

****Case Title:****

People of the Philippines v. Rosendo Resuello, et al., L-30633 [147 Phil. 526]

****Facts:****

1. ****Incident and Initial Charge:****

- In October 1962, Rosendo Resuello and others, officers of the Security Credit and Acceptance Corporation, were accused of receiving PHP 800 from Florentina G. Limpin under the guise of a deposit, with the obligation to return the money on demand.
- Resuello and his co-defendants allegedly misappropriated and converted the money for personal use, refusing to return it despite repeated demands.

2. ****Procedural History:****

- An Information was filed on March 9, 1965, charging Resuello and others with estafa.
- Resuello filed a Motion to Quash on the grounds that the facts did not constitute an offense, invoking Article 1980 of the Civil Code which frames deposits in financial institutions as loans.
- The Court of First Instance of Pampanga granted the motion to quash on October 10, 1968, dismissing the case and canceling Resuello's bond for temporary release.

3. ****Appeal:****

- The Government appealed via certiorari to the Philippine Supreme Court, disputing the lower court's interpretation of the transaction as a loan and the characterization of the relationship as merely civil.
- The lower court's view was challenged, focusing on the implication that a potential violation of banking laws did not preclude prosecution for estafa under the penal code.

****Issues:****

1. Whether Article 1980 of the Civil Code removed the facts from criminal liability, categorizing the transaction as a simple loan instead of deposit.
2. Whether the relationship between Florentina Limpin and Rosendo Resuello was that of creditor-debtor or depositor-trustee.
3. Whether the mishandling of funds constitutes swindling (estafa) under the Revised Penal Code, irrespective of other violations of banking laws.

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

1. **Legal Classification of the Transaction:**

- The Court rejected the lower court's classification of the transaction as a simple loan, differentiating it from deposits with the corporation. It highlighted that the obligation to return the money was on Resuello personally, not on the corporation.

2. **Existence of Criminal Offense (Estafa):**

- The Supreme Court found that the Information sufficiently alleged facts constituting estafa by detailing that Resuello and his co-defendants received money for deposit, yet instead, misappropriated it for personal gain, thus fulfilling the criteria of swindling (estafa) under Article 315 of the Revised Penal Code.

3. **Interplay with Banking Violations:**

- The decision clarified that the accused could be held accountable under the Revised Penal Code despite possible concurrent violations of banking laws, as the latter concern regulatory non-compliance, not criminal misappropriation.

Doctrine:

- The Supreme Court established that even if funds are mishandled by officers of a corporation acting without banking authority, such actors can still be prosecuted for estafa where they commit fraud and misappropriation, regardless of any parallel violations of banking regulations.

Class Notes:

- **Estafa (Swindling):** Defined under Article 315 of the Revised Penal Code; involves deceit or abuse of confidence, misappropriation, or conversion of property/money for personal gain.
- **Civil Code Article 1980:** Classifies bank deposits akin to loans, but this does not negate criminal liability where fraud/misappropriation is evident.
- **Criminal vs. Civil Liability:** Misleading transactions that include deceitful conversion of funds invoke criminal liability under estafa, rather than mere civil liability.
- **Regulatory Breach and Criminal Law:** Banking violations under industrial laws don't preclude estafa charges under the penal law.

Historical Background:

- Amid a background where the Security Credit and Acceptance Corporation was found

operating banking functions without authority, highlighting the need for clarity and enforcement of financial and criminal laws, ensuring individuals abusing finance-related roles face due penal consequences apart from regulatory reprimands.