

**THE YEK TONG LIN FIRE & MARINE INSURANCE CO., LTD.,
PLAINTIFF AND APPELLANT, VS. PHILIPPINE NATIONAL BANK,
DEFENDANT AND APPELLEE.**

G.R. No. L-14271. April 29, 1960

Ponente: BAUTISTA ANGELO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/58d341bd1428/>

BAUTISTA ANGELO, J.:

On November 15, 1948, appellant filed with the Municipal Court of Manila a complaint against appellee seeking to recover the amount of P2,000.00 deposited by appellant with appellee during the Japanese occupation. The motion to dismiss interposed by appellee having been denied, appellee filed its answer on August 1, 1949. On March 15, 1950, after trial, the court rendered its decision dismissing the complaint without special pronouncement, as to costs.

In due course, appellant perfected an appeal to the Court of First Instance of Manila. On April 14, 1950, appellee filed its answer. After the parties have submitted their evidence and their respective memoranda, the lower court rendered decision on May 16, 1958 also dismissing the complaint. Hence this appeal.

Sometime prior to the outbreak of the last war, special proceedings were instituted before the Court of First Instance of Manila for the administration and settlement of the estate of one Santos Chua Hong who died intestate. In the course of the administration of said estate, appellant filed a claim against the estate for the payment of the sum of P3,000.00, plus interest and attorney's fees, representing the amount which appellant paid under a surety bond solicited by the deceased during his lifetime in favor of the Mitsui Bussan Kaisha, Ltd., a Japanese firm then engaged in business in the City of Manila. A few months after the outbreak of the last war, or sometime in May, 1942, appellant and the administratrix of the estate agreed to settle the claim extrajudicially, said settlement consisting in the payment to appellant of the sum of P2,000.00 in cash in full satisfaction of its claim.

To carry out the settlement as above stated after a series of negotiations had between the administratrix and Judge Arsenio Santos, it was finally agreed that the estate would sell to Judge Santos a piece of real estate belonging to the estate and that, out of the proceeds of the sale, the sum of P2,000.00 would be paid to appellant. Whereupon, the parties submitted to the intestate court the corresponding motion embodying said agreement, Which was in due course approved, the court authorizing the administratrix to sell the needed property and directing that the amount of P2,000.00 to be taken from the proceeds of the sale be deposited with the clerk of court of first instance. This order was later amended upon petition of appellee by directing that the amount of P2,000.00 which was to be paid to appellant be deposited in the name of appellant's attorney in trust for said appellant.

Pursuant to the authority granted by the court, the administratrix executed the necessary deed of sale in favor of Judge Arsenio Santos, said deed of sale having been approved by the court. In conformity with the agreement, Judge Santos, as buyer, issued a check for P2,000.00 against his pre-war credit balance on his current account with the Philippine National Bank and said check was delivered to appellant's counsel. Then, counsel for

appellant opened a savings account with appellee and delivered to it for deposit to the credit of said savings account the aforesaid check of P2,000.00 received from Judge Santos. After liberation, or sometime prior to the filing of this complaint on November 15, 1948, appellant attempted to withdraw from appellee the aforesaid amount of P2,000.00, but appellee refused reasoning that since said account was opened during the enemy occupation the deposit was declared invalid by virtue of Executive Order No. 49 dated June 6, 1945.

The issue to be determined is whether the Philippine National Bank, in the light of the facts obtaining in this case, is under obligation to pay appellant the sum of P2,000.00 which was deposited with it during the enemy occupation in the name of counsel of appellant, or whether said deposit shall be deemed null and void as coming within the purview of Section 2 of Executive Order No. 49, as held by the trial court.

Appellant contends that the sum of P2,000.00 which was supposedly withdrawn from the current account of Judge Arsenio Santos and deposited in the savings account of its counsel did not represent fresh cash which came from outside sources and paid over the counter to appellee bank, but rather it was good Philippine currency already in the coffers of the bank at the time the deposit was made. Appellant further contends that what was deposited by its counsel with the bank was not Japanese currency but pure Philippine currency because the check delivered to the bank was a check against the pre-war account of Judge Santos. And because of these facts, appellant concludes that said deposit cannot come within the purview of Section 2 of Executive Order No. 49.

The contention has no merit. It has been shown that the check for P2,000.00 issued by Judge Santos was presented to the bank and received as a deposit and credit to the savings account of appellant's counsel during the Japanese occupation and as such such presentation is tantamount to payment of the check just as if currency had been paid over the counter and immediately redeposited. As a consequence thereof, the amount of P2,000.00 was credited to the account of appellant's counsel under Pass Book No. 18990 during the Japanese occupation. Being a deposit during the occupation, the same necessarily comes under Section 2 of Executive Order No. 49.

"Where a check is presented by the payee or holder to the bank on which it is drawn, and received as a deposit and credited to his account, this amounts, in the absence of fraud, to a payment of the check, just as if currency had been paid over the counter and immediately redeposited." (9 C.J.S., 698.)

The contention that what was deposited by appellant's counsel was not Japanese currency but pure and simple Philippine currency because the check delivered for deposit was one drawn against the pre-war account of Judge Santos cannot be entertained, for it is a matter of public knowledge that the money in circulation during the occupation was Japanese currency although at the time there was still little Philippine money in circulation.

The case of *Milan vs. Boucher*, 189 N.E., 576-578, cited by appellant, is not in point. In that case, it was held that under the terms of the agreement whereby a husband and wife opened a joint account giving to each the right to withdraw, the transfer from their joint account to a trust account in the same bank made at the order of the wife was held to be not a withdrawal but a mere assignment of the deposit. In the present case, only a portion of the Santos' account was withdrawn and the amount so withdrawn was deposited in the name of another depositor. As already held above, such withdrawal and deposit is tantamount to a payment over the counter and a redeposit in the name of the new depositor.

Wherefore, the decision appealed from is affirmed, with costs against appellant.

Paras, C. J., Bengzon, Labrador, Concepcion, Endencia, Barrera, and Gutierrez David, JJ., concur.
Montemayor, J., reserves his vote.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.