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bolsters this fact. Moreover, the defense has failed to show any evidence of ill motive on the part of the police officers or to discharge its burden to point out any circumstance which will show that the integrity and evidentiary value of the confiscated drugs was not maintained. Additionally, Catentay is bound by the stipulations he made. The parties' stipulation to the testimonies of Valdez and Riparip would debunk Catentay's claim of frame up. During pre-trial, the parties stipulated that Riparip was the one who investigated the case and made the request for laboratory examination. Then, during the trial, **the parties stipulated that Valdez was the arresting officer in the buy-bust operation who recovered the marked money from Catentay. Clearly, appellant himself has admitted the buy-bust operation, the existence of the marked money, and the fact that the same was recovered from him.**

For these reasons, I vote to **DISMISS** the appeal and to **AFFIRM** the Decision of the Court of Appeals in CA-G.R. CR-H.C. No. 01712 finding appellant Noel Catentay guilty of the crime charged.

SECOND DIVISION

[G.R. No. 184088. July 6, 2010]

IGLESIA EVANGELICA METODISTA EN LAS ISLAS FILIPINAS (IEMELIF) (Corporation Sole), INC., REV. NESTOR PINEDA, REV. ROBERTO BACANI, BENJAMIN BORLONGAN, JR., DANILO SAUR, RICHARD PONTI, ALFREDO MATABANG and all the other members of the IEMELIF TONDO CONGREGATION of the IEMELIF CORPORATION SOLE, *petitioners, vs.* **BISHOP NATHANAEL LAZARO, REVERENDS HONORIO RIVERA, DANIEL MADUCDOC, FERDINAND MERCADO, ARCADIO CABILDO, DOMINGO GONZALES,**

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ARTURO LAPUZ, ADORABLE MANGALINDAN, DANIEL VICTORIA and DAKILA CRUZ, and LAY LEADER LINGKOD MADUCDOC and CESAR DOMINGO, acting individually and as members of the Supreme Consistory of Elders and those claiming under the Corporation Aggregate, *respondents.*

SYLLABUS

1. MERCANTILE LAW; CORPORATION CODE; RELIGIOUS CORPORATIONS; CORPORATION SOLE AND CORPORATION AGGREGATE, DISTINGUISHED. — Religious corporations are governed by Sections 109 through 116 of the Corporation Code. In a 2009 case involving IEMELIF, the Court distinguished a corporation sole from a corporation aggregate. Citing Section 110 of the Corporation Code, the Court said that a corporation sole is "one formed by the chief archbishop, bishop, priest, minister, rabbi or other presiding elder of a religious denomination, sect, or church, for the purpose of administering or managing, **as trustee**, the affairs, properties and temporalities of such religious denomination, sect or church." A corporation aggregate formed for the same purpose, on the other hand**,** consists of two or more persons.

2. ID.; ID.; ID.; SHALL BE GOVERNED BY THE GENERAL PROVISIONS ON NON-STOCK CORPORATIONS; PROVISIONS ON AMENDMENT OF ARTICLES OF INCORPORATION OF NON-STOCK CORPORATIONS, APPLICABLE TO A CORPORATION SOLE. — True, the Corporation Code provides no specific mechanism for amending the articles of incorporation of a corporation sole. But x x x Section 109 of the Corporation Code allows the application to religious corporations of the general provisions governing non-stock corporations. For non-stock corporations, the power to amend its articles of incorporation lies in its members. The code requires two-thirds of their votes for the approval of such an amendment. So how will this requirement apply to a corporation sole that has technically but one member (the head of the religious organization) who holds in his hands its broad corporate powers over the properties, rights, and interests of his religious organization? Although a non-stock corporation

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has a personality that is distinct from those of its members who established it, its articles of incorporation cannot be amended solely through the action of its board of trustees. The amendment needs the concurrence of at least two-thirds of its membership. If such approval mechanism is made to operate in a corporation sole, its one member in whom all the powers of the corporation technically belongs, needs to get the concurrence of two-thirds of its membership. The one member, here the General Superintendent, is but a trustee, according to Section 110 of the Corporation Code, of its membership.

