Supreme Court E-Library

was over the properties deeded out and there is no more lien to speak of. The transfer of the certificate of title to Artemio Valenton who was a purchaser for value was valid and the petitioners cannot effectively defeat the title of Artemio Valenton by claiming otherwise.

WHEREFORE, for lack of merit, the petition is *DENIED* and the decision of the Court of Appeals is *AFFIRMED*. No pronouncement as to costs.

SO ORDERED.

Romero (Chairman), Vitug, Panganiban, and *Gonzaga-Reyes, JJ.*, concur.

THIRD DIVISION

[G.R. No. 112941. February 18, 1999]

NEUGENE MARKETING, INC., LEONCIO TAN, NICANOR MARTIN, SONNY MORENO, JOHNSON LEE and SECURITIES AND EXCHANGE COMMISSION, *petitioners, vs.* **COURT OF APPEALS, ARSENIO YANG, JR., CHARLES O. SY, LOK CHUN SUEN, BAN HUA U. FLORES, BAN HA U. CHUA and ROGER REYES,** *respondents.*

SYNOPSIS

The Securities and Exchange Commission (SEC) acting upon private respondents' petition issued a Certificate of Dissolution of Neugene Marketing Inc. (NEUGENE). The petitioners herein brought an action to annul or set aside the said SEC Certification on the Dissolution of NUEGENE because the dissolution was a product of proceedings or meetings called and held without a quorum and should be considered null and void. The SEC Panel

Supreme Court E-Library

of Hearing Officers nullified the Certification on the Dissolution and held that private respondents were no longer holders of at least two-thirds of the outstanding capital stock of NEUGENE at the time they presented the petition for dissolution as required under Section 118 of the Corporation Code. The decision of the SEC Panel of Hearing Officers was affirmed *in toto* by the SEC *En Banc* in its decision. The aforesaid judgment was reversed by the Court of Appeals (CA). Upholding the validity of NEUGENE's dissolution, the CA found that at the time of the dissolution, the private respondents owned at least two-thirds (2/3) of NEUGENE's stock, it appearing that the certificates of stock of private respondents which were endorsed in blank were not validly transferred to petitioners herein. The CA denied petitioners' motion for reconsideration, and further ruled that the transfers of stock in question could not be valid and effective since there is no proof that the alleged transfers were recorded in the books of the corporation.

After a careful examination of the evidence on record, and a judicious study of the provisions of law and jurisprudence in point, the Court was with the Court of Appeals on the finding and conclusion that the certificates of stocks of the private respondents were stolen and therefore not validly transferred and the transfer of stocks relied upon by the petitioners were fraudulently recorded in the Stocks and Transfer Book of NEUGENE under the column "Certificates Cancelled." All things studiedly evaluated in proper perspective, the Court was of the irresistible conclusion that the private respondents herein are the legitimate holders and owners of a least two-thirds (2/3) of the outstanding capital stock of NEUGENE, with the corresponding right to vote for its dissolution, in accordance with Section 118 of the Corporation Code of the Philippines

SYLLABUS

1. **REMEDIAL LAW; EVIDENCE; FACTUAL FINDINGS OF THE TRIAL COURT GENERALLY NOT DISTURBED ON APPEAL; EXCEPTION; CASE AT BAR.**— Although well-established is the rule that the appellate court will not generally disturb the factual findings by the trial court for the reason that the trial court heard the testimonies of the witnesses and observed their deportment and manner of testifying during the trial and was afforded the singular chance to assess the probative value of the evidence.

Supreme Court E-Library

The rule does not apply where, as in this case, the SEC overlooked certain facts of substance and value which if considered would affect the result of the case. (*Tomas vs. CA,* 185 SCRA 627 [1990]; *People vs. Alforte,* 219 SCRA 458 [1993])

2. **CIVIL LAW; OBLIGATIONS AND CONTRACTS; CONTRACT; THE COMPLETE ABSENCE OF A CAUSE OR CONSIDERATION RENDERS THE CONTRACT ABSOLUTELY VOID OR INEXISTENT; CASE AT BAR.**— As stressed by the Court of Appeals, there is no reliable showing of any valuable consideration for the supposed transfer of subject stocks to petitioners. Fundamental and crucial is the rule that if a contract has no cause, it does not produce any effect whatsoever and is inexistent or void from the beginning. The complete absence of a cause or consideration renders the contract absolutely void and inexistent. *(Robleza vs. Court of Appeals,* 174 SCRA 362 [1989]), citing Arts. 1352 and 1409 of the New Civil Code)

APPEARANCES OF COUNSEL

Geminiano Pineda and Raul L. Estrella for petitioners.

