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(3) Attorney's fees equivalent to ten percent (10%) of the total award.

The case is **REMANDED** to the Labor Arbiter to make a detailed computation of the amounts due to petitioner, which respondents should pay without delay.

The case is **DISMISSED** with respect to respondent Riza A. Moises.

SO ORDERED.

Carpio (Chairperson), Brion, del Castillo, and *Mendoza, JJ.,* concur.

FIRST DIVISION

[G.R. No. 160924. August 5, 2015]

TERELAY INVESTMENT AND DEVELOPMENT CORPORATION, *petitioner, vs.* **CECILIA TERESITA J. YULO,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; APPEALS; PETITION FOR REVIEW ON *CERTIORARI*; FINDINGS OF FACT OF THE TRIAL COURT AS AFFIRMED BY THE APPELLATE COURT ARE FINAL AND CONCLUSIVE; EXCEPTIONS; NOT PRESENT IN CASE AT BAR.— To start with, it is fundamental that a petition for review on *certiorari* should raise only questions of law. In that regard, the findings of fact of the trial court, as affirmed by the appellate court, are final and conclusive, and cannot be reviewed on appeal by the Court as long as such findings are supported by the records, or are based on substantial evidence. In other words, it is not the function of the Court to analyze or weigh all over again the

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evidence or the factual premises supportive of the lower courts' determinations. Even when the Court has to review the factual premises, it has consistently held that the findings of the appellate and the trial courts are accorded great weight, if not binding effect, unless the most compelling and cogent reasons exist to revisit such findings. Among the compelling and cogent reasons are the following, namely: (a) when the findings are grounded entirely on speculation, surmises, or conjectures; (b) when the inference made is manifestly mistaken, absurd, or impossible; (c) when there is grave abuse of discretion; (d) when the judgment is based on a misapprehension of facts; (e) when the findings of facts are conflicting; (f) when the CA, in making its findings, went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (g) when the CA's findings are contrary to those by the trial court; (h) when the findings are conclusions without citation of specific evidence on which they are based; (i) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (j) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (k) when the CA manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion. However, the Court has determined from its review in this appeal that the CA correctly disposed of the legal and factual matters and issues presented by the parties. This appeal is not, therefore, under any of the aforecited exceptions.

2. COMMERCIAL LAW; CORPORATION CODE; STOCKHOLDER'S RIGHT TO INSPECT THE CORPORATE BOOKS AND RECORDS; SHALL BE GRANTED TO ALL STOCKHOLDERS IRRESPECTIVE OF THE AMOUNT OF INTEREST IN THE CORPORATION. — [T]he petitioner's submission that the respondent's "insignificant holding" of only .001% of the petitioner's stockholding did not justify the granting of her application for inspection of the corporate books and records is unwarranted. The *Corporation Code* has granted to *all* stockholders the right to inspect the corporate books and records, and in so doing has not required any specific amount of interest for the exercise of the right to inspect. *Ubi lex non distinguit nec nos distinguere debemos*. When the law has made no distinction, we ought not to recognize any distinction.

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3. ID.; ID.; ID.; STOCKHOLDER'S RIGHT TO INSPECT THE BOOKS AND RECORDS OF THE CORPORATION CANNOT BE DENIED IN CASE AT BAR; THE BURDEN OF PROOF IS UPON THE CORPORATION TO SHOW THAT THE PURPOSE OF THE SHAREHOLDER IS IMPROPER.— Neither could the petitioner arbitrarily deny the respondent's right to inspect the corporate books and records on the basis that her inspection would be used for a doubtful or dubious reason. Under Section 74, third paragraph, of the *Corporation Code*, the only time when the demand to examine and copy the corporation's records and minutes could be refused is when the corporation puts up as a defense to any action that "the person demanding" had "*improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making his demand*." The right of the shareholder to inspect the books and records of the petitioner should not be made subject to the condition of a showing of any particular dispute or of proving any mismanagement or other occasion rendering an examination proper, but if the right is to be denied, the burden of proof is upon the corporation to show that the purpose of the shareholder is improper, by way of defense.

APPEARANCES OF COUNSEL

Romulo Mabanta Buenaventura Sayoc & Delos Angeles for petitioner.

Baniqued and Baniqued for respondent.

