

CONTENTS

PREFACE	xv
---------------	----

UNIT I THE LAW ON PARTNERSHIP

CHAPTER 1: GENERAL PROVISIONS

Essential Features.....	1
Parties, Object and Form.....	2
Duration of Partnership	5
Rules to Determine Existence	5
Kinds of Partnership.....	6
Kinds of Partners.....	7
Partnership as Distinguished from Other Contracts.....	8

CHAPTER 2: RIGHTS AND OBLIGATIONS

LESSON 1: RIGHTS AND OBLIGATIONS OF THE PARTNERSHIP

Right to Contribution.....	15
Right to Additional Contribution.....	17
Right to Apply Payment Received to Partnership Credit.....	18
Right to Return of Credit Received.....	19
Right to Indemnity for Damages.....	19
Suit for Damages.....	20
Responsibility to Partners	20

LESSON 2: RIGHTS AND OBLIGATIONS OF PARTNERS INTER SE

Right to Associate Another in Share.....	22
Right to Inspect Partnership Books	22
Right to Formal Account	22
Property Rights of Partners	23
Ownership of Certain Properties.....	23
Rights in a Specific Property	23

Interest in Partnership	24
Right to Participate in Management	25
Right to Profits and Obligation for Losses	27
Exclusion of Partner from Share	28
Obligation to Render Information	28
Obligation to Account and Act as Trustee	28

LESSON 3: OBLIGATIONS OF THE PARTNERSHIP/PARTNERS TO THIRD PERSONS

Obligation to Operate under a Firm Name	29
Liability of Partnership	29
Liability of Partners for Partnership Contracts	30
Conveyance of Partnership Real Property	31
Liability of Partners	32
Liability of an Incoming Partner	33
Notice to or Knowledge of the Partnership	33

CHAPTER 3: DISSOLUTION AND WINDING UP

Causes of Dissolution	37
Effects of Dissolution	40
Winding Up Partners	41
Rights of Partners in Case of Dissolution	42
Rights of Partners in Case of Rescission	42
Settling of Accounts Between Partners	43
Rights of Creditors of a Dissolved Partnership	44
Rights of a Retired Partner or a Representative of a Deceased Partner	45
Right to an Account	45

CHAPTER 4: LIMITED PARTNERSHIP

Characteristics	49
Formation	50
Management	50
Obligations of a Limited Partner	51
Rights of a Limited Partner	52
Dissolution of Limited Partnership	54
Settlement of Accounts	54
Amendment or Cancellation of Certificate	55

UNIT II

REVISED CORPORATION CODE

CHAPTER 1: ORGANIZATION, INCORPORATION, AND FUNCTIONS OF DIRECTORS/OFFICERS

LESSON 1:

Lesson 1.1: GENERAL PROVISIONS

Classes of Corporations	64
Corporators, Incorporators, Stockholders, and Members	64
Classification of Shares	65
Doctrine of Equality of Shares	67
Other Kinds of Stocks/Shares	68
Doctrine of Piercing the Veil of Corporate Entity	68

Lesson 1.2: INCORPORATION AND ORGANIZATION OF PRIVATE CORPORATIONS

Number and Qualifications of Incorporators	70
Terms of Corporate Existence	72
Capital Stock Requirements	72
Contents of the Articles of Incorporation	73
Amendment of Articles of Incorporation	74
Grounds When Articles of Incorporation or Amendment May Be Disapproved	75
Corporate Name	76
Registration, Incorporation, and Commencement of Corporate Existence	77
Effects of Non-use of Corporate Charter and Continuous Inoperation	78

LESSON 2:

Lesson 2.1: BOARD OF DIRECTORS/TRUSTEES AND OFFICERS

The Board of Directors or Trustees of a Corporation, Its Qualifications and Terms	81
Disqualification of Directors, Trustees, or Officers	82
Election of Directors or Trustees	84
Corporate Officers	85
Report of Election of Directors, Trustees, and Officers; Non-holding of Election and Cessation from Office	87
Removal of Directors or Trustees	87

Vacancies in the Office of Director or Trustee; Emergency Board.....	88
Compensation of Directors or Trustees.....	90
Liabilities of Directors, Trustees, or Officers	91
Dealings of Directors, Trustees, or Officers with the Corporation.....	92
Contracts Between Corporations with Interlocking Directors.....	93
Disloyalty of a Director	93
Executive Management and Other Special Committees.....	95

Lesson 2.2: POWERS OF CORPORATIONS

Corporate Powers and Capacities.....	97
Power to Extend or Shorten Corporate Term.....	98
Power to Increase or Decrease Capital Stock; Incur, Create, or Increase Bonded Indebtedness.....	98
Power to Acquire Own Shares.....	101
Power to Invest Corporate Funds in Another Corporation or Business or for Any Other Purpose	102
Power to Declare Dividends.....	103
Power to Enter into Management Contract.....	106
<i>Ultra Vires</i> Acts of the Corporations	107