Celso P. de las Alas and *Reynaldo C. Depasucat* for private respondents.

D E C I S I O N

PURISIMA, *J.*:

At bar is a petition for review of the decision[1] of the Special Fifth Division of the Court of Appeals which reversed the decision of the Securities and Exchange Commission (*SEC*) annulling the dissolution of Neugene Marketing, Inc. (*NEUGENE, for short*).

The SEC Hearing Panel gathered the facts, as follows:

"On January 27, 1978, NEUGENE was duly registered with this Commission to engage in trading business for a term of fifty (50) years with the following as incorporators/directors, namely:

1. Johnson Lee (one of the petitioners);

2. Lok Chun Suen (one of the respondents);

[1] Penned by Justice Consuelo Ynares-Santiago and concurred in by Justices Bernardo P. Pardo and Minerva Gonzaga-Reyes *(now members of this court).*

Supreme Court E-Library

3. Charles O. Sy (one of the respondents);

4. Eugenio Flores, Jr. (husband of respondent Ban Hua U. Flores)

5. Arsenio Yang, Jr. (one of the respondents)

The authorized capital stock of NEUGENE is THREE MILLION PESOS (P3,000,000.00) divided into THIRTY THOUSAND (30,000) shares with a par value of ONE HUNDRED PESOS (P100.00) each. Out of this authorized capital stock, SIX HUNDRED THOUSAND PESOS (P600,000.00) had been subscribed by the following subscribers, namely:

NAME	NO. OF SHARES	AMOUNT SUBSCRIBED
Johnson Lee	600	P 60,000.00
Lok Chun Suen	1,200	120,000.00
Charles O. Sy	1,800	180,000.00
Eugenio Flores, Jr.	2,100	210,000.00
Arsenio Yang, Jr.	300	30,000.00
TOTAL	6,000	P600,000.00

Out of the aforesaid subscription, ONE HUNDRED FIFTY THOUSAND PESOS (P150,000.00) had been paid by the following subscribers as follows:

NAME	*AMOUNT PAID UP*
Johnson Lee	P15,000.00
Lok Chun Suen	30,000.00
Charles O. Sy	45,000.00
Eugenio Flores, Jr.	52,500.00
Arsenio Yang, Jr.	7,500.00
TOTAL	P150,000.00

The original shareholdings of the incorporators/stockholders of NEUGENE were increased by ten percent (10%) each by virtue of stock dividend declaration in the amount of SIXTY THOUSAND PESOS (P60,000.00) made by its board of directors in a special meeting held on June 7, 1980. x x x

Supreme Court E-Library

Again, on May 2, 1981, the Board of directors of NEUGENE declared a stock dividend in the amount of FORTY THOUSAND PESOS (P40,000.00) in proportion to the shareholdings of the stockholders of record of NEUGENE as of April 30, 1981. x x x

x x x *x x x* *x x x*

The outstanding capital stock of NEUGENE became SEVEN HUNDRED THOUSAND PESOS (P700,000.00) represented by SEVEN THOUSAND (7,000) shares.

On May 15, 1986, Eugenio Flores, Jr. assigned, transferred and conveyed his entire shareholdings of TWO THOUSAND FOUR HUNDRED FIFTY (2,450) shares in NEUGENE to the following, to wit:

Pet. Sonny Moreno	1,050 shares (Exh. "B")
Resp. Arsenio Yang, Jr.	700 shares (Exh. "C")
Resp. Charles O. Sy	700 shares (Exh. "D")
TOTAL	2,450

Thus, immediately after the assignment of the entire shareholdings of Eugenio Flores, Jr. to petitioner Sonny Moreno and respondents Arsenio Yang, Jr., and Charles O. Sy, the stockholders of record of NEUGENE, as appearing in the Stock and Transfer Book (Exhibit "A"), particularly Exhibits "A-8" to "A-12" thereof, were as follows:

NAME	NO. OF SHARES
Johnson Lee	700
Lok Chun Suen	1,400
Sonny Moreno	1,050
Charles O. Sy	2,800
Arsenio Yang, Jr.	1,050
TOTAL	7,000[2]

On October 24, 1987, the private respondents, Charles O. Sy, Arsenio Yang, Jr. and Lok Chun Suen, holders of 5,250 shares of NEUGENE (*representing at least two-thirds (2/3) of the outstanding capital stock of 7,000 shares*) sent notice to the directors of NEUGENE for a board meeting to be held on November 30, 1987.

