

Title

****Westmont Investment Corporation vs. Amos P. Francia, Jr., Cecilia Zamora, Benjamin Francia, and Pearlbank Securities, Inc. (G.R. No. 84725)****

Facts

On March 27, 2001, Amos P. Francia, Jr., Cecilia Zamora, and Benjamin Francia (collectively referred to as the Francias) filed a complaint before the Regional Trial Court (RTC) of Makati City, Branch 56, for the collection of a sum of money and damages against Westmont Investment Corporation (Wincorp) and Pearlbank Securities Inc. (Pearlbank). The dispute arose from their investments with Wincorp. The Francias alleged that in 1999, they were convinced by Wincorp's bank manager to invest, hoping to benefit from interest rates higher than those offered by regular banks.

The Francias invested P1,420,352.72 and P2,522,745.34, for which Wincorp issued official receipts. Upon maturity, Wincorp extended the investment but failed to release the funds. Consequently, the Francias demanded their money back from Pearlbank, noted in the confirmation advices as the borrower, but were rebuffed.

Wincorp and Pearlbank moved to dismiss the complaint, claiming it lacked a cause of action. The RTC denied these motions. Wincorp filed an answer, and Pearlbank lodged a counterclaim and crossclaim against Wincorp. The pre-trial conference was held, and the parties stipulated certain facts, including that the confirmation advices showing Pearlbank as the borrower were unsigned.

Trial ensued, where Amos Francia testified, detailing their investments and unsuccessful attempts to retrieve the funds. After presenting evidence, the Francias rested their case. Wincorp unsuccessfully sought delays, leading the RTC to declare that Wincorp had waived its right to present evidence.

Pearlbank's demurrer to evidence was granted, dismissing the case against it. The RTC ruled in favor of the Francias, ordering Wincorp to pay the invested amount plus interest and attorney's fees. Wincorp's motion for reconsideration was denied. Wincorp appealed to the Court of Appeals (CA), which affirmed the RTC's decision with modifications. The CA dismissed Wincorp's crossclaim against Pearlbank due to lack of evidence.

Issues

1. Whether the RTC correctly held Wincorp solely liable instead of recognizing Pearlbank as the borrower based on the confirmation advices.

2. Whether the procedural rulings, such as the denial of Wincorp's motion to postpone and the dismissal of evidence not formally offered, were handled properly.
3. Whether the CA correctly denied Wincorp's arguments regarding the supposed contract of agency.

Court's Decision

The Supreme Court (SC) denied Wincorp's petition and upheld the CA's modified decision, detailing the disposition of each issue as follows:

1. **Wincorp's Liability**: The SC affirmed that no agency contract existed between the Francias and Wincorp. The confirmation advices indicating Pearlbank as the borrower were insufficient evidence of an actual loan to Pearlbank, especially since these advices lacked Pearlbank's acknowledgment or signature. Wincorp failed to provide substantial proof of Pearlbank's receipt of funds or its authorization of Wincorp to act on its behalf.
2. **Procedural Rulings**: The SC agreed with the CA that since Wincorp did not formally object to or challenge the Francias' presented evidence at trial, it could not contest these on appeal. Furthermore, documents not formally offered in trial court could not be considered on appeal. This reinforced the procedural necessity of formally offering evidence to ensure a fair trial.
3. **Denial of Motion to Postpone**: The SC supported lower courts' actions in denying Wincorp's motion to postpone due to failure to present witnesses, covered under their discretionary powers.

Doctrine

- **Formal Offer of Evidence**: The Court will only consider evidence formally offered during the trial. Any evidence not submitted during the trial phase is invalid for appeals, emphasizing the criticality of following procedural rules.
- **Contract of Agency**: Establishing an agency relationship requires clear evidence of consent, authorization, and representation. Merely presenting documents without proper acknowledgment from all parties does not establish an agency relationship.

Class Notes

- **Formal Offer of Evidence**: (Sec. 34, Rule 132, Rules of Court) - Courts shall not consider evidence unaccompanied by a formal offer.
- **Elements of Agency Contract**: (Art. 1868, Civil Code) - Includes consent, execution of a juridical act in relation to a third person, representative action, and acting within the scope

of authority.

Historical Background

This case contextualizes the fiduciary relationships and procedural diligence needed in investment and brokerage transactions within the Philippine judicial system. It marks the importance of formalities in litigation and the critical nature of documentation, underscoring the stringency of judicial processes to ensure fairness and accountability in fiduciary disputes.