3. ID.; ID.; ID.; CORPORATION SOLE; DISSOLUTION THEREOF IS NOT REQUIRED TO ENABLE THE CORPORATION AGGREGATE TO EMERGE FROM IT. — There is no point to dissolving the corporation sole of one member to enable the corporation aggregate to emerge from it. Whether it is a non-stock corporation or a corporation sole, the corporate being remains distinct from its members, whatever be their number. The increase in the number of its corporate membership does not change the complexion of its corporate responsibility to third parties. The one member, with the concurrence of two-thirds of the membership of the organization for whom he acts as trustee, can self-will the amendment. He can, with membership concurrence, increase the technical number of the members of the corporation from "sole" or one to the greater number authorized by its amended articles.

4. ID.; ID.; INCORPORATION AND ORGANIZATION OF PRIVATE CORPORATIONS; AMENDMENT OF ARTICLES OF INCORPORATION; REQUIREMENTS; AMENDMENT, WHEN DISAPPROVED. — The amendment of the articles of incorporation x x x requires merely that a) the amendment is not contrary to any provision or requirement under the Corporation Code, and that b) it is for a legitimate purpose. Section 17 of the Corporation Code provides that amendment shall be disapproved if, among others, the prescribed form of the articles of incorporation or amendment to it is not observed, or if the purpose or purposes of the corporation are patently unconstitutional, illegal, immoral, or contrary to government rules and regulations, or if the required percentage of ownership is not complied with. These impediments do not appear in the case of IEMELIF.

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5. POLITICAL LAW; ADMINISTRATIVE LAW; ADMINISTRATIVE AGENCIES; SECURITIES AND EXCHANGE COMMISSION (SEC); SEC'S INTERPRETATION AND APPLICATION OF THE CORPORATION CODE IS ACCORDED GREAT WEIGHT. — [T]he IEMELIF worked out the amendment of its articles of incorporation upon the initiative and advice of the SEC. The latter's interpretation and application of the Corporation Code is entitled to respect and recognition, barring any divergence from applicable laws. Considering its experience and specialized capabilities in the area of corporation law, the SEC's prior action on the IEMELIF issue should be accorded great weight.

CARPIO, *J., separate concurring oipinion:*

1. MERCANTILE LAW; CORPORATION CODE; RELIGIOUS CORPORATIONS; CORPORATION SOLE AND CORPORATION AGGREGATE, DISTINGUISHED. — Section 110 of the Corporation Code defines a corporation sole as one formed by the chief archbishop, bishop, priest, minister, rabbi or other presiding elder of a religious denomination, sect or church for the purpose of administering and managing, as trustee, the affairs, property and temporalities of such religious denomination, sect or church. It is a special form of corporation designed to facilitate the exercise of the functions of ownership carried on by the clerics for and on behalf of the church which is regarded as the property owner. As its designation implies, a corporation sole "consists of a **single member**." It consists of one person only, and his successors (who will always be one at a time) in some particular station, incorporated by law to be given some legal capacities and advantages, particularly that of perpetuity, so that the successor becomes the corporation on the person's death or resignation. A corporation aggregate, on the other hand, is a religious corporation composed of two or more persons. The creation of a corporation aggregate or religious society is sanctioned by Section 116 of the Corporation Code.

2. ID.; ID.; ID.; CONVERSION OF A CORPORATION SOLE TO A CORPORATION AGGREGATE; CAN BE DONE THROUGH A MERE AMENDMENT OF THE ARTICLES OF INCORPORATION OF THE CORPORATION SOLE. — To convert a corporation sole to a corporation aggregate is to increase corporate membership from one to two or more, and

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to transfer the duties of administering and managing the affairs, properties and temporalities of the religious entity, from one to several trustees. I agree with the majority opinion that the conversion can be done through a mere amendment of the articles of incorporation of the corporation sole. No dissolution of the corporation is necessary. The resulting changes from such a conversion, carried out in accordance with law, will not affect the corporation's responsibilities to third parties.

3. ID.; ID.; ID.; CORPORATION SOLE; POWERS. — Section 110 of the Corporation Code provides that a corporation sole administers and manages, as trustee, the affairs, properties and temporalities of the religious denomination, sect or church. As a trustee, a corporation sole can exercise such corporate powers as maybe necessary to carry out its duties of administering and managing the affairs, properties and temporalities of the religious organization, provided that such powers are not inconsistent with the law and the Constitution. One of the powers authorized under Section 36 of the Corporation Code is the power to amend the articles of incorporation.

