

Stockholder Inspection of Corporate Records: Making Section 51 A More Effective Safeguard

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22 *ATENEO L.J.* 41 (1977)

SUBJECT: CORPORATE LAW

KEYWORD: RIGHT OF STOCKHOLDERS

The Article provides a discussion on the concept of the business enterprise and its consequences and implications on the society at such time. By recognizing the great shift of businesses from the small-scale and modestly capitalized businesses to large businesses enterprises, the trend shows that the former type of businesses have forcibly given way to the large corporations. Because of this, control in management has been separated from the persons who must primarily have a personal equity stake in them. Due to this, the Author identifies the problem, by looking into Republic Act (R.A.) No. 1459, or the Corporation Law of the Philippines, particularly Sections 51 and 52. Such sections, as the Author notes, show that the rights of stockholders to look into the conditions of the corporation as to which should be assured, have evolved into a right which is treated as an exception rather than the general rule. Local jurisprudence has been included to support and strengthen the Author's position. From this, he posits points that may be deduced from the cases which all point toward the fact that business transactions of corporations are not always open to inspection. Due to the inability to look into the books by members or stockholders, the Author presents a number of recommendations to address the problem.