

****Title:**** Metropolitan Bank and Trust Company v. Joaquin Tonda and Ma. Cristina Tonda

****Facts:****

The case involves Joaquin P. Tonda and Ma. Cristina V. Tonda (the TONDAS), who secured commercial letters of credit from Metropolitan Bank and Trust Company (METROBANK) for importing textile materials. The TONDAS, associated with Honey Tree Apparel Corporation (HTAC), executed eleven trust receipts for the releases. After failing to settle the obligations, METROBANK made a final demand in 1992, but the TONDAS failed to respond satisfactorily. Consequently, METROBANK filed a complaint for violation of P.D. No. 115 (Trust Receipts Law) in relation to Article 315 (1) (b) of the Revised Penal Code against the TONDAS. The complaint was initially dismissed, but upon appeal by METROBANK, the DOJ reversed the dismissal, directing the filing of appropriate charges. The TONDAS' motions for reconsideration were denied. They then sought certiorari from the Court of Appeals, which granted their petition, leading to the dismissal of the criminal complaint. METROBANK then filed for review under Rule 45 of the Rules of Court with the Supreme Court.

****Issues:****

1. Whether METROBANK substantiated a prima facie violation of the Trust Receipts Law in relation to Art. 315 of the Revised Penal Code.
2. Whether an agreement on applying the deposited P2.8 million towards the TONDAS' obligations under the trust receipts was established.
3. Whether METROBANK can apply the P2.8 million deposit as payment for the principal amount, despite failing to conclude a restructuring agreement.
4. Whether METROBANK suffered damages due to the proposal and deposit.
5. METROBANK's standing to prosecute the case and the nature of the questions raised (factual or legal).

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

The Supreme Court granted METROBANK's petition, reversing the Court of Appeals' decision. It found that there was probable cause for violation of the Trust Receipts Law, establishing that the failure to turn over the goods or proceeds as criminal offense. The Court also addressed the other issues sequentially, noting especially that civil negotiations do not preclude prosecution for crimes already committed and clarified that any payment made after the fact does not negate criminal liability. The Supreme Court emphasized the distinct and secured nature of trust receipt transactions and their crucial role in commerce, which necessitates strict compliance with the law.

****Doctrine:****

This case reiterates the principle that failure to comply with the obligations under trust receipts constitutes estafa, punishable under the Trust Receipts Law in conjunction with the Revised Penal Code. It underscores the premise that payment or compensation after the commission of a crime does not extinguish criminal liability due to the public interest involved in such offenses.

****Class Notes:****

- Trust Receipts Law (P.D. No. 115) violation involves failure to turn over proceeds or return goods obtained via trust receipts.
- Estafa under Article 315 (1) (b) of the Revised Penal Code includes misappropriation or conversion of property received in trust.
- Essential elements for trust receipt violation: entrustee's failure to account for proceeds/sale goods or to return unsold goods.
- Legal principle: Payment after the commission of a crime affecting public interest does not extinguish criminal liability.
- The role of the DOJ in preliminary investigations includes assessing probable cause for criminal prosecution without requiring exhaustive evidence presentation. Judicial review of DOJ decisions is limited to checking for grave abuse of discretion.

****Historical Background:****

The case highlights the judicial regard for the integrity of commercial transactions, particularly those involving bank-financed imports under trust receipts. It reflects the broader legal framework designed to protect financial institutions and, by extension, the overall economy, against fraud and misuse of financial mechanisms. Trust receipt transactions, critical for providing liquidity in international and domestic trade, necessitate stringent legal oversight to ensure compliance and uphold public interest.