D E C I S I O N

BERSAMIN, *J.*:

In its desire to block the inspection of its corporate books by a stockholder holding a very insignificant shareholding, the petitioner now seeks to set aside the judgment promulgated on September 12, 2003,[1] whereby the Court of Appeals (CA)

[1] *Rollo,* pp. 51-63; penned by Associate Justice Jose Catral Mendoza (now a Member of the Court), with the concurrence of Associate Justice

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affirmed the decision rendered on March 22, 2002 by the Regional Trial Court, Branch 142, in Makati City (RTC) allowing the inspection, and ordering it to pay attorney's fees of ₱50,000.00 to the stockholder.[2]

With the CA having denied the petitioner's motion for reconsideration and motion for oral argument through the resolution promulgated on November 28, 2003,[3] such denial is also the subject of this appeal.

Antecedents

The CA recited the following antecedents:

Asserting her right as a stockholder, Cecilia Teresita Yulo wrote a letter, dated September 14, 1999, addressed to Terelay Investment and Development Corporation (TERELAY) requesting that she be allowed to examine its books and records on September 17, 1999 at 1:30 o'clock in the afternoon at the latter's office on the 25th floor, Citibank Tower, Makati City. In its reply-letter, dated September 15, 1999, TERELAY denied the request for inspection and instead demanded that she show proof that she was a bona fide stockholder.

On September 16, 1999, Cecilia Yulo again sent another letter clarifying that her request for examination of the corporate records was for the purpose of inquiring into the financial condition of TERELAY and the conduct of its affairs by the principal officers. The following day, Cecilia Yulo received a faxed letter from TERELAY's counsel advising her not to continue with the inspection in order to avoid trouble.

On October 11, 1999, Cecilia Yulo filed with the Securities and Exchange Commission (SEC), a Petition for Issuance of a Writ of Mandamus with prayer for Damages against TERELAY, docketed as SEC Case No. 10-99-6433. In her petition, she prayed that judgment be rendered ordering TERELAY to allow her to inspect its corporate records, books of account and other financial records; to pay her actual damages representing attorney's fees and litigation expenses

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Bennie Adefuin-De La Cruz (retired) and Associate Justice Eliezer R. De Los Santos (retired/deceased).

[2] *Id*. at 202-206.

[3] *Id*. at 65-66.

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of not less than One Hundred Thousand Pesos (₱100,000.00); to pay her exemplary damages; and to pay the costs of the suit. On May 16, 2000, in the preliminary conference held before the SEC Hearing Officer, the parties agreed on the following:

> 1. Petitioner Cecilia Teresita Yulo is registered as a stockholder in the corporation's stock and transfer book subject to the qualification in the Answer, and
>
> 2. Petitioner had informed the respondent, through demand letter, of her desire to inspect the records of the corporation, but the same was denied by the respondent."

Thereafter, the parties stipulated that the ISSUES to be resolved are the following:

> 1. Whether or not petitioner has the right to inspect and examine TERELAY's corporate records, books of account and other financial records pursuant to Section 74 of the Corporation Code of the Philippines;
>
> 2. Whether or not petitioner as stockholder and director of TERELAY has been unduly deprived of her right to inspect and examine TERELAY's corporate records, books of accounts and other financial records in clear contravention of law, which warrants her claim for damages;
>
> 3. Whether or not Atty. Reynaldo G. Geronimo and/or the principal officers, Ma. Antonia Yulo Loyzaga and Teresa J. Yulo of respondent corporation are indispensable parties and hence, should be impleaded as respondents;
>
> 4. As a prejudicial question, whether or not petitioner is a stockholder of respondent corporation and such being the issue, whether this issue should be threshed out in the probate of the will of the late Luis A. Yulo and settlement of estate now pending with the Regional Trial Court of Manila;
>
> 5. Assuming petitioner is a stockholder, whether or not petitioner's mere desire to inquire into the financial condition of respondent corporation and conduct of the affairs of the corporation is a just and sufficient ground for inspection of the corporate records."[4]

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[4] *Id*. at 52-55.

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Following the enactment of Republic Act No. 8799 (*The Securities Regulation Code*), the case was transferred from the Securities and Exchange Commission to the RTC.

