

## JOSE O. SIA, PETITIONER, VS. COURT OF APPEALS AND THE PEOPLE OF THE PHILIPPINES, RESPONDENTS.

*G.R. No. L-40324. October 05, 1988*

Ponente: PADILLA, J.

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### PADILLA, J.:

The facts in this case are not disputed. As stated by the Court of Appeals in its assailed decision[\*], dated 29 November 1974, rendered in CA-G.R. No. 12602-CR, they are as follows:

“ . . . on October 31, 1963 Jose O. Sia (appellant herein), President and General Manager of the Metal Manufacturing of the Philippines, Inc. for and in its behalf, applied for and was granted a Letter of Credit (Exhibit 'A') with the Continental Bank, Manila to cover the importation of One Hundred (100) pieces of Safe Deposit Locks No. 4440, complete with keys, amounting to P1,979.06. A marginal deposit was made with the Bank and the Letter of Credit was confirmed with its foreign correspondent. Thereafter, appellant, for and in behalf of the Metal Manufacturing of the Philippines, Inc., executed a trust receipt (Exhibit 'C') in favor of the Continental Bank, the terms and conditions of which read, in part, as follows:

'x x x and in consideration thereof, I/We HEREBY AGREE TO HOLD SAID GOODS IN TRUST FOR THE SAID BANK as its property with liberty to sell the same for its account but without any authority to make any other dispo-sition whatsoever of the said goods or any part thereof (or the proceeds thereof) either by way of conditional sale, pledge or otherwise.

'In case of sale I/We further agree to hand the proceeds as soon as received to the Bank to apply against the relative acceptance (as described above) and for the payment of any other indebtedness of mine/ours to Continental Bank.

'I/We agree to keep said goods insured to their full value against fire and other casualties as directed by the Bank, the sum insured to be payable in case of loss to the Bank, with the understanding that the Bank is not to be charged with the storage, premium of insurance or any other expenses incurred on said goods.

'I/We also agree to keep the said goods, manufactured products, or proceeds thereof, whether in the form of money or bills, receivables or accounts, separate an capable of iden-tification as property of the Bank.

x x x x x

'The Bank may at any time cancel this trust and take possession of said goods or the proceeds of the same as may then have been sold wherever the said goods or proceeds may then be found, and in the event of any suspensions, or failure, or assignment for the benefit of creditor on my/our part or non-fulfillment of any obligation, or of the non-payment at maturity of any acceptance specified hereon or under any credit issued by the Bank on my/our account, or of any indebtedness on my/our part, all of my/our obliga-tions, acceptances, indebtedness, and liabilities whatsoever shall thereupon (with or without notice) mature and become due and payable. x x x'

When the said trust receipt became due and demandable, the Metal Manufacturing of the Philippines, Inc. failed to pay or deliver the merchandise to the Bank despite the latter's demands (Exh. 'D'). x x x."[1]

Consequently, before the Court of First Instance of Manila, Branch XI, an information for estafa was filed against petitioner for violation of the trust receipt agreement executed by him in his capacity as President and General Manager of Metal Manufacturing of the Philippines, Inc. in favor of Continental Bank (docketed as Criminal Case No. 77092).

Upon petitioner's plea of not guilty, trial proceeded. The trial court entered a verdict of guilty beyond reasonable doubt for the offense of estafa defined and penalized in paragraph 1 (b), Article 315 of the Revised Penal Code, and sentenced the accused (petitioner) to an indeterminate penalty of from One (1) Month and One (1) Day of arresto mayor, as minimum, to One (1) Year of prision correccional, as maximum, to indemnify the offended party in the sum of P1,979.06 and to pay the costs.

Elevating the trial court's decision to the Court of Appeals (docketed therein as CA G.R. No. 16026-CR), the conviction of the accused, as aforesaid, was affirmed with the modification to the effect that the accused is to indemnify the offended party in the sum of P1,278.65 only (after deducting the marginal deposit). A motion for reconsideration followed, but was denied for lack of merit. Hence, this petition for review on certiorari.

From the assignment of errors submitted by the petitioner, the following issues are raised:

1)

whether petitioner Sia, as President and General Manager of Metal Manufacturing of the Phil., Inc. having acted for and on its behalf in executing the Trust Receipt Agreement in favor of the Continental Bank may be held liable for the crime charged; and

2)

the real nature of a trust receipt agreement or transaction.

This case presents issues similar to those resolved by the Court en banc in *Sia vs. People*.<sup>[2]</sup> The decision in the cited case calls for a reversal of the respondent appellate court's herein appealed judgment thereby resulting in the acquittal of the petitioner.

There is no further point in discussing the issues raised by petitioner, as met by the respondents, because the Court's decision in the earlier *Sia* case has pre-empted the subject (although there are pronouncements in said decision which may be open to question so much so that the decision was not reached by a unanimous court).

It should be pointed out, however, that if the acts herein involved occurred after 29 January 1975, petitioner would be criminally liable for estafa under paragraph 1(b), Article 315 of the Revised Penal Code, pursuant to the following provisions of PD 115 -

"Sec. 13. Penalty clause. - The failure of an entrustee to turn over the proceeds of the sale of the goods, documents or instruments covered by a trust receipt to the extent of the amount owing to the entruster or as appears in the trust receipt or to return said goods, documents or instruments if they were not sold or disposed of in accordance with the terms of the trust receipt shall constitute the crime of estafa, punishable under the provisions of Article Three hundred and fifteen, paragraph one (b) of Act Numbered Three thousand eight hundred and fifteen, as amended, otherwise known as the Revised Penal Code. If the violation or offense is committed by a corporation, partnership, association or other juridical entities, the penalty provided for in this Decree shall be imposed upon the directors, officers, employees or other officials or persons therein responsible for the offense, without prejudice to the civil liabilities arising from the criminal offense."<sup>[3]</sup>

WHEREFORE, IN VIEW OF THE FOREGOING, the petition is hereby GRANTED. The decision of the Court

of Appeals is SET ASIDE. Defendant is ACQUITTED without prejudice to the institution of a civil action against the Metal Manu-facturing of the Phil., Inc. for collection of the sum due plus damages if any. No costs.

**SO ORDERED.**

Melencio-Herrera, (Chairman), Paras, Sarmiento, and Regalado, JJ., concur.

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[\*] Penned by Justice Francisco T. Tantuico, Jr., with the concurrence of Justices Jose N. Leuterio and Roseller T. Lim.

[1] Rollo at 41 and 45

[2] G.R. No. L-30896, April 28, 1983, 121 SCRA 655

[3] Sec. 13, PD 115 (Providing For The Regulation Of Trust Receipts Transactions), approved 29 January 1975

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