchange Commission: Provided, That such dissolution shall not preclude the institution of appropriate action against the director, trustee or officer of the corporation responsible for said violation: Provided, further, That nothing in this section shall be construed to repeal the other causes for dissolution of a corporation provided in this Code.

With the enactment of the Revised Corporation Code[33] the right to inspect corporate books and records can now be found under Section 73[34] thereof, and the consequence for its violation,

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[33] Approved on July 23, 2018.

[34] Section 73. *Books to be Kept; Stock Transfer Agent*. x x x

> x x x Any officer or agent of the corporation who shall refuse to allow the inspection and/or reproduction of records 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 161 of this Code: *Provided*, That if such refusal is made pursuant to a resolution or order of the board of directors or trustees, the liability under this section for such action shall be imposed upon the directors or trustees who voted for such refusal: *Provided, further*, That it shall be a defense to any action under this section that the person demanding to examine and copy excerpts from the corporation's record or minutes of such corporation or of any other corporation,

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under Section 161[35] of the said law, which changed the penalty imposed by Section 144 of the Old Corporation Code, to a fine ranging from Ten thousand pesos (₱10,000.00) to Two hundred thousand pesos (₱200,000.00), at the discretion of the court, taking into consideration the seriousness of the violation and its implications. When the violation of this provision is injurious or detrimental to the public, the penalty is a fine ranging from Twenty thousand pesos (₱20,000.00) to Four hundred thousand pesos (₱400,000.00).

While the Corporation Code may fall under the phrase "*and other pertinent laws*" of Sec. 23 of R.A. No. 9904, for which a separate action may be filed for violation of a member's right to inspection, the legal developments in the conferment and transfer of jurisdiction concerning intra-association disputes as discussed above, prevents us from concluding that the RTC has jurisdiction to resolve cases involving an alleged violation of a homeowner's right to inspect association books and records.

It bears noting that the jurisdiction to resolve cases for violation of a stockholder's right to inspect corporate books and records lies with the Regional Trial Courts acting as a Special Commercial Court (RTC). This is pursuant to Republic Act No. 8799 (R.A. No.

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or was not acting in good faith or of any other corporation or was not acting in good faith or for a legitimate purpose in making the demand to examine or reproduce corporate records or is a competitor, director, officer, controlling stockholder or otherwise represents the interest of a competitor.

[35] Section 161. Violation of Duty to Maintain Records, to Allow their Inspection or Reproduction; Penalties. — The unjustified failure or refusal by the corporation, or by those responsible for keeping and maintaining corporate records, to comply with Sections 45, 73, 92, 128, 177 and other pertinent rules and provisions of this Code on inspection and reproduction of records shall be punished with a fine ranging from Ten thousand pesos (₱10,000.00) to Two hundred thousand pesos (₱200,000.00), at the discretion of the court, taking into consideration the seriousness of the violation and its implications. When the violation of this provision is injurious or detrimental to the public, the penalty is a fine ranging from Twenty thousand pesos (₱20,000.00) to Four hundred thousand pesos (₱400,000.00).

The penalties impose under this section shall be without prejudice to the Commission's exercise of its contempt powers under Section 157 hereof.

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8799), which was enacted on July 19, 2000, that transferred the jurisdiction of the Securities and Exchange Commission (SEC) over all cases enumerated under Section 5 of P.D. No. 902-A[36] to the courts of general jurisdiction of the appropriate Regional Trial Court.[37] Concomitant thereto, A.M. No. 01-2-04-SC[38] was promulgated by this Court, which enumerated the following intra-corporate controversies falling under the jurisdiction of the RTC, to wit:

SECTION 1. (a) *Cases covered*. – These Rules shall govern the procedure to be observed in civil cases involving the following:

1. Devices or schemes employed by, or any act of, the board of directors, business associates, officers or partners, amounting to fraud or misrepresentation which may be detrimental to the interest of the public and/or of the stockholders, partner, or members of any corporation, partnership, or association;
2. Controversies arising out of intra-corporate, partnership, or association relations, between and among stockholders, members, or associates; and between, any or all of them and the corporation, partnership, or association of which they are stockholders, members, or associates, respectively;

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[36] *Supra* note 25.

