PHILIPPINE EDUCATION CO., INC., PLAINTIFF-APPELLANT, VS. MAURICIO A. SORIANO, ET AL., DEFENDANTS-APPELLEES.

G.R. No. L-22405. June 30, 1971

Ponente: DIZON, J.

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DIZON, J.:

An appeal from a decision of the Court of First Instance of Manila dismissing the complaint filed by the Philippine Education Co., Inc. against Mauricio A. Soriano, Enrico Palomar and Rafael Contreras.

On April 18, 1958 Enrique Montinola sought to purchase from the Manila Post Office ten (10) money orders of P200.00 each payable to E. P. Montinola with address at Lucena, Quezon. After the postal teller had made out money orders numbered 124685, 124687-124695, Montinola offered to pay for them with a private check. As private checks were not generally accepted in payment of money orders, the teller advised him to see the Chief of the Money Order Division, but instead of doing so, Montinola managed to leave the building with his own check and the ten (10) money orders without the knowledge of the teller.

On the same date, April 18, 1958, upon discovery of the disappearance of the unpaid money orders, an urgent message was sent to all postmasters, and the following day notice was likewise served upon all banks, instructing them not to pay anyone of the money orders aforesaid if presented for payment. The Bank of America received a copy of said notice three days later.

On April 23, 1958 one of the above-mentioned money orders numbered 124688 was received by appellant as part of its sales receipts. The following day it deposited the same with the Bank of America, and one day thereafter the latter cleared it with the Bureau of Posts and received from the latter its face value of P200.00.

On September 27, 1961, appellee Mauricio A. Soriano, Chief of the Money Order Division of the Manila Post Office, acting for and in behalf of his co-appellee, Postmaster Enrico Palomar, notified the Bank of America that money order No. 124688 attached to his letter had been found to have been irregularly issued and that, in view thereof, the amount it represented had been deducted from the bank's clearing account. For its part, on Au-gust 2 of the same year, the Bank of America debited ap-pellant's account with the same amount and gave it advice thereof by means of a debit memo.

On October 12, 1961 appellant requested the Postmaster General to reconsider the action taken by his office deducting the sum of P200.00 from the clearing account of the Bank of America, but his request was denied. So was appellant's subsequent request that the matter be referred to the Secretary of Justice for advice. Thereafter, appellant elevated the matter to the Secretary of Public Works and Communications, but the latter sustained the actions taken by the postal offi-cers.

In connection with the events set forth above, Montinola was charged with theft in the Court of First Instance of Manila (Criminal Case No. 43866) but after trial he was acquitted on the ground of reasonable doubt.

On January 8, 1962 appellant filed an action against appellees in the Municipal Court of Manila praying for

judgment as follows:

> "WHEREFORE, plaintiff prays that after hearing defendants be ordered:
>
> (a) To countermand the notice given to the Bank of America on September 27, 1961, deducting from the said Bank's clearing account the sum of P200.00 represented by postal money order No. 124688, or in the alternative indemnify the plaintiff in the same amount with interest at 8-1/2% per annum from September 27, 1961, which is the rate of interest being paid by plaintiff on its overdraft account;
>
> (b) To pay to the plaintiff out of their own personal funds, jointly and severally, actual and moral damages in the amount of P1,000.00 or in such amount as will be proved and/or deter-mined by this Honorable Court: exemplary damages in the amount of P1,000.00, attorney's fees of P1,000.00, and the costs of action.
>
> Plaintiff also prays for such other and further relief as may be deemed just and equitable."

On November 17, 1962, after the parties had submitted the stipulation of facts reproduced at pages 12 to 15 of the Record on Appeal, the above-named court rendered judgment as follows:

> "WHEREFORE, judgment is hereby rendered, ordering the defendants to countermand the notice given to the Bank of America on September 27, 1961, deducting from said Bank's clearing account the sum of P200.00 representing the amount of postal money order No. 124688, or in the alternative, to indemnify the plaintiff in the said sum of P200.00 with interest thereon at the rate of 8-1/2% per annum from September 27, 1961 until fully paid; without any pro-nouncement as to costs and attorney's fees."

The case was appealed to the Court of First Instance of Manila where, after the parties had resubmitted the same stipulation of facts, the appealed deci-sion dismissing the complaint, with costs, was rendered.

The first, second and fifth assignments of error discussed in appellant's brief are related to each other and will therefore be discussed jointly. They raise this main issue: that the postal money order in question is a negotiable instrument; that its nature as such is not in anyway affected by the letter dated October 26, 1948 signed by the Director of Posts and addressed to all banks with a clearing account with the Post Office, and that money orders, once issued, create a contractual relationship of debtor and creditor, respectively, between the government, on the one hand, and the remitters, payees or endorsees, on the other.

It is not disputed that our postal statutes were patterned after similar statutes in force in the United States. For this reason, ours are generally construed in accordance with the construction given in the United States to their own postal statutes, in the absence of any special reason justifying a departure from this policy or practice. The weight of authority in the United States is that postal money orders are not negotiable instruments (Bolognesi vs. U. S., 189 Fed. 395; U. S. vs. Stock Drawers National Bank, 30 Fed. 912), the reason behind this rule being that, in establishing and operating a postal money order system, the government is not engaging in commercial transactions but merely exercises a governmental power for the public benefit.

It is to be noted in this connection that some of the restrictions imposed upon money orders by postal laws and regulations are inconsistent with the character of negotiable instruments. For instance, such laws and regulations usually provide for not more than one endorsement; payment of money orders may be withheld under a variety of circumstances (49 C. J. 1153).

Of particular application to the postal money order in question are the conditions laid down in the letter of the Director of Posts of October 26, 1948 (Exhibit 3) to the Bank of America for the redemption of postal money orders received by it from its depositors. Among others, the condition is imposed that "in cases of adverse claim, the money order or money orders involved will be returned to you (the bank) and the corresponding amount will have to be refunded to the Postmaster, Manila, who reserves the right to deduct the value thereof from any amount

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due you if such step is deemed necessary." The conditions thus imposed in order to enable the bank to continue enjoying the facilities theretofore enjoyed by its depositors, were accepted by the Bank of America. The latter is therefore bound by them. That it is so is clearly inferred from the fact that, upon receiving advice that the amount represented by the money order in question had been deducted from its clearing account with the Manila Post Office, it did not file any protest against such action.

Moreover, not being a party to the understanding existing between the postal officers, on the one hand, and the Bank of America, on the other, appellant has no right to assail the terms and conditions thereof on the ground that the letter setting forth the terms and conditions aforesaid is void because it was not issued by a Department Head in accordance with Sec. 79(B) of the Revised Administrative Code. In reality, however, said legal provision does not apply to the letter in question because it does not provide for a department regulation but merely sets down certain conditions upon the privi-lege granted to the Bank of America to accept and pay postal money orders presented by its depositors, instead of the same being presented for payment at the Manila Post Office. Such being the case, it is clear that the Director of Posts had ample authority to issue it pursuant to Sec. 1190 of the Revised Penal Administrative Code.

In view of the foregoing, We do not find it necessary to resolve the issues raised in the third and fourth assignments of error.

WHEREFORE, the appealed decision being in accordance with law, the same is hereby affirmed with costs.

Concepcion, C.J., Reyes, J.B.L., Makalintal, Zaldivar, Fernando, Teehankee, Barredo, and Villamor, JJ., concur.
Ruiz Castro and Makasiar, JJ., took no part.

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