

Title

Ernestina Crisologo-Jose vs. Court of Appeals and Ricardo S. Santos, Jr., 258 Phil. 398 (1989)

Facts

1. **Issuance of the Check:**

- In 1980, Ricardo S. Santos, Jr., VP for sales of Mover Enterprises, Inc., signed a check for P45,000 issued by Atty. Oscar Z. Benares, the company president, in favor of Ernestina Crisologo-Jose, as a replacement for an initial check drawn to accommodate the clients of Benares, the spouses Jaime and Clarita Ong.

2. **Dishonor of the Check:**

- The replacement check deposited by Crisologo-Jose at Family Savings Bank was dishonored twice due to insufficient funds.

3. **Criminal Complaint:**

- Crisologo-Jose filed a criminal complaint under Batas Pambansa Blg. 22 for issuing a bounced check.

4. **Preliminary Investigation & Tender of Payment:**

- During the preliminary investigation, Santos tendered a cashier's check of P45,000 to Crisologo-Jose, which she refused. Santos then deposited the amount with the Clerk of Court.

5. **Procedural Posture:**

- **Trial Court:** Dismissed Santos' complaint and Crisologo-Jose's counterclaim.
- **Court of Appeals (CA-G.R. CV. No. 05464):** Reversed the trial court's decision, reinstated the complaint for consignment, and directed the trial court to give due course.

Issues

1. **Whether private respondent, as a signatory of the check, can be considered an accommodation party and liable to Crisologo-Jose under the Negotiable Instruments Law.**

2. **Whether consignment was properly applied under Article 1256 of the Civil Code considering the relationship and circumstances between the parties.**

3. **Whether the Court of Appeals erred in making pronouncements on the merits of the related but separate criminal case for violation of Batas Pambansa Blg. 22.**

Court's Decision

1. Liability as Accommodation Party:

- The Supreme Court held that Santos, as a signatory, was an accommodation party even though he acted in a representative capacity for Mover Enterprises, Inc.
- Under Section 29 of the Negotiable Instruments Law, an accommodation party is liable irrespective of receiving any valuable consideration.
- Corporate officers are personally liable for accommodation checks signed for non-corporate purposes without explicit corporate authority.

2. Proper Consignation:

- Consignation was deemed appropriate under Article 1256 of the Civil Code because a debtor-creditor relationship was established when the check was dishonored.
- The Supreme Court remanded the case to the trial court to determine if the other conditions for a valid consignation were satisfied.

3. Review of Criminal Case:

- The court admonished the Court of Appeals for overstepping its bounds by delving into the merits of the criminal case.
- The pronouncements related to the violation of Batas Pambansa Blg. 22 were set aside, affirming the proper jurisdiction of the trial court in that separate criminal proceeding.

Doctrine

- Accommodation Party Liability:

- Corporate officers signing checks for personal accommodation are personally liable, and the corporation is not bound without explicit authorization for such accommodation.

- Consignation:

- Tender and subsequent consignation are valid under the Civil Code if a debtor-creditor relationship exists. However, the satisfaction of all requisites for consignation must be established.

Class Notes

- **Negotiable Instruments Law (Sec. 29):** An accommodation party is liable whether they received consideration or not.
- **Civil Code (Art. 1256):** Consignation involves a debtor depositing the owed amount when the creditor refuses to accept tendered payment.
- **Batas Pambansa Blg. 22:** Knowledge of insufficiency of funds is presumed when a

check bounces within 90 days of issuance, but repayment within five banking days nullifies criminal liability.

**Historical Background**

This case highlights the Philippine legal system's handling of negotiable instruments and the protection of creditors from the malfeasance of accommodation parties. Specifically, it underscores the limits of corporate liability in such transactions and ensures clarity on proceedings involving dishonored checks and the criminal implications therein under Batas Pambansa Blg. 22. The decision also contends with the boundaries of judicial review, specifically the improper conflation of civil and criminal jurisdictions by appellate bodies.