

**ROBERTO C. ALCANTARA, JR., PLAINTIFF-APPELLANT, VS.
MATERNO M. DE GUZMAN AND VICTORIA B. DE GUZMAN,
DEFENDANTS-APPELLEES.**

Ponente: ZALAMEDA, R.V., J.

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ZALAMEDA, R.V., J.:

Before Us is an Appeal filed by plaintiff-appellant Roberto C. Alcantara, Jr.,[2] seeking the reversal and setting aside of the Judgment[3] dated 24 May 2012 rendered by Branch 25, Regional Trial Court of Biñan, Laguna, in Civil Case No. B-7933 for Accounting and Damages entitled, “Roberto C. Alcantara, Jr., Plaintiff, vs. Materno M. De Guzman vs. Victoria De Guzman, Defendants.”

The antecedent facts, as culled from the records, are as follows:

Plaintiff-appellant filed a Complaint[4] against Materno M. De Guzman and Victoria B. De Guzman,[5] for accounting and damages before the Regional Trial Court of Binan, Laguna.[6] In his Complaint, he claimed that from the years 2005 to 2007, defendants-appellees made various investments in his scrap metal business in Laguna totaling six million three hundred seventy-five thousand (Php 6,375,000.00) pesos, with a return of investment pegged at no less than twelve (12%) percent per annum. Apparently, defendants-appellees pressured plaintiff-appellant to issue an undated check, DBP No. 25941621 in favor of Victoria De Guzman[7] subject to a suspensive condition to encash or deposit the same only after a proper accounting on the return of investments is made.[8]

According to plaintiff-appellant, the said DBP check got lost, thus, he issued another check to Victoria in the same amount, this time covered by RCBC Check No. 1406631, subject to the same condition as the previous check. However, defendants-appellees deposited the check in bad faith, thereby causing damages to plaintiff-appellant in the amount of ninety thousand (Php 90,000.00) pesos as penalties. Further, defendants-appellees even filed a complaint for violation of Batas Pambansa Blg. 22 against plaintiff-appellant before the Office of the City Prosecutor of Quezon City despite the payment of around seven million (Php 7,000,000.00) pesos to defendants-appellees representing the return on their investments in plaintiff-appellant’s scrap business. Considering that plaintiff-appellant’s proposal for accounting on the return of investments in defendants-appellees’ favor was refused, plaintiff-appellant was constrained to file a case for accounting and damages.[9]

Defendants-appellees filed their Answer with Counterclaim[10] essentially denying the amounts received by plaintiff-appellant were investments made in the latter’s scrap business. According to defendants-appellees, while it is true that there was no written agreement between the parties, the amounts received by plaintiff-appellant from them were loans made in favor of the latter. Moreover, there was no agreement that the check issued in favor of Victoria in the amount of six million three hundred seventy-five thousand (Php 6,375,000.00) pesos was to be encashed only after an accounting had been made. The check simply represented the amount of loan demandable from plaintiff-appellant, thus, defendants-appellees had no duty to render an accounting before depositing the

same for payment.[11]

Defendants-appellees also raised as a special affirmative defense that plaintiff-appellant had no cause of action against them. According to the former, the encashment of a check issued in favor of Victoria was valid. Being a negotiable instrument, a check contains an unconditional promise or order to pay a sum certain in money in favor of the person it was issued to. Thus, defendants- appellees merely exercised their right to demand the fulfillment of the said unconditional promise or order to pay the amount due to them from the issuer thereof, herein plaintiff-appellant. Likewise, there was no cause of action against them for accounting and assuming arguendo, that indeed defendants-appellees made investments in plaintiff-appellant's scrap business, the duty to render an accounting devolved upon plaintiff-appellant, and not the other way around.[12]

The parties submitted other pleadings[13] in support of their respective claims and defenses. Subsequently, they filed their respective Pre-Trial Briefs.[14] The case was later referred for mediation[15] but the parties were not able to reach an amicable settlement.[16] Pre-trial was set and concluded, and afterwards, the parties agreed to submit their respective Memoranda and have the case submitted for decision thereafter.[17]

On 24 May 2012, the RTC rendered the assailed Judgment dismissing the Complaint. The dispositive portion states:

"X x x

WHEREFORE, in the light of the foregoing disquisition, let the instant case be DISMISSED without pronouncement as to cost.