On March 22, 2002, the RTC rendered its judgment,[5] ruling thusly:

> Accordingly, petitioner's application for inspection of corporate records is granted pursuant to Rule 7 of the Interim Rules in relation to Section 74 and 75 of the Corporation Code. Defendant, through its officers, is ordered to allow inspection of corporate books and records at reasonable hours on business days and/or furnish petitioner copies thereof, all at her expense. In this connection, plaintiff is ordered to deposit to the Court the amount of ₱1,000.00 to cover the estimated cost of the manpower necessary to produce the books and records and the cost of copying.
>
> Respondent is further ordered to pay petitioner attorney's fees in the amount of ₱50,000.00
>
> SO ORDERED.[6]

On September 12, 2003, the CA affirmed the RTC.[7]

The petitioner sought reconsideration, and moved for the holding of oral arguments thereon, but the CA denied the motion on November 28, 2003.[8]

Issues

In this appeal, the petitioner insists that the CA committed serious error: (a) in holding that the respondent was a stockholder entitled to inspect its books and records, and allowing her to inspect its corporate records despite her shareholding being a measly .001% interest; (b) in declaring that the RTC had the jurisdiction to determine whether or not she was a stockholder; (c) in ruling that it did not adduce sufficient proof showing

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[5] *Supra* note 2.

[6] *Id*. at 206.

[7] *Supra* note 1.

[8] *Id*. at 65-66.

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that she was in bad faith or had an ulterior motive in demanding inspection of the records; (d) in finding that her purpose for the inspection, which was to inquire into its financial condition and into the conduct of its affairs by its principal officers, was a valid ground to examine the corporate records; (e) in holding that her petition for *mandamus* was not premature; (f) in not resolving whether or not its principal officers should be impleaded as indispensable parties; and (g) in not setting aside the award of attorney's fees in the amount of ₱50,000.00.[9]

In her comment,[10] the respondent counters that the law does not require substantial shareholding before she can exercise her right of inspection as a stockholder; that the issue of the nullity of the donation in her favor of the shareholding was irrelevant because it was the subscription to the shares that granted the statutory and common rights to stockholders; that the RTC, sitting as a corporate court, was the proper court to declare that she was a stockholder; that she has just and sufficient grounds to inspect its corporate records; that its officers are not indispensable parties; that her petition for *mandamus* was not premature; and that the CA correctly upheld the RTC's order to pay attorney's fees to her.

Ruling of the Court

We deny the petition for review on *certiorari.*

To start with, it is fundamental that a petition for review on *certiorari* should raise only questions of law.[11] In that regard, the findings of fact of the trial court, as affirmed by the appellate court, are final and conclusive, and cannot be reviewed on appeal by the Court as long as such findings are supported by the records, or are based on substantial evidence. In other words, it is not the function of the Court to analyze or weigh all over again the evidence or the factual premises supportive of the lower courts' determinations.

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[9] *Id*. at 20-22.

[10] *Id*. at 266-338.

[11] Section 1, Rule 45 of the *Rules of Court*.

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Even when the Court has to review the factual premises, it has consistently held that the findings of the appellate and the trial courts are accorded great weight, if not binding effect, unless the most compelling and cogent reasons exist to revisit such findings.[12] Among the compelling and cogent reasons are the following,[13] namely: (a) when the findings are grounded entirely on speculation, surmises, or conjectures; (b) when the inference made is manifestly mistaken, absurd, or impossible; (c) when there is grave abuse of discretion; (d) when the judgment is based on a misapprehension of facts; (e) when the findings of facts are conflicting; (f) when the CA, in making its findings, went beyond the issues of the case, or its findings are contrary to the admissions of both the appellant and the appellee; (g) when the CA's findings are contrary to those by the trial court; (h) when the findings are conclusions without citation of specific evidence on which they are based; (i) when the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondent; (j) when the findings of fact are premised on the supposed absence of evidence and contradicted by the evidence on record; or (k) when the CA manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, would justify a different conclusion.

However, the Court has determined from its review in this appeal that the CA correctly disposed of the legal and factual matters and issues presented by the parties. This appeal is not, therefore, under any of the aforecited exceptions.

The Court now adopts with approval the cogent observations of the CA on the matters and issues raised by the petitioner, as follows:

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[12] *Republic v. Mangotara,* G.R. No. 170375, July 07, 2010, 624 SCRA 360, 454.

[13] *Sps. Moises and Clemencia Andrada v. Pilhino Sales Corporation,* G.R. No. 156448, February 23, 2011, 644 SCRA 1, 9-10 and *Chuayuco Steel Manufacturing Corporation v. Buklod ng Manggagawa sa Chuayuco Steel Manufacturing Corporation,* G.R. No. 167347, January 31, 2007, 513 SCRA 621, 627.

