

### Title:

\*\*Jose Apolinario, Jr. y Llauder vs. People of the Philippines: A Case of DOSRI Law Violation\*\*

### Facts:

This case began with the charging of Jose Apolinario, Jr. alongside other directors and officers of Unitrust Development Bank (UDB) for violations of DOSRI laws under R.A. No. 8791 and R.A. No. 7653. The charges were related to unauthorized loans granted to Winefredo T. Capilitan and G. Cosmos Philippines, Inc., which lacked written approval from the majority of the bank's directors and were not reported to the BSP as required by law. During trial proceedings, Apolinario's co-accused remained at large, and one was later discharged to become a state witness. The prosecution presented evidence showing improper approval and release of loans, leading to the conviction of Apolinario by the Regional Trial Court (RTC), which imposed fines for the offenses. Apolinario's appeal to the Court of Appeals (CA) upheld the RTC's decision. He then filed a Petition for Review with the Supreme Court, challenging the factual findings and the interpretation of legal issues by the lower courts.

### Issues:

1. Whether the Supreme Court can review factual findings of the CA and RTC.
2. Whether the elements of the violation of DOSRI laws under R.A. No. 8791 in relation to R.A. No. 7653 were sufficiently established.

### Court's Decision:

The Supreme Court denied Apolinario's petition, affirming the CA's decision. It held that factual findings of lower courts are generally binding unless specific exceptions apply, none of which were convincingly presented by Apolinario. The Court reaffirmed the necessity for bank directors and officers to exercise high degrees of diligence and adhere to banking laws and regulations, emphasizing that the evidence sufficiently established Apolinario's guilt.

### Doctrine:

The case reiterates the fiduciary nature of banking and the stringent requirements and restrictions imposed on bank directors, officers, stockholders, and their related interests (DOSRI) loans under the General Banking Law (R.A. No. 8791) and the New Central Bank Act (R.A. No. 7653). Violations of DOSRI laws, including unauthorized loans without proper board approval and failure to report to the Bangko Sentral ng Pilipinas, attract criminal liability.

### Class Notes:

- **Diligence Required for Banks:** Banks must exercise the highest degree of diligence due to their fiduciary nature. This extends to directors and officers responsible for the institution's management.
- **Restrictions on DOSRI Loans:** Loans to directors, officers, stockholders, and related interests (DOSRI) are subject to strict compliance measures, including written board approval and mandatory reporting to the Bangko Sentral ng Pilipinas.
- **Criminal Liability for Violation:** Directors and officers who violate DOSRI laws under R.A. No. 8791 in relation to R.A. No. 7653 may face criminal liability including fines and imprisonment.
- **Standard of Review in Supreme Court:** The Supreme Court generally does not review factual findings by lower courts unless the case falls under recognized exceptions.

### Historical Background:

This case highlights the critical regulations governing the Philippine banking industry, specifically concerning DOSRI loans aimed at preventing abuses of power within banking institutions. It underscores the legal framework designed to protect the integrity and stability of the financial system, reflecting the legislative intent to impose higher standards of responsibility and accountability on those managing banks.