SO ORDERED.

X x x"[18]

Plaintiff-appellant filed a Motion for Reconsideration[19] but the same was denied in an Order[20] dated 18 July 2012:

"X x x

WHEREFORE, premises considered, the Motion for Reconsideration filed by plaintiff is hereby DENIED for lack of merit.

SO ORDERED.

X x x"[21]

Feeling aggrieved, plaintiff-appellant filed a Notice of Appeal[22] which the RTC granted in an Order[23] dated 17 August 2012. Hence, the instant Appeal.

In his Brief,[24] plaintiff-appellant raises the following assignment of errors:

- THE HONORABLE REGIONAL TRIAL COURT ERRED IN DISMISSING THE COMPLAINT ON THE GROUND THAT THE AMOUNT OF P6,375,00.00 IS A LOAN AND NOT AN INVESTMENT;
- THE HONORABLE COURT ERRED [IN] FINDING THAT THERE IS NO NEED FOR AN ACCOUNTING CONSIDERING THERE WERE AMOUNTS DELIVERED TO DEFENDANTS WHICH SHOULD BE ACCOUNTED AND WHERE IT SHOULD BE APPLIED;
- THE HONORABLE COURT ERRED IN FINDING THAT THE PLAINTIFF CHANGED THEIR THEORY OR ADMITTED THAT IT IS A LOAN AS THEIR (SIC) WAS NO ADMISSION;

- THE JUDGMENT OF THE HONORABLE COURT WILL UNDULY ENRICH THE DEFENDANTS AS THEY WILL STILL ENCASH THE CHECK IN THEIR POSSESSION OR DEMAND PAYMENT OF THE SAME.[25]

Plaintiff-appellant postulates that the RTC erred in dismissing the Complaint on the ground that the six million three hundred seventy-five thousand (Php 6,375,000.00) pesos representing the value of the check issued in favor of Victoria is a loan and not an investment. According to him, defendants-appellees made no denial that the same was for an investment, and in so doing, they already admitted the allegations in the Complaint. Thus, the Judgment must be reversed in his favor.

We do not agree.

Indeed, it is true that Section 10, Rule 8 of the Rules of Court compels the defendant to specify each material allegation of fact the truth of which he does not admit and, whenever practicable, set forth the substance of the matters upon which he relies to support his denial. Further, Section 11, Rule 8 of the same Rules states that the allegations of the complaint which are not specifically denied are deemed admitted.

The Answer with Counterclaim filed by defendants-appellees clearly and specifically denied that the amounts received by plaintiff-appellant from them were investments, offering reasons to support their contention. As in fact, they insisted that the same were for the loan obtained by plaintiff-appellant:

“X x x

- Defendants totally deny paragraph 7 of the Complaint for being purely lies.

- For, since the first time the plaintiff borrowed money from the defendants sometime in 2005, it was clearly agreed by both of them that the monies received by the plaintiff from the defendants were simple loans to be repaid by the plaintiff in the form of post-dated checks issued by the plaintiff to the defendants simultaneously with his every receipt of the loaned money. Otherwise put, the agreement was that the monies were given as loans and never as investments in plaintiff's business of scrap metals, plastics and carton papers or in the bidding thereof.

xxx

xxx

xxx

- Defendants admit in part the allegation in paragraph 8 (actually, numbered by the plaintiff as paragraph 9) of the Complaint that an amount of Php 6,375,000.00 is involved.

- But they deny in part the other allegation of paragraph 8 (actually, numbered by the plaintiff as paragraph 9) that the said amounts were investments.

X x x[26]

The purpose of requiring the defendant to make a specific denial is to make him disclose the matters alleged in the complaint which he succinctly intends to disprove at the trial, together with the matter which he relied upon to support the denial. The parties are compelled to lay their cards on the table.[27] And in this case, as shown above, defendants-appellees sufficiently denied the allegations stated in plaintiff-appellant's Complaint and substantially offered reasons in support of their denials and defense.