4. ID.; ID.; ID.; ID.; A CORPORATION SOLE, AS THE LONE TRUSTEE AND MEMBER OF THE CORPORATION, CAN AMEND ITS ARTICLES OF INCORPORATION; EXPLAINED. — Section 109 of the Code allows the application to religious corporations of the general provisions governing non-stock corporations, insofar as they may be applicable. The lack of specific provision on amendments of articles of incorporation of a corporation sole calls for the suppletory application of relevant provisions on non-stock corporations. Thus, Section 16 of the Code applies x x x. Section 16 requires the majority vote of the board of trustees and the vote or written assent of at least two-thirds of the members of a non-stock corporation. Applying this, **a corporation sole, as the lone trustee and member of the corporation, can amend its articles of incorporation.** Section 16 refers to the members of the corporation. Again, in the case of a corporation sole, there is only one member—the chief archbishop, bishop, priest, minister, rabbi or presiding elder—who is also the trustee of the corporation. The religious denomination, sect or church represented by the corporation sole has members who are distinct and different from the member of the corporation sole. The members of the religious organization should not be

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considered for purposes of Section 16. Thus, the votes of those members are not necessary in amending the articles of incorporation of the corporation sole, the vote of the latter being sufficient in effecting the amendment.

5. ID.; ID.; ID.; CONVERSION OF A CORPORATION SOLE TO A CORPORATION AGGREGATE; EFFECT. — [O]nce the conversion from corporation sole to corporation aggregate is perfected, the provisions of the Corporation Code specifically designed for a corporation sole cease to apply to the corporation aggregate, and the latter shall be governed by the relevant provisions on non-stock or even stock corporations. For instance, the rules on the sale of properties of a corporation sole are governed by Section 113 of the Code. The corporation sole may sell or mortgage real properties held by it *in accordance with the rules, regulations and discipline of the religious denomination, sect or church concerned*. It is only in the absence of such rules that court intervention becomes necessary, and real properties are sold or mortgaged by obtaining an order from the Regional Trial Court of the province where the property is situated. On the other hand, the sale or other disposition of all or substantially all of the properties and assets of a corporation aggregate shall be governed by Section 40 of the Code which applies to stock and non-stock corporations. Under this section, the sale, lease, exchange, mortgage, pledge or disposition of all or substantially all of the properties and assets of the corporation may generally be done through a majority vote of its board of trustees, and the vote of at least two-thirds of its members in a members' meeting duly called for that purpose. Hence, unlike in the case of a corporation sole, a corporation aggregate may not apply its own rules, regulations and discipline in selling all or substantially all of its properties, as this process shall be governed by secular principles and rules of law.

APPEARANCES OF COUNSEL

Aritao & Aritao Law Office for petitioners.
Elmer G. Pedregon for respondents.

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D E C I S I O N

ABAD, *J.*:

The present dispute resolves the issue of whether or not a corporation may change its character as a corporation sole into a corporation aggregate by mere amendment of its articles of incorporation without first going through the process of dissolution.

The Facts and the Case

In 1909, Bishop Nicolas Zamora established the petitioner Iglesia Evangelica Metodista En Las Islas Filipinas, Inc. (IEMELIF) as a corporation sole with Bishop Zamora acting as its "General Superintendent." Thirty-nine years later in 1948, the IEMELIF enacted and registered a by-laws that established a Supreme Consistory of Elders (the Consistory), made up of church ministers, who were to serve for four years. The by-laws empowered the Consistory to elect a General Superintendent, a General Secretary, a General Evangelist, and a Treasurer General who would manage the affairs of the organization. For all intents and purposes, the Consistory served as the IEMELIF's board of directors.

Apparently, although the IEMELIF remained a corporation sole on paper (with all corporate powers theoretically lodged in the hands of one member, the General Superintendent), it had always acted like a corporation aggregate. The Consistory exercised IEMELIF's decision-making powers without ever being challenged. Subsequently, during its 1973 General Conference, the general membership voted to put things right by changing IEMELIF's organizational structure from a corporation sole to a corporation aggregate. On May 7, 1973 the Securities and Exchange Commission (SEC) approved the vote. For some reasons, however, the corporate papers of the IEMELIF remained unaltered as a corporation sole.