---

[2] SEC Hearing Panel's Decision, *Rollo*, pp. 1376-1379.

Supreme Court E-Library

They also sent notice for a special stockholders' meeting on the same day, November 30, 1987, to consider the dissolution of NEUGENE.

At the said meetings held on November 30, 1987, the private respondents, Charles O. Sy, Arsenio Yang, Jr. and Lok Chun Suen, the directors and stockholders then present, voted for and approved a resolution dissolving NEUGENE.

On March 1, 1988, acting upon private respondents' Petition for Dissolution, SEC issued a Certificate of Dissolution of NEUGENE.

On March 22, 1988, the petitioners brought an action to annul or set aside the said SEC Certification on the Dissolution of Neugene. In their Amended Petition, petitioners stated, among others, that they are the majority stockholders of NEUGENE, owning eighty percent (*80%*) of its outstanding capital stock, at the time of the adoption and approval of the Resolution for the Dissolution of NEUGENE, on November 30, 1987; that prior thereto or on July 1, 1987, to be precise, the private respondents had divested themselves of their stockholdings when they endorsed their stock certificates in blank and delivered the same to the Uy Family, the beneficial owners of NEUGENE; that at the meetings held on February 11, 12 and 13, 1987, in order to settle family squabbles, the Uy family agreed to award NEUGENE's stock certificates to Johnny K. H. Uy, who, in turn, authorized Johnson Lee to dispose of the same; and that Johnson Lee sold the said shares of stock to the petitioners, Leoncio Tan and Nicanor Martin, such that, as reflected in the Stock and Transfer Book of NEUGENE, respondent Lok Chun Suen had assigned all of his 1,400 shares of stock to petitioner Nicanor Martin, respondent Charles O. Sy assigned 2,100 shares out of his 2,800 shares of stock to petitioner Leoncio Tan, and respondent Arsenio Yang, Jr. assigned 350 shares of his 1,050 shares of stock to petitioner Leoncio Tan; that in view of the said transfers of shares of stock, private respondents Arsenio Yang, Jr., and Charles O. Sy (*each the holder of only 700 shares or 10% each of the outstanding capital stock of NEUGENE*) and Lok Chun Suen *(who had ceased to be a stockholder as of July 1, 1987*) could no longer validly vote for the dissolution of NEUGENE on November 30, 1987, under

Supreme Court E-Library

Section 118 of the Corporation Code, and all the proceedings of the meetings held on November 30, 1987, which were improperly called and held without a quorum, are null and void.[3]

On the other hand, the private respondents, Charles O. Sy, Arsenio Yang, Jr. and Lok Chun Suen, theorized that the alleged assignments of shares of stock in favor of petitioners were simulated and fraudulently effected, as there never was any agreement entered into by the Uy family to award NEUGENE's stock certificates to Johnny K.H. Uy, because subject stock certificates of the private respondents covering their shares of stock were endorsed in blank by them and delivered to the Uy family, who were the beneficial owners of NEUGENE, for safe keeping and the said certificates of stock were kept inside the confidential vault of the Uy family at 225 D. Tuazon St., Quezon City, but the same were stolen by the spouses, Johnny K. H. Uy and Magdalena Go-Uy, without the knowledge and authority of the Uy family; that petitioner Sonny Moreno, a co-conspirator in such fraudulent transfer of stocks in question, recorded the simulated and fraudulent assignments in the Stock and Transfer Book of the corporation, which book he obtained from Johnny K.H. Uy and Magdalena Go-Uy, together with other corporate records of NEUGENE, including the stock certificates endorsed in blank by petitioner Johnson Lee and respondents Arsenio Yang, Jr., Charles O. Sy and Lok Chun Suen; that the petitioners, Nicanor Martin and Leoncio Tan, are co-conspirators of Johnson Lee and Sonny Moreno in effecting the said simulated and fraudulent transfers of shares of stock; that the private respondents never sold their shares of stock in NEUGENE to any of the petitioners or other stockholders of record, prior to the dissolution of the corporation, so that they (private respondents) represented at least two-thirds (*2/3*) of the outstanding capital stock of NEUGENE when they voted to dissolve NEUGENE, on November 30, 1987.[4]

In its decision of June 19, 1990, the SEC Panel of Hearing Officers nullified the Certification on the Dissolution of NEUGENE issued by SEC, holding that the private respondents were no longer

[3] *Rollo*, p. 1206.

[4] *Rollo*, pp. 263-272.

