

Title: United States v. Carlos Rastrollo

Facts: Carlos Rastrollo was involved in civil proceedings where a preventive attachment was sought by D. Emeterio Ruiz to secure a debt. Attorney Florencio Gonzalez, on behalf of Bon Gerardo Urbina, succeeded in obtaining the attachment of 1,121 feet of hose among other property of Rastrollo. The attached property, including the hose, remained in Rastrollo's possession. With the consent of Attorney Gonzalez, Rastrollo sold the hose to the Manila Fire Department. The sale took place in late March, but Rastrollo did not promptly turn over the proceeds to Attorney Gonzalez. Instead, he deposited the funds in court on June 4th, the day after a complaint charging him with embezzlement (estafa) was filed against him.

The case proceeded to the Supreme Court after Rastrollo was charged with a criminal offense and presumably convicted in the lower court, which he then appealed. The case moved through the judicial system, eventually reaching the Supreme Court for determination of Rastrollo's criminal liability.

Issues:

1. Whether the acts charged against Rastrollo constitute the crime of embezzlement (estafa).
2. Whether the failure to promptly deliver the proceeds of the sale to the attorney for the plaintiff constitutes the crime of malversation of property attached by judicial order.
3. Whether Rastrollo's actions, with the consent of the creditor's attorney, absolve him of criminal liability.

Court's Decision:

The Supreme Court ruled in favor of the defendant, Carlos Rastrollo. The Court held that Rastrollo's actions did not constitute the crime of embezzlement under Paragraph 5 of Article 535 of the Penal Code, nor the crime of malversation of property under Articles 390, 392, and 395. Key to this determination was the fact that Rastrollo acted with the knowledge and consent of the attorney for the creditor, who agreed that the proceeds should be delivered to him. Additionally, the Court noted that there was no evidence that Rastrollo had appropriated or applied the proceeds for his personal use or that of others as he submitted the proceeds to the court, albeit later than expected.

Doctrine: In this case, the doctrine established is that the consent of a creditor's attorney in the sale of attached goods and the subsequent submission of proceeds to the court can negate the criminal liability for embezzlement or malversation of property under Philippine

law.

Class Notes:

- Secured debt and process of preventive attachment.
- Difference between private bailment and judicial deposit.
- Concept of consent in the sale of attached property by the creditor's attorney.
- Delayed deposit of proceeds does not necessarily equate to embezzlement or malversation.
- Importance of demonstrating intent to appropriate or misapply funds for personal use to establish criminal liability.
- Penal Code Articles: Article 535 - defining embezzlement; Articles 390, 392, and 395 - relating to malversation of property.

Historical Background: The decision illustrates early twentieth-century Philippine jurisprudence surrounding cases of alleged misappropriation following judicial attachment. It highlights how notions of consent and intent were critical in determining criminal liability within the context of secured transactions and enforcement of civil judgments. The case reflects the legal framework of the Philippines during the American colonial period and the transplantation of American legal principles such as due process and the presumption of innocence in the Philippine legal system.