Even granting that Rule 8, Section 11 of the Rules of Court finds application in this case, petitioners must remember that there remain averments that are not deemed admitted by the failure to deny the same. Among them are immaterial allegations and incorrect conclusions drawn from facts set out in the complaint. Thus, in one case,

the Supreme Court said even if respondents failed to file their answer, it does not mean that all averments found in the complaint will be considered as true and correct in their entirety, and that the forthcoming decision will be rendered in favor of the petitioners.[28] Moreover, it is basic that he who alleges must prove his case.[29] Thus, irrespective of whether or not defendants-appellees were able to materially deny that the amounts received by plaintiff-appellant were investments, it remains incumbent upon the plaintiff-appellant to prove his own allegations by preponderance of evidence.

In this regard, We find that plaintiff-appellant failed to prove that the amounts he received from defendants-appellees were investments made on his scrap business and not loans.

Plaintiff-appellant's investment theory is essentially a factual issue, and the rejection of the same involved the determination of facts by the RTC. Generally, conclusions and findings of fact by the trial court are entitled to great weight on appeal and should not be disturbed unless for strong and cogent reasons because the trial court is in a better position to examine real evidence,[30] among others. Factual findings of the lower courts are entitled to great weight and respect on appeal, and in fact accorded finality when supported by substantial evidence on the record. Substantial evidence is more than a mere scintilla of evidence. It is that amount of relevant evidence that a reasonable mind might accept as adequate to support a conclusion, even if other minds, equally reasonable, might conceivably opine otherwise.[31]

In the present case, the factual findings of the RTC were based on evidence which the parties themselves submitted before the court. And as found by the RTC, plaintiff-appellant's investment theory rings hollow:

“X x x

The court finds that the amount of Php 6,375,000.00 was a loan. Plaintiff's claim that defendants invested in his scrap metal business is simply incredible. In an investment scheme, one puts capital in an undertaking in expectation of profit or gain. Gain or profit is determined only after the end of a business year. It simply defies logic and reason that at the time that they received the amount from defendants, plaintiff had already agreed to pay 12% per annum of the same amount and yet claim that the same 12% were returns of investment, meaning profit. For, profit or return of investment could not be determined until after the end of the business year. Whether or not Don Al Enterprise which was being run by plaintiff has profited from its scrap metal business can only be determined prior to the consummation of its business. This, for plaintiff to agree to pay defendants 12% per annum only means that he agreed to pay defendants an interest of 12% per annum for the loan of Php 6,375,000.00 that he obtained[ed] from defendants. For, if it were true as plaintiff claims that the amount he received were investments by defendants in the business of Don Al Enterprises, then the said amount would have formed part of the capital of Don Al Enterprises. Yet, for the amount of Php 6,375,000.00 that plaintiff received from defendants, plaintiff issued to defendant Victoria de Guzman DBP check No. 259416 in the amount of Php 6,375,000.00 and upon receipt of the said amount, he issued to defendants DBP Check No. 259416 in the amount of Php 6,375,000.00 as repayment of the said loan. Differently stated, the logical conclusion is that plaintiff obtained a loan from defendants and agreed to pay the interest of 12% per annum for the said loan.

X x x”[32]

Moreover, it cannot be denied that plaintiff-appellant issued checks to defendants-appellees the amounts of which were uniform for a specific period. For example, checks bearing the same amount of seventy thousand (Php 70,000.00) pesos four (4) times a month, January 2007 to December 2007, were issued to defendants-appellees.[33] Also, checks in the amount of thirty-five thousand (Php 35,000.00) pesos were consistently issued almost every week from January to June 2007, among others.[34] The uncanny regularity of issuance of the checks and uniformity of the amounts stated thereon belie plaintiff-appellant's claim that the same were returns

on investment rather than payment for the loans he allegedly obtained from defendants-appellees. After all, returns on investment are dependent on the profits and losses made by the business for a given period, and thus, it is highly inconceivable for plaintiff-appellant to hand out returns on investments to his investors for a fixed and uniform amount without regard to the profits earned or losses actually incurred.