Supreme Court E-Library

holders of at least two-thirds (*2/3*) of the outstanding capital stock of NEUGENE at the time they presented the petition for dissolution, as required under Section 118 of the Corporation Code. (*Annex "O"*) The said decision of the SEC Panel of Hearing Officers was affirmed *in toto* by the SEC *En Banc* in a Decision promulgated on January 14, 1993.[5] Portions of the decision of the SEC Hearing Panel read:

"The resolution to dissolve NEUGENE was adopted by only two (2) of its incumbent directors, namely: respondents Charles O. Sy and Arsenio Yang, Jr. Respondent Lok Chun Suen had already ceased to be a stockholder of NEUGENE as of July 1, 1987, by the endorsement and delivery and cancellation of his stock certificates (Exhs. "E", "F", and "G") and the entries in the Stock and Transfer Book (Exhs. "A", "A-1", to "A-24"). Hence, there was no quorum at said board of directors' meeting on November 30, 1987. There was no quorum also at the November 30, 1987 meeting of the stockholders of NEUGENE since only the following stockholders, namely: respondents Charles O. Sy and Arsenio Yang, Jr., who own 10% each of the stockholding of NEUGENE, could be considered officially present at said meeting. On this score alone, the case for the petitioners should be upheld.

x x x *x x x* *x x x*

x x x *x x x* *x x x*

WHEREFORE, judgment is hereby rendered:

1. Declaring as null and void the Certificate of Filing of Resolution of Voluntary Dissolution of NEUGENE MARKETING, INC. issued by this Commission on March 1, 1988 for violation of Section 118 of the Corporation Code of the Philippines;

2. Ordering the respondents, particularly respondent Roger Z. Reyes or any other persons acting as trustees of NEUGENE from representing himself/themselves from acting as such;

3. Directing the respondents, particularly respondents Ban Ha U. Chua, Ban Hua U. Flores, Charles O. Sy and Arsenio Yang, Jr., or whoever is in possession of the corporate books and records of NEUGENE, to turn over the same to its Secretary, petitioner Sonny Moreno, within ten (10) days from the finality of this Decision; and to revert back to

---

[5] *Rollo*, p. 1407.

Supreme Court E-Library

NEUGENE the Cash on Hand appearing in the Balance Sheet as of November 30, 1987 in the amount of P860,591.98;

4. Ordering the respondents to pay attorney's fees to the petitioners in the amount of FOUR HUNDRED THOUSAND PESOS (P400,000.00)."[6]

x x x *x x x* *x x x*

On June 10, 1993, the aforesaid judgment of SEC was reversed by the Court of Appeals. Upholding the validity of NEUGENE's dissolution, the Court of Appeals found that at the time of dissolution of NEUGENE on November 30, 1987, the private respondents owned at least two-thirds (*2/3*) of NEUGENE's stocks, it appearing that the certificates of stock of private respondents, which were endorsed in blank, as earlier mentioned, were not validly transferred to petitioners herein.

The Court of Appeals ratiocinated and concluded:

x x x x x x x x x

To constitute a valid transfer, a stock certificate must be delivered and its delivery must be coupled with an intention of constituting the person to whom the stock is delivered the transferred (sic) thereof. (Fetcher Cyc Corp., Sec. 5484)

Furthermore, in order that there is a valid transfer, the person to whom the stock certificates are endrosed (sic) must be a bona fide transferee and for value.

In the case at bar, Nicanor Martin and Leoncio Tan were not bona fide transferees for value and in good faith. Private respondents alleged that petitioners Sy, Lok and Yang, Jr. indorsed and delivered their stock certificates to Nicanor Martin and Leoncio Tan. However, private respondent Johnson Lee testified that he acquired his shares of stock from Johnny Uy, who in turn sold them to Nicanor Martin and Leoncio Tan (tsn, pp. 49-50, July 18, 1989). Likewise, evidence shows that no consideration was paid by Leoncio Tan and Nicanor Martin when they allegedly acquired the stock certificates from the Uy Family. Johnson Lee failed to produce any document evidencing the transaction or a receipt showing his payment for the stocks. Therefore, it is clear that they were not bona fide transferees for value and in good faith. Consequently, they

[6] *Rollo*, pp. 1382; 1390-1391.

