

Title: Sesbreno vs. Court of Appeals and Hermilo Rodis, Sr. (310 Phil. 671)

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Facts:

1. **February 9, 1981**: Attorney Raul H. Sesbreno gave Hermilo Rodis, Sr., Douglas Sandiego, and Ricardo Silverio, Sr., the sum of PHP 300,000 for a money market placement for 32 days at a 20% interest rate maturing on March 13, 1981.
2. **March 13, 1981**: The maturity date passed, and despite demands, the accused failed to return the principal amount or the interest.
3. **Criminal Case No. CU-10568**: Sesbreno filed an estafa complaint against Rodis and others under this case number.
4. **Motion to Quash**: Rodis filed a motion to quash the case, asserting that the Securities and Exchange Commission (SEC) had jurisdiction, not the regular courts, and that the presented facts did not constitute a criminal offense.
5. **Trial Court Denial**: The trial court denied the motion.
6. **Intermediate Appellate Court**: Rodis elevated the case via certiorari to the Intermediate Appellate Court (IAC-G.R. SP No. 15448), which denied his petition.
7. **Supreme Court Petition (G.R. No. 65477)**: The Supreme Court denied Rodis' petition.
8. **Trial Continuation**: The trial for the criminal case continued, and after the prosecution rested, Rodis moved for dismissal via demurrer to evidence, contending no criminal offense of estafa existed for non-payment of a money market placement.
9. **Additional Complaint**: Sesbreno also filed a complaint against Elizabeth de Villa regarding the same money market transaction, which was dismissed by then Minister of Justice Estelito Mendoza.
10. **March 13, 1985**: The RTC denied Rodis' motion to dismiss.
11. **June 21, 1985**: The RTC declared Rodis waived his right to present evidence due to dilatory tactics.
12. **Petition for Certiorari (AC-G.R. SP No. 6315)**: Rodis filed another certiorari petition, contesting the March 13 Order, declaring no criminal offense occurred.
13. **December 29, 1987**: The Intermediate Appellate Court ruled that a money market placement was a loan, not constituting estafa, and ordered the case dismissal.
14. **Court of Appeals Decision Modification**: The decision was partly modified, directing to determine Rodis' civil liability.

Issues:

1. **Jurisdiction**: Whether the Court of Appeals had jurisdiction over Rodis' certiorari

petition challenging the trial court's denial of his motion to dismiss the estafa case.

2. **Criminal Liability**: Whether a money market transaction non-payment constitutes estafa under Philippine law.

Court's Decision:

1. **Jurisdiction**: The Supreme Court ruled that the Court of Appeals had no jurisdiction over questions of law, yet held that petitioner Sesbreno did not question jurisdiction earlier and thus was estopped from raising it now.

2. **Criminal Liability**:

- A money market placement is akin to a loan, where the lender expects the return of the same amount with interest.
- The Court reiterated that such transactions do not equate to estafa since legal title of the money is transferred to the borrower.
- Liability in such cases is purely civil, requiring civil suits or SEC action for recovery.
- The estafa case was dismissed because an investor is akin to a lender, and non-payment is not misappropriation.

Doctrine:

The case highlighted that money market placements are treated as loans and non-payment of these placements cannot constitute estafa. Criminal liability for estafa cannot arise from mere non-payment of what effectively is a loan with stipulated interest.

Class Notes:

- **Estafa Elements** (Article 315, Revised Penal Code):
 1. **Misappropriation/Conversion**: For personal use.
 2. **Obligation to Return**: The same property received.
 3. **Existence of Demand**: For return.
- **Money Market Definition**: A market dealing in standardized short-term credit instruments through a middleman.
- **SEC Role**: Overseeing fraud and misleading loans/investments.
- **Civil Liability**: Non-payment leading to civil suits for recovery.

Historical Background:

During this period, financial transactions in the Philippines saw diverse financial instruments and markets evolving rapidly, including money market placements. The judicial system sought to delineate the roles of criminal and civil liabilities in financial transactions, critical for investor protections and financial market stabilization. The case underscored the

legal intricacies surrounding financial disputes and their classifications.