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Regarding the issue of jurisdiction, TERELAY avers that it is not within the jurisdiction of the trial court to determine whether or not petitioner-appellee is its stockholder. It contends that a petition for the probate of the will of Cecilia's father, the late Luis A. Yulo, and the settlement of his estate was filed with the Regional Trial Court of Manila. The inventory of the estate includes the five (5) shares which Cecilia is claiming. Being a court of limited jurisdiction, the court *a quo* could not decide whether or not Luis A. Yulo donated five (5) shares to Cecilia during his lifetime. The position of TERELAY is untenable. As correctly pointed out by Cecilia Yulo, the main issue in this case is the question of whether or not she is a stockholder and therefore, has the right to inspect the corporate books and records. We agree with the ruling of the trial court that the determination of this issue is within the competence of the Regional Trial Court, acting as a special court for intra-corporate controversies, and not in the proceeding for the settlement of the estate of the late Luis Yulo.

On the matter of exhaustion of administrative remedies, TERELAY asserts that the petition for mandamus filed by Cecilia Yulo was premature because she failed to exhaust all available remedies before filing the instant petition. The Court disagrees. A writ of mandamus is a remedy provided by law where despite the stockholder's request for record inspection, the corporation still refuses to allow the stockholder the right to inspect. In the instant case, Cecilia Yulo, through counsel, sent a letter-request, dated September 14, 1999, for inspection of corporate records, books of accounts and other financial records, but the same was denied by TERELAY through counsel, in its reply-letter, dated September 15, 1999. Appellee Yulo sent another letter, dated September 16, 1999, reiterating the same request but the same was again denied by TERELAY in a reply-letter dated September 17, 1999. Clearly then, appellee Yulo's right is not pre-mature and may be enforced by a writ of mandamus.

On the contention that there was no stipulation that Cecilia Yulo was registered as a stockholder, TERELAY asserts that the trial court was misled into believing that there was a stipulation or admission that Cecilia Yulo is a registered stockholder in its stock and transfer book. According to TERELAY, the admission or stipulation was that she was registered in the Articles of Incorporation is separate and distinct from being so in the stock and transfer book. TERELAY's argument cannot be sustained. A careful review of the records would show that in the Preliminary Conference Order, dated

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May 16, 2000, of the SEC Hearing Officer, both parties represented by their respective counsels, agreed on the fact that petitioner-appellee was "registered as a stockholder in respondent-appellant's stock and transfer book subject to the qualifications in the Answer." The records failed to disclose any objection by TERELAY. Neither did TERELAY raise this matter in the SEC hearing held on August 7, 2000 as one of the issues to be determined and resolved.

TERELAY further points out that her name as incorporator, stockholder and director in the Articles of Incorporation and Amendments were unsigned; that she did not pay for the five (5) shares appearing in the Amended Articles of Incorporation and General Information Sheet of TERELAY; that she did not subscribe to the shares; that she has neither been in possession of nor seen the certificate of stock covering the five (5) shares of stock; that the donation of the five (5) shares claimed by her was null and void for failure to comply with the requisites of a donation under Art. 748 of the Civil Code; and that there was no acceptance of the donation by her as donee. TERELAY further contends that Cecilia Yulo's purpose in inspecting the books was to inquire into its financial condition and the conduct of its affairs by the principal officers which are not sufficient and valid reasons. Therefore, the presumption of good faith cannot be accorded her.

TERELAY's position has no merit. The records disclose that the corporate documents submitted, which include the Articles of Incorporation and the Amended Articles of Incorporation, as well as the General Information Sheets and the Quarterly Reports all bear the signatures of the proper parties and their authorized custodians. The signature of appellee under the name Cecilia J. Yulo appears in the Articles of Incorporation of TERELAY. Likewise, her signatures under the name Cecilia Y. Blancaflor appear in the Amended Articles of Incorporation where she signed as Director and Corporate Secretary of TERELAY. The General Information Sheets from December 31, 1977 up to February 20, 2002 all exhibited that she was recognized as director and corporate secretary, and that she had subscribed to five (5) shares of stock. The quarterly reports do not show otherwise.

