

Title: **Caram Resources Corp. and Raymund B. Tejada v. Judge Maximo C. Contreras**

Facts:

On February 4, 1991, Teresita J. Dizon obtained a loan of PHP 10,000 from Caram Resources Corp. (CARAM) which was payable in 12 monthly installments of PHP 1,259 each, as per a promissory note she executed with two co-makers. She issued 12 postdated checks from a newly opened account at Bank of the Philippine Islands (BPI) to cover these installments. However, the account was soon closed due to lack of funds, leading several checks to bounce.

CARAM filed four separate criminal cases for violation of Batas Pambansa Blg. 22 (B.P. 22), the Bouncing Checks Law, when four postdated checks dated between July and October 1991 were dishonored. Judge Maximo C. Contreras of the Metropolitan Trial Court of Makati acquitted Dizon, reasoning that the checks were issued without consideration and were primarily used as coercive guarantees for the loan, not affecting the public interest.

Issues:

1. Did the respondent Judge Maximo C. Contreras err in acquitting Teresita J. Dizon by failing to recognize the applicability of B.P. 22?
2. Was the charge of misconduct and gross ignorance of the law against Judge Contreras justified based on his interpretation and application of B.P. 22?

Court's Decision:

The Supreme Court found that Judge Contreras erred in his judgment. The Court emphasized that B.P. 22 explicitly penalizes the act of issuing worthless checks, irrespective of the underlying obligation or consideration. By acquitting Dizon and stating that imposing liability under B.P. 22 would violate the constitutional rule against imprisoning a person for debt, Contreras demonstrated gross ignorance of established jurisprudence which upholds the constitutionality of B.P. 22. Furthermore, the decision showcased a significant bias against the financial practices of CARAM, which was inappropriate and uncalled for in his role as a judge.

Doctrine:

- **B.P. Blg. 22 (Bouncing Checks Law) Constitutionality:** The issuance of worthless checks is punishable, and it does not violate constitutional protections against imprisonment for debt because it addresses the act itself and its broader impact on public order, not merely the failure to repay a debt (*Lozano v. Martinez*).

- **Canon 18 of the Canons of Judicial Ethics:** Judges must apply the law as it stands and not let personal biases influence their judgments.

Class Notes:

1. **Elements of B.P. Blg. 22 Violation:**

- Issuance of a check.
- Knowledge by the drawer of insufficient funds or closure of the account upon which the check is drawn.
- Check is dishonored upon presentment.
- No payment made within five banking days after receiving notice of dishonor.

Key Statutes:

- **B.P. Blg. 22, Section 1:** Defines and penalizes the issuance of unfunded or closed account checks.

2. **Judicial Ethics:**

- **Canon 18:** A judge should apply the law objectively and not let personal opinions or biases affect their rulings.
- Judges must adhere to the highest court's interpretations and rulings to maintain the integrity of the legal system (People vs. Vera).

Historical Background:

The case emerges in the backdrop of the enforcement of B.P. Blg. 22 in the Philippines, aimed at protecting the integrity of banking and financial transactions by penalizing the issuance of bouncing checks. The increasing trend of financial institutions using postdated checks as collateral for loans had led to a surge in B.P. 22 cases, causing judicial scrutiny over the statute's application and banks' practices.