

### Title:

Domagsang v. Court of Appeals and People of the Philippines, G.R. No. 400 Phil. 846

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### Facts:

**Background:** Petitioner Josephine Domagsang approached Ignacio Garcia, an Assistant Vice President of METROBANK, for financial assistance. Garcia lent Domagsang P573,800.00, for which Domagsang issued 18 postdated checks.

**Events:**

- Loan Issuance:** Garcia lent Domagsang P573,800.00 on the understanding that she would repay the amount using 18 post-dated checks.
- Checks Dishonored:** Upon deposit, all 18 checks were dishonored by the drawee bank due to the account being closed.
- Demand for Payment:** Complainant Garcia allegedly demanded payment by calling Domagsang and subsequently through a demand letter sent by his lawyer, which Domagsang purportedly ignored.

**Procedural Posture:**

- Criminal Case Filed:** On May 8, 1992, Criminal Case No. 92-4465 was filed against Domagsang in the Regional Trial Court (RTC) of Makati for violation of B.P. Blg. 22 (Anti-Bouncing Check Law).
- Consolidation and Trial:** The case, along with similar cases docketed Criminal Cases No. 92-4466 to No. 92-4482, was consolidated. Domagsang pleaded “not guilty” on November 2, 1992.
- Demurrer to Evidence:** On September 7, 1993, Domagsang filed a demurrer to the evidence arguing the absence of a demand letter and stating the checks were issued as collateral. The demurrer was denied.
- Conviction:** Domagsang waived her right to present evidence. On this basis, the RTC convicted her of 18 counts of violating B.P. Blg. 22, sentencing her to one year of imprisonment for each count and ordered her to pay P573,800.00.
- Appeal to CA:** The Court of Appeals affirmed the RTC’s decision in toto on February 15, 1999. A subsequent motion for reconsideration was denied on July 9, 1999.

**Issues Raised in Supreme Court:**

- The sufficiency of a verbal demand for payment under B.P. Blg. 22.

2. The need for a written notice of dishonor in light of the Lao vs. Court of Appeals precedent.

3. The admissibility of an unoffered written demand letter.

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### ### Issues:

1. **\*\*Is a verbal demand sufficient to convict under B.P. Blg. 22?\***

2. **\*\*Did the CA commit reversible error by affirming a conviction without requiring a written notice of dishonor?\***

3. **\*\*Was it erroneous for the CA to consider an alleged written demand letter not formally offered into evidence?\***

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### ### Court's Decision:

#### **\*\*1. Verbal Demand Sufficiency:\***

- The Supreme Court held that a verbal demand is insufficient. Section 2 of B.P. Blg. 22, in conjunction with Section 3, requires that the notice of dishonor be explicitly stated in writing. This aligns with procedural due process principles and prior rulings, most notably in Lao vs. Court of Appeals, where written notice is essential as it provides the accused an opportunity to address the dishonor.

#### **\*\*2. Written Notice Requirement:\***

- The Supreme Court emphasized that the lack of written notice deprived Domagsang of an opportunity to pay the dishonored checks within the statutory period, which could have precluded criminal prosecution. The Court ruled that both the spirit and letter of the law necessitate written notification of dishonor to establish the elements of the offense.

#### **\*\*3. Written Demand Letter Admissibility:\***

- The Court found that the Court of Appeals erred in considering the alleged written demand letter without its formal offer into evidence. Given that evidence must be formally offered during the trial, the absence of the written demand letter in the records invalidated any basis for asserting Domagsang's actual knowledge of dishonor.

#### **\*\*Final Ruling:\***

- The conviction was reversed, and Domagsang was acquitted based on reasonable doubt. However, she was ordered to pay the total value of the dishonored checks amounting to

P563,800.00 with a 12% annual interest from the filing of the information up until the finality of the decision, and subsequently, if unpaid, another 12% interest annually until the amount is settled.

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### ### Doctrine:

- **Requirement of Written Notice of Dishonor:** Under B.P. Blg. 22, both Sections 2 and 3 collectively mandate a written notice of dishonor for convicting the issuer of a bounced check. The failure to provide this written notice deprives the accused of a statutory defense and violates due process, as elaborated in **Lao v. Court of Appeals**.

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### ### Class Notes:

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

1. Making, drawing, and issuing a check for account or value.
2. Knowledge of insufficient funds or credit at issuance.
3. Dishonor of the check by the drawee bank.

- **Statutory Provisions:**

- **Section 1, B.P. Blg. 22:** outlines penalties and conditions for issuing checks without sufficient funds.

- **Section 2, B.P. Blg. 22:** presumption of knowledge of insufficient funds.

- **Section 3, B.P. Blg. 22:** duties of the drawee and the necessity for explicit written notices.

- **Key Concepts:**

- **Prima Facie Evidence of Knowledge:** Issuance of a dishonored check within 90 days presumes knowledge of insufficient funds, rebuttable if the maker pays or arranges payment within 5 banking days of written notice.

- **Due Process Considerations:** Written notice ensures the accused has a fair chance to remedy the dishonor and avoid prosecution.

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### ### Historical Background:

- **B.P. Blg. 22, Anti-Bouncing Check Law:** Enacted to address the proliferation of

worthless checks which compromise financial security and commercial transactions. Implemented strict penalties to deter the issuance of insufficient fund checks, thereby upholding contractual obligations and fostering economic stability.

- **Relevant Precedents:** Decisions such as **Lao v. Court of Appeals** and **People vs. Laggui** have shaped the enforcement and interpretation of B.P. Blg. 22, emphasizing due process and the right of the accused to receive fair notice of dishonor to avoid criminal sanction.

This case underscores the balance between penal sanctions for financial misconduct and safeguards ensuring that defendants' procedural rights are respected.