Verily, petitioner-appellee has presented enough evidence that she is a stockholder of TERELAY. The corporate documents presented support her claim that she is a registered stockholder in TERELAY's stock and transfer book thus giving her the right, under Section 74 par.2 and Section 75 of the Philippine Corporation Law, to inspect

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TERELAY's books, records, and financial statements. Section 74, par. 2 and Section 75 of our Corporation Code reads as follows: x x x

Accordingly, Cecilia Yulo as the right to be fully informed of TERELAY's corporate condition and the manner its affairs are being managed. It is well-settled that the ownership of shares of stock gives stockholders the right under the law to be protected from possible mismanagement by its officers. This right is predicated upon self-preservation. In any case, TERELAY did not adduce sufficient proof that Cecilia Yulo was in bad faith or had an ulterior motive in demanding her right under the law.

In view of the foregoing, the Court finds it unnecessary to discuss the other issues raised by TERELAY as they are incapable of defeating the established fact that Cecilia Yulo is a registered stockholder of respondent-applicant.

Finally, the Court agrees with the ruling of the court *a quo* that the petitioner is entitled to the reasonable amount of ₱50,000.00 representing attorney's fees for having been compelled to litigate in order to exercise her right of inspection.[14]

Secondly, the petitioner's submission that the respondent's "insignificant holding" of only .001% of the petitioner's stockholding did not justify the granting of her application for inspection of the corporate books and records is unwarranted.

The *Corporation Code* has granted to *all* stockholders the right to inspect the corporate books and records, and in so doing has not required any specific amount of interest for the exercise of the right to inspect.[15] *Ubi lex non distinguit nec nos distinguere*

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[14] *Rollo,* pp. 59-62.

[15] The *Corporation Code* provides as follows:

Section 74. *Books to be kept; stock transfer agent.*— Every corporation shall keep and carefully preserve at its principal office a record of all business transactions and minutes of all meetings of stockholders or members, or of the board of directors or trustees, in which shall be set forth in detail the time and place of holding the meeting, how authorized, the notice given, whether the meeting was regular or special, if special its object, those present and absent, and every act done or ordered done at the meeting. Upon the demand of any director, trustee, stockholder or member, the time when any director, trustee, stockholder or member entered or left the meeting

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debemos. When the law has made no distinction, we ought not to recognize any distinction.

Neither could the petitioner arbitrarily deny the respondent's right to inspect the corporate books and records on the basis that her inspection would be used for a doubtful or dubious

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must be noted in the minutes; and on a similar demand, the yeas and nays must be taken on any motion or proposition, and a record thereof carefully made. The protest of any director, trustee, stockholder or member on any action or proposed action must be recorded in full on his demand.

The records of all business transactions of the corporation and the minutes of any meetings shall be open to inspection by any director, trustee, stockholder or member of the corporation at reasonable hours on business days and he may demand, writing, for a copy of excerpts from said records or minutes, at his expense.

Any officer or agent of the corporation who shall refuse to allow any director, trustees, stockholder or member of the corporation to examine and copy excerpts from its records or minutes, 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 144 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: and 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 records and minutes has improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making his demand.

Stock corporations must also keep a book to be known as the "stock and transfer book", in which must be kept a record of all stocks in the names of the stockholders alphabetically arranged; the installments paid and unpaid on all stock for which subscription has been made, and the date of payment of any installment; a statement of every alienation, sale or transfer of stock made, the date thereof, and by and to whom made; and such other entries as the by-laws may prescribe. The stock and transfer book shall be kept in the principal office of the corporation or in the office of its stock transfer agent and shall be open for inspection by any director or stockholder of the corporation at reasonable hours on business days.

No stock transfer agent or one engaged principally in the business of registering transfers of stocks in behalf of a stock corporation shall be allowed to operate in the Philippines unless he secures a license from the

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reason. Under Section 74, third paragraph, of the *Corporation Code*, the only time when the demand to examine and copy the corporation's records and minutes could be refused is when the corporation puts up as a defense to any action that "the person demanding" had "*improperly used any information secured through any prior examination of the records or minutes of such corporation or of any other corporation, or was not acting in good faith or for a legitimate purpose in making his demand*."

The right of the shareholder to inspect the books and records of the petitioner should not be made subject to the condition of a showing of any particular dispute or of proving any mismanagement or other occasion rendering an examination proper, but if the right is to be denied, the burden of proof is upon the corporation to show that the purpose of the shareholder is improper, by way of defense. According to a recognized commentator:[16]

Securities and Exchange Commission and pays a fee as may be fixed by the Commission, which shall be renewable annually: Provided, That a stock corporation is not precluded from performing or making transfer of its own stocks, in which case all the rules and regulations imposed on stock transfer agents, except the payment of a license fee herein provided, shall be applicable. (51a and 32a; B. P. No. 268.)

