

****Title:**** China Banking Corporation vs. The Honorable Court of Appeals and Jose “Joseph” Gotianuy, Substituted by Elizabeth Gotianuy Lo

****Facts:**** The case originated from a complaint filed by Jose “Joseph” Gotianuy against his daughter, Mary Margaret Dee, and her husband, George Dee, for the recovery of sums of money and annulment of sales of real properties and shares of stock due to alleged illegal transfer and withdrawal of various assets, including significant US dollar deposits from Citibank N.A., which were deposited in the China Banking Corporation (China Bank). After Jose Gotianuy passed away, his daughter Elizabeth Gotianuy Lo substituted him in the proceedings. The complaint detailed that Mary Margaret Dee, without consent, withdrew checks amounting to \$864,000.00 and deposited them into China Bank. To prove these transactions, Elizabeth Gotianuy Lo sought the testimony of two China Bank employees, Isabel Yap and Cristota Labios, through a subpoena issued by the trial court, which China Bank opposed, citing the Foreign Currency Deposit Act’s confidentiality provision. China Bank filed a Petition for Certiorari with the Court of Appeals after its motion for reconsideration was denied by the trial court. The Court of Appeals affirmed the trial court’s decision allowing the subpoenas, leading China Bank to appeal to the Supreme Court.

****Issues:**** The Supreme Court addressed whether:

1. The confidentiality of foreign currency deposits under Republic Act No. 6426, as amended, prevents the disclosure of the depositor’s name.
2. Jose Gotianuy (substituted by Elizabeth Gotianuy Lo) can compel disclosure of information about a foreign currency deposit not owned by him.
3. China Bank can invoke the confidentiality provision to refuse disclosure of depositor information.

****Court’s Decision:**** The Supreme Court denied China Bank’s petition, affirming the Court of Appeals’ decision. It ruled that the confidentiality provision of the Foreign Currency Deposit Act does not cover the depositor’s name and that inquiry into the deposit was justified given the unique facts of the case. The court reasoned that Jose Gotianuy, being a co-payee of the checks and the original owner of the funds, had the right to inquire into the deposits, essentially treating him as a co-depositor. The decision was limited to the specific circumstances of this case (*pro hac vice*).

****Doctrine:**** The case emphasizes that the secrecy provision of the Foreign Currency Deposit Act protects the deposit itself but not necessarily the identity of the depositor. It makes a distinction between the general rule of confidentiality and the exceptions that may

arise due to justice and equitable considerations, particularly in instances where the depositor's right to inquire into their own funds is at issue.

****Class Notes:****

- ****Definition of Depositor:**** One who pays money into the bank to be placed to his credit, subject to his check, or the beneficiary of the funds held by the bank as trustee.
- ****Secrecy of Foreign Currency Deposits:**** Protected under Republic Act No. 6426, as amended, with exceptions allowed under specific circumstances, particularly with the depositor's written permission.
- ****Doctrine of Pro Hac Vice Ruling:**** A ruling made for one specific case without setting a general legal precedent.

****Historical Background:**** The case underlines the tension between the protective legal cloak around foreign currency deposits established to encourage foreign investment in the Philippines and the pursuit of justice and equity in legal disputes involving such deposits. The Supreme Court's decision navigates this tension by making a pro hac vice ruling, addressing the specific injustices of the case without broadly overturning the confidentiality protections of foreign currency deposits.