The glaring loopholes in plaintiff-appellant's version of the facts likewise raise doubts. First, he claimed in his Complaint that the investments were made between the years 2005 and 2007. However, in his Memorandum, he stated that defendants-appellees made the investments from 20 July 2006 and 20 November 2006. Second, in the Complaint, plaintiff-appellant maintained that defendants-appellees' total investment in his business amounted to six million three hundred seventy-five thousand (Php 6,375,000.00) pesos, but in his Memorandum, he claimed that the investment of defendants-appellees only amounted to five million five hundred thousand (Php 5,500,000.00) pesos. And third, plaintiff-appellant presented checks which were encashed or deposited evidencing his alleged payments. Surprisingly, however, the same commenced from 2004, a year before defendants-appellees allegedly started making investments in plaintiff-appellant's business.

From the foregoing, it is evident that the true nature of the agreement between plaintiff-appellant and defendant-appellees was that of a simple loan. Here, plaintiff-appellant obtained sums of money from defendants-appellees, obviously with promise to pay the same. As in fact, plaintiff-appellant regularly and uniformly paid by checks the amounts plus interest, which, by his own admission, was pegged at no less than twelve (12%) percent per annum.

On the issue of whether the RTC erred in dismissing the complaint for accounting and damages, We find no reason to disturb the findings of the trial court.

It is not disputed that plaintiff-appellant issued a check in favor of defendant-appellee Victoria in the amount of six million three hundred seventy-five thousand (Php 6,375,000.00) pesos, not just once, but twice. However, plaintiff-appellant faults defendants-appellees for depositing the check despite their alleged agreement that the same should not be deposited sans an accounting on the returns on investment given to the latter. Thus, he asserts that the RTC erred in dismissing the Complaint and in not awarding him damages for the injury he allegedly suffered.

Again, We find plaintiff-appellant's argument specious.

While plaintiff-appellant is insisting that the check was issued on the condition that the same should not be encashed or deposited without an accounting being made, there is no evidence, aside from his bare allegation, that would support his contention. It is axiomatic that bare and unsubstantiated allegations do not constitute substantial evidence and have no probative value.[35]

Moreover, upon issuance of a check, in the absence of evidence to the contrary, it is presumed that the same was issued for valuable consideration, which may consist either in some right, interest, profit or benefit accruing to the party who makes the contract, or some forbearance, detriment, loss or some responsibility, to act, or labor, or service given, suffered or undertaken by the other side.[36] Thus, with the issuance of a check by plaintiff-appellee in favor of herein defendant-appellee, it is presumed that the same was made for value and consideration. And any injury allegedly sustained by the plaintiff-appellee by reason of the same could not give rise to an action for damages. After all, the DBP check, being presumed to have been issued for value, may be validly encashed or deposited for value by the payee thereof, in this case, defendant-appellee Victoria.

Further, We agree with the RTC that the Complaint for accounting has no leg to stand on. If We are to follow plaintiff-appellant's investment theory, with defendants-appellees as purported investors, the duty to render an

accounting pertains to plaintiff-appellant. After all, being the owner of the scrap business where the investments were allegedly made by defendants-appellees, he is naturally in possession of the financial documents of the profits and losses, if any, of his business, as well as the receipts of payments on the alleged returns on investment made to defendants-appellees. It defies logic to compel the so-called investors to account for the alleged returns on investments when all the documents for the same should be in the possession of the one running the business and handing out returns on their investment.