Supreme Court E-Library

cannot be considered stockholders for the purpose of determining the 2/3 votes of the outstanding capital stock required to dissolve Neugene, in accordance with Sec. 118 of the Corporate Code.

x x x *x x x* *x x x*

After a careful examination of the documentary evidence, We find that the supposed document evidencing the partition and division of the properties of the Uy Family (Exh. "A"), is a mere xerox copy whose original copy was never produced before the hearing panel. Moreover, it contained erasures and/or insertions, and it is written in the Chinese language, with no official translation submitted. Consequently, We find no basis for the respondent Commission's finding that Neugene belongs to Johnny K. H. Uy."

"Considering the above findings, there is likewise no basis for the Commission's ruling that the amount of P860,591.98 should be returned by the petitioners to Neugene. Lastly, the award of attorney's fees has no basis, considering Our findings that private respondents have no cause of action against the petitioners, hence, they are not entitled to attorney's fees.

WHEREFORE, the decision dated January 14, 1992 of the respondent Commission is hereby REVERSED and SET ASIDE. No costs."[7]

In its Resolution dated December 9, 1993, the Court of Appeals denied petitioners' motion for reconsideration, and further ruled that the transfers of stock in question could not be valid and effective for the simple reason that there is a complete absence of proof that the alleged transfers were recorded in the books of the corporation. It relied on Section 63 of the Corporation Code of the Philippines which provides that no transfer shall be valid except as between the parties, until the transfer is recorded in the books of the corporation.[8]

In the Petition under scrutiny, petitioners contend that the Court of Appeals: "(*1*) misapprehended the facts of the case and (*2*) failed to consider the evidence on record showing that the private respondents were no longer holders of the necessary number of shares of stock at the time of the dissolution of NEUGENE."[9]

[7] CA Decision, p. 8; *Rollo*, p. 52-53.

[8] *Rollo*, p. 57.

[9] *Rollo*, p. 1120.

Supreme Court E-Library

The pivot of inquiry here is whether or not the private respondents lacked the requisite number of shares of stock or had divested themselves of their stockholdings as of November 30, 1987 when they voted for the resolution dissolving NEUGENE.

After a careful study, a finding in favor of private respondents is indicated. In short, the Petition is barren of merit.

Entries in the Stock and Transfer Book of NEUGENE, particularly on the right hand portion of Exhibits "A-9", "A-10" and "A-12", support the disquisition and conclusion arrived at by the Court of Appeals that at the time of dissolution of NEUGENE on November 30, 1987, the private respondents, Lok Chun Suen, Charles O. Sy and Arsenio Yang, Jr., owned at least two-thirds (2/3) of NEUGENE's outstanding capital stock, in sufficient compliance with the germane provision of Section 118 of the Corporation Code of the Philippines.

As shown in the Stock and Transfer Book of NEUGENE, the right hand portion of Exhibit "A-9", under the column "Certificates Issued," private respondent Lok Chun Suen is the holder of a total of 1,400 shares of stock, issued on February 23, 1979, October 1, 1980 and May 2, 1981, respectively. (Records, p. 662) Exhibit "A-10", on its right hand portion and under the column "Certificates Issued" reflects private respondent Charles O. Sy as the holder of a total of 2,800 shares of stock, issued on the above-mentioned dates except those acquired from Eugenio Flores, Jr. which were issued on May 15, 1986. (Records, p. 663) While the right hand portion of Exhibit "A-12", under the colum" Certificates Issued,"shows that private respondent Arsenio Yang, Jr. is the holder of 1,050 shares, issued on the above-mentioned dates, except those acquired from Eugenio Flores, Jr. which were issued on May 15, 1986. (Records, p. 665)

Therefore, the entries on the right hand portion of NEUGENE'S Stock and Transfer Book, under the column "Certificates Issued," indubitably record the private respondents as the holders of 5,250 shares, constituting at least two-thirds (2/3) of NEUGENE's outstanding capital stock of 7,000 shares.

Supreme Court E-Library

Petitioners introduced in evidence the very same exhibits pertaining to the Stock and Transfer Book of NEUGENE (more specifically Exhibits "A-9", A-10", and "A-12") to prove that the private respondents were no longer the majority stockholders at the time of the dissolution of NEUGENE. It should be noted, however, that on the left hand portion of the said exhibits, under the column "Certificates Cancelled," entries on July 1, 1987 disclose that all of Lok Chun Suen's 1,400 certificates of stock were cancelled, Charles O. Sy's 2,100 shares out of 2,800 shares were cancelled, and Arsenio Yang, Jr.'s 350 shares out of his 1,050 shares were likewise cancelled, thereby leaving Arsenio Yang, Jr. and Charles O. Sy the holders of only 700 shares each or 10 % of the outstanding capital stock of NEUGENE when its dissolution was approved and voted for.

