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PSI's partial payment of the principal obligation, interest and attorney's fees in the amount of ₱1,046,816.75, then after judgment, the procedure outlined in Secs. 91-93 of Presidential Decree No. 1445 regarding claims against the government shall be observed.

WHEREFORE, the decision of the then Intermediate Appellate Court insofar as it considers the NMPC as immune from suit is hereby reversed and set aside. The writ of attachment issued by the lower court in Civil Case No. 9303-P against the NMPC deposits with Traders Royal Bank is immediately lifted and said court is directed to proceed with dispatch in resolving Civil Case No. 9303-P.

SO ORDERED.

Gutierrez, Jr. and *Bidin, JJ.*, concur.

Feliciano, J., on leave.

THIRD DIVISION

[G.R. No. 71589. December 17, 1990]

CAGAYAN DE ORO COLISEUM, INC., *petitioner, vs.* **OFFICE OF THE MINISTER OF LABOR AND EMPLOYMENT, represented by Deputy Minister VICENTE LEOGARDO, JR. and ANGEL CHAVES,** *respondents.*

SYLLABUS

1. POLITICAL LAW; ADMINISTRATIVE LAW; ADMINISTRATIVE AGENCY; SECURITIES AND EXCHANGE COMMISSION; JURISDICTION OVER INTRACORPORATE CONTROVERSY; INTRACORPORATE

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CONTROVERSY, DEFINED.— An intracorporate controversy would call for the jurisdiction of the SEC while a labor dispute, that of the NLRC or the MOLE as the case may be. But when a case is between a stockholder and the corporation of which he holds stocks, the controversy is intracorporate and well within the jurisdiction of the SEC. These rulings are in consonance with the following provisions of Presidential Decree No. 902-A which took effect on March 11, 1976: "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) x x x "(b) Controversies arising out of intracorporate 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." In *Abejo v. De la Cruz*, the Court held that "an intracorporate controversy is one which arises between a stockholder and the corporation. There is no distinction, qualification, nor any exemption whatsoever. The provision is broad and covers all kinds of controversies between stockholders and corporations." The SEC, being clothed with additional adjudicatory powers over intracorporate and kindred disputes to promote dispatch arising from expertise enhanced by specialization in the settlement of said controversies, is the proper agency to settle the controversy in this case.

2. ID.; ID.; ID.; ID.; ID.; CLAIMS FOR UNPAID SALARIES AND OTHER REMUNERATIONS WHICH ACTUALLY ARE PART OF THE PERQUISITES AS A STOCKHOLDER AND OFFICER OF THE CORPORATION IS AN INTRACORPORATE CONTROVERSY AND FALLS WITHIN THE JURISDICTION OF THE SEC.— Although the reliefs sought by Chaves appear to fall under the jurisdiction of the labor arbiter as they are claims for unpaid salaries and other remunerations for services rendered, a close scrutiny thereof shows that said claims are actually part of the perquisites of his position in, and therefore interlinked with his relations with the corporation. In *Dy vs. NLRC*, the Court said: "(t)he

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question of remuneration involving as it does, a person who is not a mere employee but a stockholder and officer, an integral part, it might be said, of the corporation, is not a simple labor problem but a matter that comes within the area of corporate affairs and management, and is in fact a corporate controversy in contemplation of the Corporation Code."

APPEARANCES OF COUNSEL

Francisco del Castillo for petitioner.
Teogenes X. Velez for private respondent.

D E C I S I O N

FERNAN, *C.J.*:

In this special civil action for *certiorari*, petitioner Cagayan de Oro Coliseum, Inc. questions the jurisdiction of the Ministry of Labor and Employment (MOLE) over FSD Case No. R-134-77 filed by private respondent Angel Chaves for unpaid salaries, per diems and allowances for the fiscal year 1976-1977.

The undisputed facts are as follows:

Cagayan de Oro Coliseum, Inc. is a corporation duly organized and existing under Philippine laws having been issued a certificate of registration by the Securities and Exchange Commission (SEC) on September 15, 1961.[1] Its principal line of business is the holding of cockfights and occasional boxing matches.[2] Angel Chaves, or the other hand, is an incorporator and major stockholder of the corporation who, for sometime, served as its director and officer.[3]

Since its incorporation until 1977, the compensation of the corporation's directors, as provided by Section 5 of Article IV of its By-laws, was from time to time fixed by its Board of

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[1] *Rollo*, p. 3.

[2] *Ibid*., p. 112.

[3] *Ibid*., p. 70.