As succinctly ruled by the RTC:

“X x x

X x x Clearly, it was plaintiff who was running the affairs of Don Al Enterprises. Being so, plaintiff was in the best position to know based on the audited financial statements how much return on investment Do Al Enterprises had paid to its investors. It is simply illogical and devoid of rhyme or reason for plaintiff to require the investors, as defendants allegedly were investors in Don Al Enterprises’ business, to account for their investment. Given the fact that the investors were not the ones running the business affairs of Don Al Enterprises and were not in possession of its Books of Accounts, the investors could not be expected to know how much returns of investment have been paid to them. Thus, based on the above-said facts, even if the Court would assume that defendants were investors in plaintiff’s business, defendants have no duty to account for their investment in plaintiff’s business. On the contrary, it is plaintiff’s duty, being the one who ran the business affairs of Don Al Enterprises, to account to defendants their purported investments.

X x x”[37]

In civil cases, the party having the burden of proof must establish his case by a preponderance of evidence.[38] “Preponderance of evidence” is the weight, credit, and value of the aggregate evidence on either side and is usually considered to be synonymous with the term “greater weight of the evidence” or “greater weight of the credible evidence.” Preponderance of evidence is a phrase which, in the last analysis, means probability of the truth. It is evidence which is more convincing to the court as worthy of belief than that which is offered in opposition thereto.[39] Here, it is apparent that plaintiff-appellant failed to prove by preponderance of evidence their causes of action. Thus, We find no reason to reverse the assailed Judgment dismissing plaintiff-appellant’s Complaint.

WHEREFORE, premises considered, the instant Appeal is DENIED. Accordingly, the assailed Judgment is AFFIRMED IN TOTO.

SO ORDERED.

Barza, R.F.,[1] (Acting Chairperson) and Sempio Diy, M.E., JJ., concur.

[1] Vice J. Ramon M. Bato, Jr., per Office Order No. 441-14-ABR dated 24 October 2014.

[2] “Plaintiff-appellant,” for brevity.

[3] Records, Vol. II, pages 501 to 507. Penned by Presiding Judge Teodoro N. Solis.

[4] Records, Vol. I, pages 02 to 06.

[5] “Defendants-appellees,” collectively for brevity.

[6] “RTC” for brevity.

[7] “Victoria” for brevity.

[8] Records, Vol. I, pages 03 to 04.

[9] Id., at 04 to 05.

[10] Id., at pages 104 to 123.

[11] Id.

[12] Id.

[13] Id. at 92 to 100, Reply and Answer to Counterclaim with Ex-Parte Motion to Set Case for Pre-Trial; Id. at 128 to 146, Rejoinder, Replay and Opposition (To the Plaintiff’s Reply and Answer to Counterclaim with Ex-Parte Motion to Set Case for Pre-Trial).

[14] Id. at 174 to 179 and 180 to 187.

[15] Id. at 190 to 191.

[16] Id. at 194.

[17] Id. at 308 to 315, Pre-Trial Order.

[18] Records, Vol. II, page 507.

[19] Id. at 508 to 517.

[20] Id. at 538.

[21] Id.

[22] Id. at 550 to 551.

[23] Id. at 552.

[24] Rollo, pages 24 to 50.

[25] Rollo, pages 26 to 27.

[26] Records, pages 107 to 108.

[27] Agrifina Aquintey vs. Spouses Felicidad and Rico Tibong, G.R. No. 166704, 20 December 2006.

[28] Government Service Insurance System, et al. vs. Dinnah Villaviza, et al., G.R. No. 180291, 27 July 2010.

[29] Francisco Lim vs. Equitable PCI Bank, now known as the Banco de Oro Unibank, Inc., G.R. No. 183918, 15 January 2014.

[30] Spouses Patricio and Myrna Bernales v. Heirs of Julian Sambaan, et al., G.R. No. 163271, 15, January 2010.

[31] Id.

[32] Records, page 503.

[33] Records, page 326.

[34] Id, page 327.

[35] LNS International Manpower Services vs. Armando C. Padua, Jr., G.R. No. 179792, 05 March 2010.

[36] Isidro Pablito M. Palena vs. People of the Philippines., G.R. No. 14995, 28 September 2007.

[37] Records, pages 504 to 505.

[38] Section 1, Rule 133, Rules of Court.

[39] Memoria G. Encinas, et al. vs. National Bookstore, G.R. No. 162704, 19 November 2004.

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