In light of the foregoing and after a careful examination of the evidence on record, and a judicious study of the provisions of law and jurisprudence in point, we are with the Court of Appeals on the finding and conclusion that the certificates of stock of the private respondents were stolen and therefore not validly transferred, and the transfers of stock relied upon by petitioners were fraudulently recorded in the Stock and Transfer Book of NEUGENE under the column "Certificates Cancelled."

Although well-established is the rule that the appellate court will not generally disturb the factual findings by the trial court for the reason that the trial court heard the testimonies of the witnesses and observed their deportment and manner of testifying during the trial and was afforded the singular chance to assess the probative value of the evidence. The rule does not apply where, as in this case, the SEC overlooked certain facts of substance and value which if considered would affect the result of the case. (*Tomas vs. CA*, 185 SCRA 627 [1990]; *People vs. Alforte*, 219 SCRA 458 [1993])

In the case under consideration, records reveal that the SEC *En Banc* and its Panel Of Hearing Officers misappreciated the true nature of the relationship between the stockholders of NEUGENE and the Uy family, who had the understanding that the beneficial ownership of NEUGENE would remain with the Uy

Supreme Court E-Library

family, such that subject shares of stock were, immediately upon the issuance, endorsed in blank by the shareholders and entrusted to the Uy family, through Ban Ha Chua, for safekeeping. Such beneficial ownership of the Uy family is admitted not only in the testimonies of private respondents but also of the petitioners, Sonny Moreno and Johnson Lee.[10]

Both the petitioners Johnson Lee *(a member of the Uy family himself)*, and Sonny Moreno, the corporate secretary, were aware of the real import or significance of the indorsements in blank on the stock certificates of the private respondents. Obviously, then, they (*Lee and Moreno*) acted in bad faith in assigning subject certificates of stock to the petitioners, Nicanor Martin and Leoncio Tan, and in recording the said transfers in dispute in the Stock and Transfer Book of NEUGENE.

Then, too, as nominees of the Uy family, the approval by the private respondents, Charles O. Sy, Lok Chun Suen and Arsenio Yang, Jr., was necessary for the validity and effectivity of the transfer of the stock certificates registered under their (private respondents) names. In the case under consideration, not only did the transfers of stock in question lack the requisite approval, the private respondents categorically declared under oath that subject certificates of stock of theirs were stolen from the confidential vault of the Uy family and illegally transferred to the names of petitioners in the Stock and Transfer Book of NEUGENE.

As stressed by the Court of Appeals, there is no reliable showing of any valuable consideration for the supposed transfer of subject stocks to petitioners. Fundamental and crucial is the rule that if a contract has no cause, it does not produce any effect whatsoever and is inexistent or void from the beginning. The complete absence of a cause or consideration renders the contract absolutely void and inexistent. *(Robleza vs. Court of Appeals*, 174 SCRA 362 [1989]), citing Arts. 1352 and 1409 of the New Civil Code)

All things studiedly evaluated in proper perspective, we are of the irresistible conclusion that the private respondents herein are

[10] Records, pp. 112-113.

Supreme Court E-Library

the legitimate holders and owners of at least two-thirds (*2/3*) of the outstanding capital stock of NEUGENE, with the corresponding right to vote for its dissolution, in accordance with Section 118 of the Corporation Code of the Philippines.

WHEREFORE, the Petition is *DISMISSED* for lack of merit and the Decision of the Court of Appeals *AFFIRMED*, in its entirety. No pronouncement as to costs.

SO ORDERED.

Romero (Chairman), Vitug, and *Panganiban, JJ.,* concur.
Gonzaga-Reyes, J., no part.

FIRST DIVISION

[G.R. No. 125498. February 18, 1999]

CONRADO B. RODRIGO, JR., ALEJANDRO A. FACUNDO and REYNALDO G. MEJICA, *petitioners, vs.* **THE HONORABLE SANDIGANBAYAN (First Division), OMBUDSMAN and PEOPLE OF THE PHILIPPINES,** *respondents.*

SYNOPSIS

Petitioner Mayor Rodrigo, on behalf of the Municipality of San Nicolas, Pangasinan, entered into an agreement with Philwood Construction for the electrification of Barangay Caboloan, San Nicolas. Subsequently petitioner Mejica, Municipal Planning and Development Coordinator, prepared an Accomplishment Report stating that the Caboloan Power Generation Project was 97.5% accomplished. On the basis of said report, payment was effected by petitioner Facundo, Municipal Treasurer, to Philwood