LESSON 3:

Lesson 3.1: BYLAWS

Adoption of Bylaws	109
--------------------------	-----

Lesson 3.2: MEETINGS

Regular and Special Meetings of Stockholders or Members.....	113
Regular and Special Meetings of Directors or Trustees; Quorum.....	116
Person in Charge of Presiding the Meetings	117
Right to Attend and Vote in Meetings.....	117
Manner of Voting; Proxies.....	118

CHAPTER 2: RIGHTS OF STOCKHOLDER, MERGER, AND APPRAISAL RIGHT

LESSON 1:

Lesson 1.1: STOCKS AND STOCKHOLDERS

Subscription Contract.....	127
Consideration for Stocks.....	129
Certificate of Stock and Transfer of Shares	129
Issuance of Stock Certificates.....	131

Liability of Directors for Watered Stocks	132
Delinquency Sale	134
Effects of Delinquency	136
Lost or Destroyed Certificates	136

Lesson 1.2: CORPORATE BOOKS AND RECORDS

Books to Be Kept; Stock Transfer Agent	142
Right to Financial Statements	144

LESSON 2:

Lesson 2.1: MERGER AND CONSOLIDATION

Plan of Merger or Consolidation	145
Stockholders' or Members' Approval	146
Articles of Merger or Consolidation	147
Effectivity of Merger or Consolidation.....	148
Effects of Merger or Consolidation	149

Lesson 2.2: APPRAISAL RIGHT

When to Exercise Appraisal Right	151
--	-----

CHAPTER 3: OTHER CLASSES OF CORPORATIONS, DISSOLUTION, AND POWERS OF SEC

LESSON 1: NONSTOCK CORPORATION

Purposes	159
Right to Vote.....	160
Election and Term of Trustees	160
Rules of Distribution of Assets.....	161
Conversion from a Stock Corporation to a Nonstock Corporation	162

LESSON 2:

Lesson 2.1: CLOSE CORPORATIONS

Articles of Incorporation.....	164
Effects of Issuance or Transfer of Stocks in Breach of Qualifying Conditions.....	164
Agreements by Stockholders.....	165
When a Board Meeting is Unnecessary or Improperly Held	166
Amendment of Articles of Incorporation.....	166
Deadlocks.....	166
Withdrawal of Stockholder or Dissolution of Corporation.....	167

LESSON 2.2: SPECIAL CORPORATIONS

LESSON 2.2.1: EDUCATIONAL CORPORATIONS

Board of Trustees	168
-------------------------	-----

LESSON 2.2.2: RELIGIOUS CORPORATIONS

Corporation Sole.....	169
Articles of Incorporation.....	169
Submission of the Articles of Incorporation	170
Acquisition and Alienation of Property	170
Filling of Vacancies	171
Dissolution	171
Religious Societies.....	171

LESSON 2.2.3: ONE-PERSON CORPORATION

Minimum Capital Stock Not Required for One-person Corporation.....	172
Articles of Incorporation	172
Bylaws.....	173
Display of Corporate Name	173
Single Stockholder as Director and President.....	173
Nominee and Alternate Nominee	173
Treasurer, Corporate Secretary, and Other Officers	174
Minute Books, Records, and Reportorial Requirements	175
Conversion from an Ordinary Corporation to OPC	176
Conversion from OPC to an Ordinary Stock Corporation.....	177

LESSON 3: DISSOLUTION OF CORPORATION

Methods of Dissolution	180
Voluntary Dissolution Where No Creditors Are Affected	180
Voluntary Dissolution Where Creditors Are Affected; Procedure and Contents of Petition	181
Dissolution by Shortening Corporate Term.....	182
Withdrawal of Request and Petition for Dissolution.....	182
Involuntary Dissolution.....	183
Corporate Liquidation	184

LESSON 4: FOREIGN CORPORATIONS

Application for a License.....	187
Issuance of a License.....	190
Who May be a Resident Agent.....	191

Resident Agent; Service of Process	191
Applicable Laws	192
Amendments to Articles of Incorporation or Bylaws of Foreign Corporations	193
Merger or Consolidation Involving a Foreign Corporation Licensed in the Philippines.....	193
Doing Business Without a License.....	193
Revocation of a License.....	195
Withdrawal of Foreign Corporations.....	197
Foreign Investments Act of 1991.....	197

LESSON 5:

Lesson 5.1: INVESTIGATIONS, OFFENSES, AND PENALTIES

Investigation and Prosecution of Offenses	200
Administrative Sanctions	201

Lesson 5.2: MISCELLANEOUS PROVISIONS

Reportorial Requirements of Corporations	204
Visitorial Power and Confidential Nature of Examination Results.....	205
Powers, Functions, and Jurisdictions of the SEC	205
Development and Implementation of Electronic Filing and Monitoring System	208
Arbitration for Corporations	208

UNIT III COOPERATIVES

CHAPTER 1: PHILIPPINE COOPERATIVE CODE OF 2008 (REPUBLIC ACT NO. 9520)