Only in 2001, about 28 years later, did the issue reemerge. In answer to a query from the IEMELIF, the SEC replied on

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April 3, 2001 that, although the SEC Commissioner did not in 1948 object to the conversion of the IEMELIF into a corporation aggregate, that conversion was not properly carried out and documented. The SEC said that the IEMELIF needed to amend its articles of incorporation for that purpose.[1]

Acting on this advice, the Consistory resolved to convert the IEMELIF to a corporation aggregate. Respondent Bishop Nathanael Lazaro, its General Superintendent, instructed all their congregations to take up the matter with their respective members for resolution. Subsequently, the general membership approved the conversion, prompting the IEMELIF to file amended articles of incorporation with the SEC. Bishop Lazaro filed an affidavit-certification in support of the conversion.[2]

Petitioners Reverend Nestor Pineda, *et al.*, which belonged to a faction that did not support the conversion, filed a civil case for "*Enforcement of Property Rights of Corporation Sole, Declaration of Nullity of Amended Articles of Incorporation from Corporation Sole to Corporation Aggregate with Application for Preliminary Injunction and/or Temporary Restraining Order*" in IEMELIF's name against respondent members of its Consistory before the Regional Trial Court (RTC) of Manila.[3] Petitioners claim that a complete shift from IEMELIF's status as a corporation sole to a corporation aggregate required, not just an amendment of the IEMELIF's articles of incorporation, but a complete dissolution of the existing corporation sole followed by a re-incorporation.

Unimpressed, the RTC dismissed the action in its October 19, 2005 decision.[4] It held that, while the Corporation Code on Religious Corporations (Chapter II, Title XIII) has no provision governing the amendment of the articles of incorporation of a corporation sole, its Section 109 provides that religious

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[1] *Rollo,* p. 36.

[2] *Id.* at 575-576.

[3] Docketed as Civil Case 03-018777.

[4] *Rollo,* pp. 76-89.

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corporations shall be governed additionally "by the provisions on non-stock corporations insofar as they may be applicable." The RTC thus held that Section 16 of the Code[5] that governed amendments of the articles of incorporation of non-stock corporations applied to corporations sole as well. What IEMELIF needed to authorize the amendment was merely the vote or written assent of at least two-thirds of the IEMELIF membership.

Petitioners Pineda, *et al*. appealed the RTC decision to the Court of Appeals (CA).[6] On October 31, 2007 the CA rendered a decision,[7] affirming that of the RTC. Petitioners moved for reconsideration, but the CA denied it by its resolution of August 1, 2008,[8] hence, the present petition for review before this Court.

The Issue Presented

The only issue presented in this case is whether or not the CA erred in affirming the RTC ruling that a corporation sole may be converted into a corporation aggregate by mere amendment of its articles of incorporation.

The Court's Ruling

Petitioners Pineda, *et al*. insist that, since the Corporation Code does not have any provision that allows a corporation

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[5] Sec. 16. Amendment of Articles of Incorporation. - Unless otherwise prescribed by this Code or by special law, and for legitimate purposes, any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code, or the vote or written assent of at least two-thirds (2/3) of the members if it be a non-stock corporation.

[6] Docketed as CA-G.R. SP 92640.

[7] *Rollo*, pp. 32-43; penned by Associate Justice Portia Aliño-Hormachuelos, with the concurrence of Associate Justices Lucas P. Bersamin (now an Associate Justice of this Court) and Estela M. Perlas-Bernabe.

[8] *Id*. at 45-46; penned by Associate Justice Portia Aliño-Hormachuelos, with the concurrence of Associate Justices Lucas P. Bersamin (now an Associate Justice of this Court) and Estela M. Perlas-Bernabe.

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sole to convert into a corporation aggregate by mere amendment of its articles of incorporation, the conversion can take place only by first dissolving IEMELIF, the corporation sole, and afterwards by creating a new corporation in its place.

Religious corporations are governed by Sections 109 through 116 of the Corporation Code. In a 2009 case involving IEMELIF, the Court distinguished a corporation sole from a corporation aggregate.[9] Citing Section 110 of the Corporation Code, the Court said that a corporation sole is "one formed by the chief archbishop, bishop, priest, minister, rabbi or other presiding elder of a religious denomination, sect, or church, for the purpose of administering or managing, **as trustee**, the affairs, properties and temporalities of such religious denomination, sect or church." A corporation aggregate formed for the same purpose, on the other hand**,** consists of two or more persons.

