

Title:

Alfredo Ching vs. The Secretary of Justice, et al. (G.R. No. 165879)

Facts:

Petitioner Alfredo Ching was the Senior Vice-President of Philippine Blooming Mills, Inc. (PBMI). Between September and October 1980, PBMI, through Ching, applied for commercial letters of credit from Rizal Commercial Banking Corporation (RCBC) to finance the importation of various goods. RCBC approved and issued irrevocable letters of credit. The goods were delivered in trust to PBMI, with Ching signing 13 trust receipts as surety, acknowledging receipt of goods.

The trust receipts specified that the goods were to be held in trust for RCBC, sold within a specified period, and proceeds turned over to RCBC. However, Ching only delivered P707,879.71 worth of the goods and none of the proceeds from the sales, thus violating the terms of the trust receipts. RCBC demanded the return of the goods or their value amounting to P6,940,280.66, but Ching failed to comply.

RCBC filed a criminal complaint for estafa under Article 315, paragraph 1(b) of the Revised Penal Code, in relation to Presidential Decree (P.D.) No. 115, known as the Trust Receipts Law. The City Prosecutor of Manila found probable cause, resulting in 13 Informations being filed against Ching.

Ching appealed to the Minister of Justice, who initially dismissed the charges but later, upon RCBC's motion for reconsideration, reversed himself and recommended the withdrawal of the Informations. Nevertheless, due to the Supreme Court's ruling in *Allied Banking Corporation v. Ordoñez*, RCBC re-filed the estafa complaint, and after a fresh preliminary investigation, the City Prosecutor ruled no probable cause against Ching, stating his liability was merely civil, not criminal.

RCBC appealed to the Department of Justice (DOJ), which reversed the City Prosecutor's ruling and directed the filing of 13 criminal Informations for violation of P.D. No. 115. Ching sought relief from the Court of Appeals (CA), arguing grave abuse of discretion by the DOJ, but both the CA and eventually the Supreme Court upheld the DOJ's decision.

Issues:

1. Whether the transaction between PBMI and RCBC constituted a valid trust receipt under P.D. No. 115.
2. Whether Ching could be criminally liable under P.D. No. 115 as an entrustee despite

being a corporate officer.

3. Whether the procedural missteps, such as defects in the certification of non-forum shopping, justified the dismissal of the petition for certiorari before the CA.

4. Whether the alleged delay in the termination of the preliminary investigation warranted the dismissal of the charges against Ching.

5. Whether the CA correctly ruled that no grave abuse of discretion was committed by the Secretary of Justice.

Court's Decision:

1. ****Validity of the Trust Receipt Transaction****: The Supreme Court affirmed that the transaction between PBMI and RCBC was valid under P.D. No. 115. Despite Ching's argument, the Court ruled that P.D. No. 115 applied as RCBC imported goods and entrusted them to PBMI under trust receipts signed by Ching. The terms outlined in the trust receipts fell squarely under the trust receipt transactions envisaged by the law.

2. ****Criminal Liability as a Corporate Officer****: The Court held that Ching, by signing the trust receipts as Senior Vice-President, was subject to both criminal and civil liabilities under P.D. No. 115. Under Section 13 of P.D. No. 115, corporate officers who sign trust receipts are directly responsible for criminal actions taken in violation of the trust receipt terms.

3. ****Procedural Missteps****: The CA was correct in dismissing the petition based on a defective certification of non-forum shopping. The certification did not meet the requirements under the Rules of Court, leading to procedural grounds for dismissal.

4. ****Delay in Preliminary Investigation****: The Court rejected Ching's argument regarding delays. It found that the delay did not violate due process or result in prejudice significant enough to merit dismissal of the charges.

5. ****Grave Abuse of Discretion by DOJ****: The Court found no grave abuse of discretion by the Secretary of Justice. The DOJ's resolutions were in accordance with the law and supported by substantial evidence, thus justified the filing of criminal charges.

Doctrine:

1. ****Scope of Trust Receipt Law****: P.D. No. 115 covers goods intended for sale as well as those used as components in production. The failure to return goods or remit proceeds constitutes estafa.

2. ****Liabilities of Corporate Officers****: Corporate officers who sign trust receipts can be

held criminally liable for failure to comply with the trust receipt terms. The personal liability is separate and distinct from the civil liability of the corporation.

Class Notes:

- **Elements of Estafa (under Article 315, paragraph 1(b), Revised Penal Code)**:
- Misappropriation or conversion of property trusted.
- Abuse of confidence.
- Intent to defraud.
- **Presidential Decree No. 115 (Trust Receipts Law)**:
- Sections 4, 7, and 13 crucial in understanding what constitutes a trust receipt transaction and the penalties for violation.
- Trust receipts can be used for goods to be sold or used in production.
- **Certifications of Non-Forum Shopping**:
- Should provide full disclosure of pending actions involving similar issues and parties.
- Non-compliance can result in dismissal of petitions.

Historical Background:

The context of the case centers on the implementation of trust receipt laws and the responsibility of corporate officials in handling entrusted goods. Philippine jurisprudence has evolved through cases like **Allied Banking Corporation v. Ordoñez**, emphasizing the accountability of corporate officers and expanding the application of P.D. No. 115 to various commercial transactions, thereby strengthening creditor protections and ensuring the fulfillment of trust agreements.