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Directors. On December 17, 1963, a copy of said By-laws was returned by the SEC to the corporation with a request that a correction be made on said Section 5 by changing the phrase "Board of Directors" to the word "stockholders." The change, however, was effected only in 1978.[4]

At the stockholders' regular meeting on February 7, 1975, Chaves was elected member of the Board of Directors. For fiscal year 1975-1976, he was elected vice-president and on March 13, 1976, with the unanimous approval of the members of the Board, he assumed the presidency following the resignation of the then incumbent president. Chaves held the position of president until the end of his term in February, 1977.[5]

Shortly after Chaves assumed the presidency, or on April 8, 1976, the Board of Directors passed a resolution fixing the monthly compensation of the president at ₱500.00 and his monthly allowance at ₱100.00. The Board also provided a ₱100.00 per diem for the president's attendance in board meetings.[6]

Claiming that he had not been paid for services rendered, Chaves filed on June 3, 1977 a letter complaint with the Field Services Division of the then Department of Labor, Regional Office No. 10. Consequently, said office investigated the corporation and found the following: (1) unpaid wages for officers and office personnel; (2) nonpayment of emergency cost of living allowance (ECOLA) under P.D. No. 525; (3) nonpayment of 13th month pay under P.D. No. 851; and (4) nonpayment of special/regular holiday pay. The investigation also disclosed that although Atty. Angel Quimpo, general manager of the corporation, had signified his intention to pay the corporation's obligation to its employees or officers in the amount of ₱79,773.72 for per diems, allowances, 13th month pay and others as duly certified to by the corporation's bookkeeper and treasurer, no

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[4] *Ibid*., p. 23.

[5] *Ibid*., pp. 23-24.

[6] *Ibid*., p. 113.

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resolution was passed by its stockholders or the Board to implement said plan.[7]

On June 20, 1977, another complaint was filed by Angel Chaves with the same division of the Department of Labor against the corporation on the basis of the findings of said investigation. Two years later or on November 28, 1979, the labor arbiter rendered a decision awarding Chaves ₱5,500.00 as salary from March 13, 1976 to February 14, 1977, ₱462.50 as 13th month pay, ₱1,700 as monthly allowance from February 1976 to June 1977, and ₱3,100 as per diem compensation from February 1976 to June 19, 1977.[8]

The corporation appealed to then Ministry of Labor and Employment (now Department of Labor and Employment) but in its order dated December 24, 1982, the Ministry, through Deputy Minister Vicente Leogardo, Jr., affirmed the decision of the labor arbiter.[9] Its motion for reconsideration of said order having been denied, the corporation filed the instant petition which we find to be impressed with merit.

The crucial issue in this case is which of the two, the MOLE (now DOLE) and the SEC has jurisdiction over the present controversy.

An intracorporate controversy would call for the jurisdiction of the SEC while a labor dispute, that of the NLRC or the MOLE as the case may be.[10] But when a case is between a stockholder and the corporation of which he holds stocks, the controversy is intracorporate and well within the jurisdiction of the SEC.[11] These rulings are in consonance with the following provisions

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[7] *Ibid*., pp. 22-23.

[8] *Ibid*., p. 22.

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

[10] *Philippine School of Business Administration v. Lanao*, G.R. No. 58468, February 24, 1984, 127 SCRA 781.

[11] *Boman Environmental Development Corporation v. Court of Appeals*, G.R. No. 77860, November 22, 1988, 167 SCRA 540.

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of Presidential Decree No. 902-A which took effect on March 11, 1976:

"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) x x x x x x x x x

"(b) Controversies arising out of intracorporate 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."

Thus, in *Abejo v. De la Cruz*,[12] the Court held that "an intracorporate controversy is one which arises between a stockholder and the corporation. There is no distinction, qualification, nor any exemption whatsoever. The provision is broad and covers all kinds of controversies between stockholders and corporations." The SEC, being clothed with additional adjudicatory powers over intracorporate and kindred disputes to promote dispatch arising from expertise enhanced by specialization in the settlement of said controversies,[13] is the proper agency to settle the controversy in this case.

Although the reliefs sought by Chaves appear to fall under the jurisdiction of the labor arbiter as they are claims for unpaid salaries and other remunerations for services rendered, a close scrutiny thereof shows that said claims are actually part of the perquisites of his position in, and therefore interlinked with his

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[12] G.R. No. 63558, May 19, 1987, 149 SCRA 654, 666 citing *Philex Mining Corporation v. Reyes*, G.R. No. 57707, November 19, 1982, 118 SCRA 602.

[13] *Dionisio v. CFI of South Cotabato, Br. II*, G.R. No. 61048, April 17, 1983, 124 SCRA 222, 227.

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relations with the corporation. In *Dy vs. NLRC*,[14] the Court said: "(t)he question of remuneration involving as it does, a person who is not a mere employee but a stockholder and officer, an integral part, it might be said, of the corporation, is not a simple labor problem but a matter that comes within the area of corporate affairs and management, and is in fact a corporate controversy in contemplation of the Corporation Code."

Finding that the MOLE has no jurisdiction to take cognizance of the herein controversy, there is no need to resolve the other issues raised in this petition.

WHEREFORE, the questioned decision of the labor arbiter and the order of the MOLE are set aside for having been rendered without jurisdiction, but without prejudice to private respondent's seeking recourse with the appropriate forum.

SO ORDERED.

Gutierrez, Jr. and *Bidin, JJ.*, concur.

Feliciano, J., on leave.

THIRD DIVISION

[G.R. No. 76303. December 17, 1990]

DIRECTOR OF LANDS, *petitioner, vs.* **SPOUSES FRANCISCO K. REDOR and ANGELITA CASTRO, and HON. SALVADOR P. DE GUZMAN, JR., Presiding Judge of the Regional Trial Court, Branch XXVII, Sta. Cruz, Laguna,** *respondents.*

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[14] G.R. No. 68544, October 27, 1986, 145 SCRA 211.