True, the Corporation Code provides no specific mechanism for amending the articles of incorporation of a corporation sole. But, as the RTC correctly held, Section 109 of the Corporation Code allows the application to religious corporations of the general provisions governing non-stock corporations.

For non-stock corporations, the power to amend its articles of incorporation lies in its members. The code requires two-thirds of their votes for the approval of such an amendment. So how will this requirement apply to a corporation sole that has technically but one member (the head of the religious organization) who holds in his hands its broad corporate powers over the properties, rights, and interests of his religious organization?

Although a non-stock corporation has a personality that is distinct from those of its members who established it, its articles of incorporation cannot be amended solely through the action of its board of trustees. The amendment needs the concurrence of at least two-thirds of its membership. If such approval mechanism is made to operate in a corporation sole, its one

[9] *Iglesia Evangelica Metodista en las Islas Filipinas, Inc. v. Juane*, G.R. No. 172447, September 18, 2009, 600 SCRA 555.

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member in whom all the powers of the corporation technically belongs, needs to get the concurrence of two-thirds of its membership. The one member, here the General Superintendent, is but a trustee, according to Section 110 of the Corporation Code, of its membership.

There is no point to dissolving the corporation sole of one member to enable the corporation aggregate to emerge from it. Whether it is a non-stock corporation or a corporation sole, the corporate being remains distinct from its members, whatever be their number. The increase in the number of its corporate membership does not change the complexion of its corporate responsibility to third parties. The one member, with the concurrence of two-thirds of the membership of the organization for whom he acts as trustee, can self-will the amendment. He can, with membership concurrence, increase the technical number of the members of the corporation from "sole" or one to the greater number authorized by its amended articles.

Here, the evidence shows that the IEMELIF's General Superintendent, respondent Bishop Lazaro, who embodied the corporation sole, had obtained, not only the approval of the Consistory that drew up corporate policies, but also that of the required two-thirds vote of its membership.

The amendment of the articles of incorporation, as correctly put by the CA, requires merely that a) the amendment is not contrary to any provision or requirement under the Corporation Code, and that b) it is for a legitimate purpose. Section 17 of the Corporation Code[10] provides that amendment shall be disapproved if, among others, the prescribed form of the articles

[10] Sec. 17. Grounds when articles of incorporation or amendment may be rejected or disapproved. - The Securities and Exchange Commission may reject the articles of incorporation or disapprove any amendment thereto if the same is not in compliance with the requirements of this Code: Provided, That the Commission shall give the incorporators a reasonable time within which to correct or modify the objectionable portions of the articles or amendment. The following are grounds for such rejection or disapproval:

1. That the articles of incorporation or any amendment thereto is not substantially in accordance with the form prescribed herein;

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of incorporation or amendment to it is not observed, or if the purpose or purposes of the corporation are patently unconstitutional, illegal, immoral, or contrary to government rules and regulations, or if the required percentage of ownership is not complied with. These impediments do not appear in the case of IEMELIF.

Besides, as the CA noted, the IEMELIF worked out the amendment of its articles of incorporation upon the initiative and advice of the SEC. The latter's interpretation and application of the Corporation Code is entitled to respect and recognition, barring any divergence from applicable laws. Considering its experience and specialized capabilities in the area of corporation law, the SEC's prior action on the IEMELIF issue should be accorded great weight.

WHEREFORE, the Court *DENIES* the petition and *AFFIRMS* the October 31, 2007 decision and August 1, 2008 resolution of the Court of Appeals in CA-G.R. SP 92640.

SO ORDERED.

Nachura, Peralta, and *Mendoza, JJ.,* concur.

Carpio, J. (Chairperson), see separate concurring opinion.

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2. That the purpose or purposes of the corporation are patently unconstitutional, illegal, immoral, or contrary to government rules and regulations;

3. That the Treasurer's Affidavit concerning the amount of capital stock subscribed and/or paid if false;

4. That the percentage of ownership of the capital stock to be owned by citizens of the Philippines has not been complied with as required by existing laws or the Constitution.

