

Title:

Jose versus Suarez: The Interface of Criminal Liability for Bouncing Checks and Alleged Iniquitous Interest Rates

Facts:

Spouses Carolina and Reynaldo Jose (petitioners) had extended a loan to spouses Laureano and Purita Suarez (respondents) with an originally agreed daily interest rate of 1% to 2%. The interest rate, however, was subsequently increased to 5% per day by the petitioners. The respondents, dealing with financial distress, felt compelled to accept this increase as they relied on the loan to cover postdated checks they had issued for other debts.

Subsequently, Purita issued checks to the petitioners for repayment of the loans with the inclusive 5% daily interest. Upon respondents' failure to maintain sufficient funds, criminal cases for violation of Batas Pambansa Bilang 22 (B.P. Blg. 22), which penalizes the making of dishonored checks due to insufficiency of funds, were filed against Purita.

Asserting that the 5% daily interest rate was iniquitous and imposed under undue influence, the respondents initiated a civil case seeking a ruling for the nullification of interest and recovery of interest payments. They also sought to prevent the petitioners from enforcing the subject checks through criminal prosecution under B.P. Blg. 22.

Issues:

1. Whether there exists a prejudicial question in the civil case for the declaration of nullity of interest which necessitates the suspension of criminal proceedings under B.P. Blg. 22.
2. Whether the increased interest rate of 5% per day imposed by the petitioners is iniquitous and unconscionable and, if void, whether the underlying checks are also void.
3. Whether the respondents are guilty of forum shopping when they sought relief from the Regional Trial Court (RTC) after their motion to suspend the proceedings was denied by the Municipal Trial Court in Cities (MTCC).
4. Whether the RTC has jurisdiction to issue a writ of preliminary injunction to enjoin the criminal proceedings for B.P. Blg. 22 cases on the ground of prejudicial question.

Court's Decision:

The court ruled that there was no prejudicial question in the civil action that could warrant the suspension of the criminal proceedings. The court reiterated its established view that the reason for the issuance of a check is irrelevant to determining criminal liability under B.P. Blg. 22; the mere act of issuing a bouncing check constitutes *malum prohibitum*.

Consequently, the validity or invalidity of the interest rate does not affect the determination of criminal culpability in cases of issuing dishonored checks.

Furthermore, the court found respondents guilty of forum shopping. The respondents had sought a favorable opinion from the RTC after their motion to suspend proceedings was unfavorably by the MTCC, thus manifesting an attempt to acquire a favorable judgment by initiating similar actions in different forums.

Finally, the court set aside the issued preliminary injunction from the RTC and ordered the MTCC of Cebu City to proceed with the trial of the B.P. Blg. 22 cases.

Doctrine:

The ruling reaffirmed the doctrine that the reason for the issuance of a check is inconsequential in determining criminal culpability under B.P. Blg. 22, as the law criminalizes the act of issuing a worthless check, regardless of the cause or conditions surrounding its issuance.

Historical Background:

The case reflects the judiciary's effort to protect the stability and commercial value of checks in the Philippine financial system. Batas Pambansa Blg. 22 was established as a means to discourage the issuance of checks without sufficient funds and to instill confidence in the use of checks as a reliable substitute for cash in commercial and financial transactions. The ruling in the case emphasizes the high standard of writing cheques and the compelling state interest in maintaining trust in the banking system by strictly penalizing the issuance of bouncing checks.