

****Title:**** DANILO S. IBAÑEZ v. PEOPLE OF THE PHILIPPINES: A Question of Misappropriation and Conversion in Estafa

****Facts:****

The case of Danilo S. Ibañez vs. the People of the Philippines arose from a transaction involving the sale of a three-hectare orchard owned by spouses Arturo T. Pineda and Honorata K. Pineda, located in Baliok, Toril, Davao City. On April 25, 2002, impressed by the accused's expertise in real estate, the Pinedas engaged Ibañez and his associates to sell the property for P6,000,000.00, payable in 24 months. They executed a Memorandum of Agreement (MOA) effectively transferring ownership of the property to the buyers with a detailed payment plan. Additionally, a Special Power of Attorney (SPA) was granted to the buyers for the subdivision and sale of the property, collection, and encashment of payments. Despite having sold parts of the property and collecting payments, Ibañez failed to remit the agreed 60% share of the sales to the Pinedas, leading to a filed complaint for Estafa. An "Amicable Settlement" was attempted but was also breached by Ibañez, prompting legal action.

The criminal case proceeded to the Regional Trial Court (RTC) of Davao City, Branch 17, where Ibañez was found guilty of estafa, penalized under Article 315, paragraph 1(b) of the Revised Penal Code. The RTC's decision was appealed to the Court of Appeals (CA), which affirmed the RTC's judgment with modification on the penalty and ordered the payment of actual damages with interest. Ibañez further appealed to the Supreme Court of the Philippines.

****Issues:****

1. Whether or not the petitioner's guilt for Estafa was established beyond reasonable doubt.
2. Whether the transaction between the parties constituted a contract of sale or an agency that bears an obligation involving the duty to make delivery or return of sales proceeds.

****Court's Decision:****

The Supreme Court reversed the decisions of the lower courts, leading to the acquittal of Ibañez. The High Court established that the agreement between Ibañez and the Pinedas was a contract of sale, not an agency, which transferred ownership of the property to Ibañez, making him a buyer rather than an agent with an obligation to remit sales proceeds. The Court clarified the applicability of the parol evidence rule and deemed the Prosecution's failure to present Atty. Pineda as a witness for his complaint-affidavit left the affidavit as hearsay and without evidentiary value. Without the element of misappropriation or

conversion, the essence of the estafa charge was unfounded. Therefore, Ibañez's failure to fully pay the purchase amount did not amount to estafa but was a breach of his duty as a debtor to the unpaid vendor. Nonetheless, the Court recognized the civil liability of Ibañez to pay the remaining balance within the context of their "Amicable Settlement."

****Doctrine:****

The offense of estafa requires misappropriation or conversion of money or property received by the offender under an obligation involving the duty to make delivery or to return the same. Absence of evidence proving misappropriation or conversion negates the charge of estafa. Moreover, the transaction type (sale or agency) determines the applicability of estafa charges, particularly regarding the obligation to remit payment or proceeds.

****Class Notes:****

- ****Estafa under Article 315(1)(b) of the RPC:**** Requires (1) receipt of money or property in trust or under an obligation, (2) misappropriation or conversion for personal benefit or denial of receipt, (3) resulting prejudice, and (4) demand made by offended party.
- ****Parol Evidence Rule (Section 9, Rule 130, Rules of Court):**** Prohibits the introduction of extrinsic evidence to alter, vary, or add to the terms of a written agreement, except under specified conditions.
- ****Contract of Sale vs. Agency:**** Ownership transfer distinguishes a sale from an agency; a sale entails the transfer of ownership in exchange for a price, while an agency involves acting on behalf of another without transferring ownership.
- ****Misappropriation/Conversion in Estafa:**** Central to estafa is the act of using another's property or money for one's own use, deviating from the agreed purpose.

****Historical Background:****

This case underscores the legal distinction between a contract of sale and an agency and their implications in cases of estafa charges. It illustrates the judiciary's role in interpreting agreements and determining the presence of criminal elements such as misappropriation or conversion, essential in safeguarding property rights and contractual obligations.