No articles of incorporation or amendment to articles of incorporation of banks, banking and quasi-banking institutions, building and loan associations, trust companies and other financial intermediaries, insurance companies, public utilities, educational institutions, and other corporations governed by special laws shall be accepted or approved by the Commission unless accompanied by a favorable recommendation of the appropriate government agency to the effect that such articles or amendment is in accordance with law.

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SEPARATE CONCURRING OPINION

CARPIO, *J.*:

I concur in the result of the majority opinion that IEMELIF, a corporation sole, may be converted into a corporation aggregate by a mere amendment of its articles of incorporation. However, I maintain that the amendment can be effected by the corporation sole without the concurrence of two-thirds of the members of the religious denomination, sect or church that the corporation sole represents.

Section 110 of the Corporation Code[1] defines a corporation sole as one formed by the chief archbishop, bishop, priest, minister, rabbi or other presiding elder of a religious denomination, sect or church for the purpose of administering and managing, as trustee, the affairs, property and temporalities of such religious denomination, sect or church. It is a special form of corporation designed to facilitate the exercise of the functions of ownership carried on by the clerics for and on behalf of the church which is regarded as the property owner.[2]

As its designation implies, a corporation sole "consists of a **single member**."[3] It consists of one person only, and his successors (who will always be one at a time) in some particular station, incorporated by law to be given some legal capacities and advantages, particularly that of perpetuity, so that the successor becomes the corporation on the person's death or resignation.[4]

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[1] Batas Pambansa Blg. 68.

[2] *The Roman Catholic Apostolic Administration of Davao, Inc. v. The Land Registration Commission and the Register of Deeds of Davao City*, 102 Phil. 596, 603 (1957).

[3] *Iglesia Evangelica Metodista En Las Islas Filipinas (IEMELIF), Inc. v. Juane*, G.R. Nos. 172447 and 179404, 18 September 2009.

[4] *The Roman Catholic Apostolic Administration of Davao, Inc. v. The Land Registration Commission and the Register of Deeds of Davao City*, *supra* note 2; 66 Am. Jur. 2d Religious Societies § 3; *Doe v. Gelineau*, 732 A.2d 43 (1999).

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A corporation aggregate, on the other hand, is a religious corporation composed of two or more persons.[5] The creation of a corporation aggregate or religious society is sanctioned by Section 116 of the Corporation Code.

To convert a corporation sole to a corporation aggregate is to increase corporate membership from one to two or more, and to transfer the duties of administering and managing the affairs, properties and temporalities of the religious entity, from one to several trustees. I agree with the majority opinion that the conversion can be done through a mere amendment of the articles of incorporation of the corporation sole. No dissolution of the corporation is necessary. The resulting changes from such a conversion, carried out in accordance with law, will not affect the corporation's responsibilities to third parties.

The majority opinion, however, holds that the amendment of the articles of incorporation can be executed by the corporation sole, albeit with the concurrence of at least two thirds of the members of the religious entity.

I do not subscribe to this view.

First, Section 110 of the Corporation Code provides that a corporation sole administers and manages, as trustee, the affairs, properties and temporalities of the religious denomination, sect or church. As a trustee, a corporation sole can exercise such corporate powers as maybe necessary to carry out its duties of administering and managing the affairs, properties and temporalities of the religious organization, provided that such powers are not inconsistent with the law and the Constitution. One of the powers authorized under Section 36 of the Corporation Code is the power to amend the articles of incorporation.[6]

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[5] *Iglesia Evangelica Metodista En Las Islas Filipinas (IEMELIF), Inc. v. Juane*, *supra* note 3.

[6] Section 36 of the Corporation Code provides: "Every corporation incorporated under this Code has the power and capacity: x x x 4. To amend its articles of incorporation in accordance with the provisions of this Code; x x x 11. To exercise such other powers as may be essential or necessary to carry out its purpose or purposes as stated in the articles of incorporation."

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Second, as pointed out in the majority opinion, Section 109 of the Code allows the application to religious corporations of the general provisions governing non-stock corporations, insofar as they may be applicable. The lack of specific provision on amendments of articles of incorporation of a corporation sole calls for the suppletory application of relevant provisions on non-stock corporations. Thus, Section 16 of the Code applies, to wit:

> Sec. 16. Amendment of Articles of Incorporation. Unless otherwise prescribed by this Code or by special law, and for legitimate purposes, *any provision or matter stated in the articles of incorporation may be amended by a majority vote of the board of directors or trustees and* the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code, *or the vote or written assent of at least two-thirds (2/3) of the members if it be a non-stock corporation.* x x x (Italics supplied)

The majority opinion holds that applying the above provision, amendment can be made by the corporation sole with the concurrence of at least two-thirds of the members of the religious organization it represents.