[37] Section 5. *Powers and Functions of the Commission*. —

5.1. x x x

5.2. The Commission's jurisdiction over all cases enumerated under section 5 of Presidential Decree No. 902-A is hereby transferred to the Courts of general jurisdiction or the appropriate Regional Trial Court: *Provided*, That the Supreme Court in the exercise of its authority may designate the Regional Trial Court branches that shall exercise jurisdiction over the cases. The Commission shall retain jurisdiction over pending cases involving intra-corporate disputes submitted for final resolution which should be resolved within one (1) year from the enactment of this Code. The Commission shall retain jurisdiction over pending suspension of payment/rehabilitation cases filed as of 30 June 2000 until finally disposed.

[38] Re: PROPOSED INTERIM RULES OF PROCEDURE GOVERNING INTRA-CORPORATE CONTROVERSIES UNDER R.A. NO. 8799, March 13, 2001.

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3. Controversies in the election or appointment of directors, trustees, officers, or managers of corporations, partnerships, or associations;
4. Derivative suits; and
5. Inspection of corporate books.

Verily, cases involving the inspection of corporate books is considered as an intra-corporate dispute that falls within the jurisdiction of the RTC. It bears stressing that R.A. No. 8799 **TRANSFERRED** the jurisdiction of the SEC involving intra-corporate controversies to the RTCs. As such, in order for a case to be considered as one within the jurisdiction of the RTC, it must first be shown that the said case originally falls within the jurisdiction of the SEC. In the case of intra-association disputes, the jurisdiction of the SEC over homeowners' associations has long been transferred to the HFC under E.O. No. 535 as early as May 3, 1979, until the same was transferred to the HLURB under R.A. No. 9904.

While Section 74 of the Implementing Rules and Regulations of R.A. 9904[39] provides for the suppletory application of the provisions of the Corporation Code, this does not mean that the provisions of the Corporation Code on the violation of a stockholder's right to inspect corporate records may be applied to the right of a homeowners to inspect association books and records. The Corporation Code is intended merely to supplement whatever may be lacking from the provisions of R.A. No. 9904. The same does not apply when the provisions sought to be supplemented adequately addresses the issues that have been raised. In the case of *Go v. People*,[40] the suppletory application of Rule 23 of the Rules on Civil Procedure to the Rules on Criminal Procedure was rejected, discussing the principle in this wise:

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[39] Section 74. *Application of HLURB Rules of Procedure*. — The existing HLURB Rules of Procedure, insofar as not inconsistent with this Rules shall govern the adjudication process involving the associations, its members, officers and directors or trustees.

The provisions of the Corporation Code of the Philippines and the Rules of Court, as amended, shall be applied in suppletory character.

[40] 691 Phil. 440, 452 (2012).

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It is argued that since the Rules of Civil Procedure is made explicitly applicable in all cases, both civil and criminal as well as special proceedings, the deposition-taking before a Philippine consular official under Rule 23 should be deemed allowable also under the circumstances. However, the suggested suppletory application of Rule 23 in the testimonial examination of an unavailable prosecution witness has been categorically ruled out by the Court in the same case of *Vda. De Manguerra*, as follows:

> It is true that Section 3, Rule 1 of the Rules of Court provides that the rules of civil procedure apply to all actions, civil or criminal, and special proceedings. In effect, it says that the rules of civil procedure have suppletory application to criminal cases. However, it is likewise true that criminal proceedings are primarily governed by the Revised Rules of Criminal Procedure. Considering that Rule 119 adequately and squarely covers the situation in the instant case, we find no cogent reason to apply Rule 23 suppletorily or otherwise." (Underscoring omitted)

In this case, the authority of the HLURB to exercise jurisdiction over intra-association disputes when it assumed the jurisdiction of the SEC over homeowners' associations under P.D. 902-A, and its authority to impose fines for violation of rights under R.A. No. 9904, including those involving the right to inspect association books and records, is already sufficient and contains no deficiency that would require the suppletory application of the Corporation Code.

