

**\*\*Title:\*\***

People of the Philippines vs. Ben Cuevo

**\*\*Facts:\*\***

On February 16, 1964, Ben Cuevo received from Prudential Bank and Trust Company 1,000 bags of grind yellow corn and 1,000 bags of palay under a trust receipt covered by Letter of Credit No. 5643, valued at ₱24,000. Cuevo was obligated to sell the goods, deliver the sale proceeds to the bank or return the unsold goods. Cuevo sold the goods but failed to remit the proceeds to the bank, and despite repeated demands, did not account for the merchandise or the proceeds.

An information was filed on July 27, 1966, charging Cuevo with estafa under Article 315(1)(b) of the Revised Penal Code. Cuevo pleaded not guilty upon arraignment. Prior to trial, he filed a motion to dismiss, arguing that the facts did not constitute an offense. The trial court, presided by Judge Ruperto Kapunan, Jr., dismissed the case on January 3, 1967, concluding that the trust receipt arrangement was akin to a secured loan, hence a civil matter, not estafa.

The prosecution appealed the dismissal to the Supreme Court of the Philippines.

**\*\*Issues:\*\***

1. Whether converting the proceeds of goods covered by a trust receipt constitutes estafa under Article 315(1)(b) of the Revised Penal Code.
2. Whether the dismissal of the information by the lower court was erroneous and whether it constitutes double jeopardy to try the accused again.

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

1. **\*\*Conversion Constituting Estafa:\*\***

The Supreme Court held that the misappropriation of proceeds from the sale of goods under a trust receipt falls under Article 315(1)(b). The provision addresses the misappropriation of money or goods received under any obligation to deliver or return them. Thus, Cuevo's failure to remit the sale proceeds or return the goods to the bank constituted estafa.

2. **\*\*Double Jeopardy:\*\***

The Court noted that double jeopardy does not apply in this case because Cuevo's case was dismissed upon his own motion to dismiss. Proceedings did not reach the point of the prosecution presenting evidence. Hence, the erroneous dismissal did not place him in jeopardy.

Ultimately, however, the order of dismissal stood affirmed because only seven justices voted to reverse, which was insufficient to overturn the lower court's decision.

**\*\*Doctrine:\*\***

The case reaffirms that the misappropriation of goods or the proceeds from their sale, under a trust receipt, constitutes estafa under Article 315(1)(b) of the Revised Penal Code. The ruling also clarified that where dismissal is with the consent of the accused, double jeopardy does not attach.

**\*\*Class Notes:\*\***

- **\*\*Key Elements of Estafa under Art. 315(1)(b):\*\***

1. Misappropriation or conversion.
2. Of goods, money, or property received in trust or on commission, or for administration.
3. Prejudice to another party.
4. Obligation to deliver or return the same.

- Statute: Revised Penal Code, Article 315(1)(b).

- Application: Cuevo's case demonstrated that disposing of goods under a trust receipt without remitting proceeds or returning unsold goods constitutes estafa.

**\*\*Historical Background:\*\***

The case involves the application of established legal principles governing trust receipts in commercial transactions. Historically, trust receipts were used for financing imports where goods served as collateral. Prior rulings like *People vs. Yu Chai Ho* affirmed that converting goods or the proceeds from trust receipts amounts to estafa. Presidential Decree No. 115 (Trust Receipts Law, 1973) later explicitly criminalized such acts to bolster clarity and reinforce accountability in commercial transactions, underlining the legal landscape during Cuevo's prosecution.