I do not agree. Section 16 requires the majority vote of the board of trustees and the vote or written assent of at least two-thirds of the members of a non-stock corporation. Applying this, **a corporation sole, as the lone trustee and member of the corporation, can amend its articles of incorporation.**

Section 16 refers to the members of the corporation. Again, in the case of a corporation sole, there is only one member—the chief archbishop, bishop, priest, minister, rabbi or presiding elder—who is also the trustee of the corporation.

The religious denomination, sect or church represented by the corporation sole has members who are distinct and different from the member of the corporation sole. The members of the religious organization should not be considered for purposes of

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Section 16. Thus, the votes of those members are not necessary in amending the articles of incorporation of the corporation sole, the vote of the latter being sufficient in effecting the amendment.

It bears emphasizing that once the conversion from corporation sole to corporation aggregate is perfected, the provisions of the Corporation Code specifically designed for a corporation sole cease to apply to the corporation aggregate, and the latter shall be governed by the relevant provisions on non-stock or even stock corporations.[7]

For instance, the rules on the sale of properties of a corporation sole are governed by Section 113 of the Code.[8] The corporation sole may sell or mortgage real properties held by it *in accordance with the rules, regulations and discipline of the religious denomination, sect or church concerned.* It is only in the

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[7] Section 87 of the Corporation Code provides that "the provisions governing stock corporations, when pertinent, shall be applicable to non-stock corporations x x x."

[8] Section 113 of the Corporation Code provides:

Sec. 113. *Acquisition and alienation of property.* Any corporation sole may purchase and hold real estate and personal property for its church, charitable, benevolent or educational purposes, and may receive bequests or gifts for such purposes. Such corporation may sell or mortgage real property held by it by obtaining an order for that purpose from the Court of First Instance of the province where the property is situated upon proof made to the satisfaction of the court that notice of the application for leave to sell or mortgage has been given by publication or otherwise in such manner and for such time as said court may have directed, and that it is to the interest of the corporation that leave to sell or mortgage should be granted. The application for leave to sell or mortgage must be made by petition, duly verified, by the chief archbishop, bishop, priest, minister, rabbi or presiding elder acting as corporation sole, and may be opposed by any member of the religious denomination, sect or church represented by the corporation sole: Provided, That in cases where the rules, regulations and discipline of the religious denomination, sect or church, religious society or order concerned represented by such corporation sole regulate the method of acquiring, holding, selling and mortgaging real estate and personal property, such rules, regulations and discipline shall control, and the intervention of the courts shall not be necessary.

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absence of such rules that court intervention becomes necessary, and real properties are sold or mortgaged by obtaining an order from the Regional Trial Court of the province where the property is situated. On the other hand, the sale or other disposition of all or substantially all of the properties and assets of a corporation aggregate shall be governed by Section 40 of the Code which applies to stock and non-stock corporations. Under this section, the sale, lease, exchange, mortgage, pledge or disposition of all or substantially all of the properties and assets of the corporation may generally be done through a majority vote of its board of trustees, and the vote of at least two-thirds of its members in a members' meeting duly called for that purpose. Hence, unlike in the case of a corporation sole, a corporation aggregate may not apply its own rules, regulations and discipline in selling all or substantially all of its properties, as this process shall be governed by secular principles and rules of law.

Accordingly, I vote to **DENY** the petition.

SECOND DIVISION

[G.R. No. 184812. July 6, 2010]

PEOPLE OF THE PHILIPPINES, *appellee, vs.* **ERMILITO ALEGRE *y* LAMOSTE,** *appellant.*

SYLLABUS

1. REMEDIAL LAW; EVIDENCE; CREDIBILITY OF WITNESSES; FINDINGS THEREON BY TRIAL COURTS DESERVE THE HIGHEST RESPECT. — [T]he settled rule based on reason and experience is that the trial court's findings respecting the credibility of witnesses and their testimonies deserve the highest respect. Since the trial judge saw and heard the witnesses and observed how they testified under intense questioning, he was in a better position to weigh what they said.