Purpose.....	214
Powers.....	214
Types of Cooperatives	214
Registration of Cooperatives	217
Membership in a Cooperative	219
General Assembly	219
Board of Directors	220
Committees of the Cooperative.....	221
Liability for Damages and Secret Profits	221

Compensation.....	223
Self-dealing Directors, Officers or Committee Members	223
Disloyalty of a Director	223
Illegal Use of Confidential Information.....	224
Removal of Officers.....	224
Tax Treatment of Cooperatives.....	224
Insolvency	224
Dissolution	225
Liquidation of a Cooperative	225
Source of Capital	226
Investment of Capital.....	226

CHAPTER 2: COOPERATIVE DEVELOPMENT AUTHORITY CHARTER OF 2019 (REPUBLIC ACT NO. 11364)

Powers, Functions, and Responsibilities of the Cooperative Development Authority (CDA).....	231
Powers and Functions of the Board of Directors	232
Office of the Administrator	233
Registration for Tax Exemption.....	233
Prohibition.....	233
Settlement of Disputes.....	234
Training Standards	234
Cooperatives in Different Sectors	235

UNIT IV NEGOTIABLE INSTRUMENTS LAW

CHAPTER 1: CLASSES, PARTIES, AND REQUISITES OF NEGOTIABLE INSTRUMENTS

LESSON 1: PRELIMINARY CONSIDERATIONS

Concept and Classes of Negotiable Instruments	239
General Characteristics of a Promissory Note	240
General Characteristics of a Bill of Exchange.....	241
Functions and Characteristics	242
Negotiable Instruments Compared with Other Papers	242

LESSON 2: FORM AND INTERPRETATION

Requisites of Negotiability	245
Must Be in Writing, Signed by the Maker or Drawer.....	245
Must Contain an Unconditional Promise or Order to Pay a Sum	
Certain in Money.....	246
Must be Payable on Demand or at a Fixed or Determinable Future Time	247
Must be Payable to Order or to Bearer.....	248
Concept of a Fictitious Person.....	250
Identification of the Drawee.....	250
Completion and Delivery of Instruments.....	254
Incomplete but Delivered Instruments	254
Incomplete Instrument Not Delivered	256
Complete but Undelivered Instruments.....	257
Rules to Be Followed in Interpreting Negotiable Instruments	258
Liability on the Instrument.....	258
Forgery	259
Cut-off Rule	262
Material Alteration.....	263
Consideration	264

CHAPTER 2: NEGOTIATION AND HOLDERS

LESSON 1: NEGOTIATION

Modes of Transfer.....	273
Concept of Negotiation.....	274
Ways of Negotiation.....	274
Indorsement	274
Negotiation by a Prior Party	281

LESSON 2: HOLDERS

General Concept of a Holder.....	283
Holder in Due Course	283
Rights of Holder in Due Course.....	287
Shelter Rule.....	288

CHAPTER 3: LIABILITY OF PARTIES, DEFENSES, AND ENFORCEMENT

LESSON 1: LIABILITY OF PARTIES

Primary and Secondary Liability	293
Liability and/or Warranties of Parties.....	294

LESSON 2: DEFENSES

Real Defenses	300
Personal Defenses.....	301

LESSON 3: ENFORCEMENT OF LIABILITY

Parties Primarily Liable and Parties Secondarily Liable.....	305
General Steps in Enforcing Liability.....	305
Presentment for Payment	305
Notice of Dishonor	308

CHAPTER 4: DISCHARGE OF INSTRUMENT AND OF PARTIES SECONDARILY LIABLE

LESSON 1: DISCHARGE OF INSTRUMENTS

How Instrument Is Discharged	317
Discharge of Persons Secondarily Liable	318

LESSON 2: PROMISSORY NOTE DISTINGUISHED FROM BILL OF EXCHANGE

Promissory Note.....	320
Bills of Exchange.....	320
Presentment for Acceptance	321
Acceptance.....	322
Referee in Case of Need.....	323
Protest.....	324
Protest for Better Security	325
Acceptance for Honor	325
Payment for Honor	326
Bills in a Set	327

CHAPTER 5: CHECK AS A SPECIAL TYPE OF BILL OF EXCHANGE

Concept of a Check	333
--------------------------	-----

**CHAPTER 6: THE BOUNCING CHECKS LAW AND
ARTICLE 315 (SWINDLING) OF THE REVISED PENAL CODE**

LESSON 1: THE BOUNCING CHECKS LAW (BATAS PAMBANSA BLG. 22)

Elements of the Crime	348
Defenses.....	349
Penalty.....	351

**LESSON 2: ARTICLE 315. PAR. 2 (D) OF THE REVISED PENAL CODE
(SWINDLING OR ESTAFA)**

Elements of the Crime	354
Penalty.....	355

BIBLIOGRAPHY	359
---------------------------	------------

INDEX	385
--------------------	------------