Section 75. *Right to financial statements.*– Within ten (10) days from receipt of a written request of any stockholder or member, the corporation shall furnish to him its most recent financial statement, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the result of its operations.

At the regular meeting of stockholders or members, the board of directors or trustees shall present to such stockholders or members a financial report of the operations of the corporation for the preceding year, which shall include financial statements, duly signed and certified by an independent certified public accountant.

However, if the paid-up capital of the corporation is less than ₱50,000.00, the financial statements may be certified under oath by the treasurer or any responsible officer of the corporation. (n)

[16] Ballantine, *Corporations*, Callaghan and Company, Chicago, Rev. Ed., 1946, pp. 377-379.

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By early English decisions it was formerly held that there must be something more than bare suspicion of mismanagement or fraud. There must be some particular controversy or question in which the party applying was interested, and inspection would be granted only so far as necessary for that particular occasion. By the general rule in the United States, however, shareholders have a right to inspect the books and papers of the corporation without first showing any particular dispute or proving any mismanagement or other occasion rendering an examination proper. The privilege, however, is not absolute and the corporation may show in defense that the applicant is acting from wrongful motives.

In *Guthrie v. Harkness*, there was involved the right of a shareholder in a national bank to inspect its books for the purpose of ascertaining whether the business affairs of the bank had been conducted according to law, and whether, as suspected, the bank was guilty of irregularities. The court said: "The decisive weight of American authority recognizes the right of the shareholder, for proper purposes and under reasonable regulations as to place and time, to inspect the books of the corporation of which he is a member . . . In issuing the writ of mandamus the court will exercise a sound discretion and grant the right under proper safeguards to protect the interest of all concerned. The writ should not be granted for speculative purposes or to gratify idle curiosity or to aid a blackmailer, but it may not be denied to the stockholder who seeks the information for legitimate purposes."

Among the purposes held to justify a demand for inspection are the following: (1) To ascertain the financial condition of the company or the propriety of dividends; (2) the value of the shares of stock for sale or investment; (3) whether there has been mismanagement; (4) in anticipation of shareholders' meetings to obtain a mailing list of shareholders to solicit proxies or influence voting; (5) to obtain information in aid of litigation with the corporation or its officers as to corporate transactions. Among the improper purposes which may justify denial of the right of inspection are: (1) Obtaining of information as to business secrets or to aid a competitor; (2) to secure business "prospects" or investment or advertising lists; (3) to find technical defects in corporate transactions in order to bring "strike suits" for purposes of blackmail or extortion.

In general, however, officers and directors have no legal authority to close the office doors against shareholders for whom they are only agents, and withhold from them the right to inspect the books which furnishes the most effective method of gaining information

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which the law has provided, on mere doubt or suspicion as to the motives of the shareholder. While there is some conflict of authority, when an inspection by a shareholder is contested, the burden is usually held to be upon the corporation to establish a probability that the applicant is attempting to gain inspection for a purpose not connected with his interests as a shareholder, or that his purpose is otherwise improper. The burden is not upon the petitioner to show the propriety of his examination or that the refusal by the officers or directors was wrongful, except under statutory provisions.

WHEREFORE, the Court **AFFIRMS** the judgment promulgated on September 12, 2003; and **ORDERS** the petitioner to pay the costs of suit.

SO ORDERED.

Sereno, C.J., Velasco, Jr.,[*] *Leonardo-de Castro,* and *Perez, JJ.,* concur.

FIRST DIVISION

[G.R. No. 163504. August 5, 2015]

BERLINDA ORIBELLO, *petitioner, vs.* **COURT OF APPEALS (SPECIAL FORMER TENTH DIVISION), and REMEDIOS ORIBELLO,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; ANNULMENT OF JUDGMENTS; THE VALIDITY OF THE ADOPTION DECREE IN FAVOR OF RESPONDENT COULD NOT BE ASSAILED IN AN ACTION FOR PARTITION; IT

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[*] Vice Associate Justice Estela M. Perlas-Bernabe, who penned the decision under review, per the raffle of May 20, 2015.