To reiterate, the jurisdiction of the RTC over intra-corporate disputes was merely derived from the jurisdiction of the SEC over intra-corporate disputes involving stockholders and corporations. When it takes cognizance of a case, the RTC does not act as a court of general jurisdiction but as a special commercial court exercising limited jurisdiction over specific corporate cases. The HLURB differs from this set-up because there was no transfer of jurisdiction from the HLURB to the RTC. Rather, there has been a transfer of jurisdiction from the SEC to the HLURB. Considering that homeowners' associations are under the jurisdiction of the HLURB and not under the Corporation Code, the provisions of the Corporation Code, imposing a penalty based on a criminal liability for violation of the right to inspect corporate books, does not apply. Rather, it is the provisions of R.A. No. 9904, authorizing the imposition of the penalty of fine that should be applied.

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The authority of the HLURB to impose administrative fine is not a criminal penalty that only the courts are authorized to impose

The ancillary power of the HLURB to impose administrative fines as a necessary tool to carry out its mandate and objectives was recognized in the case of *Spouses Chua v. Ang*,[41] as follows:

> x x x What the Decree provides is the authority of the HLURB to impose *administrative fines* under Section 38, as implemented by the Rules Implementing the Subdivision and Condominium Buyer's Protective Decree. This Section of the Decree provides:
>
> > Sec. 38. *Administrative Fines*. — The Authority may prescribe and impose fines not exceeding ten thousand pesos for violations of the provisions of this Decree or of any rule or regulation thereunder. Fines shall be payable to the Authority and enforceable through writs of execution in accordance with the provisions of the Rules of Court.
>
> The Implementing Rules, for their part, clarify that *"The implementation and payment of administrative fines shall not preclude criminal prosecution of the offender under Section 39 of the Decree."* Thus, the implementing rules themselves expressly acknowledge that two separate remedies with differing consequences may be sought under the Decree, specifically, the administrative remedy and criminal prosecution. (Italics in the original)

Indeed, the HLURB has the exclusive authority to hear and determine cases involving violations of the provisions of R.A. No. 9904 and this *quasi*-adjudicatory function of the HLURB is reinforced by its authority to impose fine. The imposition of fine by the HLURB against the erring parties must be understood to be in the concept of an administrative sanction, not a fine in the nature of criminal penalty as contemplated in the Revised Penal Code. The fine is imposed not so much on exacting penalty for the violation committed, but more on the need to stress upon the parties concerned, to desist from wanton disregard of the provisions of

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[41] 614 Phil. 416, 430 (2009).

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R.A. No. 9904 or rules and regulations issued thereunder. In other words, it is an administrative penalty which an administrative agency is empowered to impose upon erring parties without need of criminal prosecution.[42]

The rule must thus be restated. Intra-corporate controversies within a corporation registered with the SEC fall within the jurisdiction of the RTC, acting as a special commercial court, pursuant to R.A. No. 8799. Intra-association disputes within a homeowner's association registered with the HLURB fall within the latter's jurisdiction, now with HSAC, pursuant to E.O. No. 535, R.A. No. 8763, and R.A. No. 11201. Consequently, the Regional Trial Court does not have the jurisdiction to proceed with the prosecution of the Information filed against Melanio Del Castillo and Sandra Bernales, which was properly quashed by the Court of Appeals.

IN VIEW OF THE FOREGOING, the petition is **DENIED**. The Decision dated July 31, 2017 and the Resolution dated January 8, 2018 of the Court of Appeals in CA-G.R. SP No. 148877 are hereby **AFFIRMED**. The Information filed against Melanio Del Castillo and Sandra Bernales with the Regional Trial Court, Branch 71, of Antipolo City is hereby **QUASHED**.

SO ORDERED.

Gesmundo, C.J., Perlas-Bernabe, Leonen, Caguioa, Hernando, Carandang, Inting, Zalameda, M. Lopez, Gaerlan, and *Rosario, JJ.*, concur.

Lazaro-Javier, J., no part.

APPEARANCES OF COUNSEL

Juancho L. Botor for private respondents Melanio Del Castillo and Sandra Bernales.

The Solicitor General for public respondent.

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[42] See *Civil Aeronautics Board v. Philippine Airlines*, 159-A Phil. 142, 147 (1975).