

CEFERINA SAMO, PETITIONER VS. THE PEOPLE OF THE PHILIPPINES, ET AL., RESPONDENTS.

G. R. No. L-17603-04. May 31, 1962

Ponente: DIZON, J.

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DIZON, J.:

Petition to review by writ of certiorari the decision of the Court of Appeals in CA-G.R. Nos. 20844-45-R entitled "People of the Philippines vs. Ceferina Samo" convicting petitioner, in both cases, of the crime of estafa as defined in paragraph 1(b) of Article 315 of the Revised Penal Code, and sentencing her, in each case, to suffer an indeterminate penalty of from four months of arresto mayor to one year and eight months of prision correccional, with the accessory penalties prescribed by law, to indemnify the Bank of the Philippine Islands in the sum of P5,385.91 and P4,656.70, or a total of P10,042.61, with subsidiary imprisonment in case of insolvency, and to pay the costs.

Several years prior to the two transactions in question, the complainant Bank of the Philippine Islands had been extending credit facilities to petitioner in connection with her import business. To facilitate the importation of 1487 cases (cartons) of tins of squids valued at P12,800.00, and 889 cartons of canned Rosebowl brand sardines valued at P11,076.94, petitioner opened sometime in 1954 two letters of credit with said bank, in connection with which she was required to put up 30% of the full cost of the goods as a marginal deposit. Upon the arrival of the goods the bank advanced or paid the balances due in order that the goods could be released, and required petitioner to execute two trust receipts in its favor as a condition for the turning over of their possession to her. On July 20, 1954 and July 29, 1954 petitioner executed said trust receipts wherein she acknowledged having received in trust from the bank the aforementioned goods and obligated herself to hold them in trust for the latter. The document authorized her to sell the goods for the account of the bank, under the obligation to remit to the latter the proceeds of the sale—if sold—or to return them, if not sold on or before July 31, 1954.

Petitioner having failed to account for the goods and/ or the proceeds thereof despite repeated oral and written demands by the bank, Criminal Cases Nos. 30784 and 30875 for estafa were instituted against her in the Court of First Instance of Manila.

After the filing of said cases, petitioner made the following payments, on account, to the bank, to wit: P1,200.00 on May 5, 1955; P800.00 on October 5, 1955; P300.00 on October 18, 1955; and P1,997.11, the latter sum representing an amount deposited by her on account of a letter of credit which was cancelled.

After a joint trial the Court of First Instance of Manila convicted petitioner. On appeal, as above stated, the Court of Appeals affirmed the conviction.

Petitioner's main contention in this appeal is that the violation of the terms of the trust receipts already mentioned does not constitute "estafa" and gives rise only to civil liability. In this connection she argues that, under the facts of the case, part of the money paid for the goods covered by said trust receipts belonged to her, the complainant bank having only advanced the balance due on the purchase; that the money thus advanced constituted a loan; that

the requirement and execution of the trust receipts was a mere formality "in order to comply with the standard banking procedure, the true relation being that of creditor and debtor."

Petitioner's contention is untenable.

A trust receipt is considered as a security transaction intended to aid in financing importers and retail dealers who do not have sufficient funds or resources to finance the importation or purchase of merchandise, and who may not be able to acquire credit except through utilization, as collateral, of the merchandise imported or purchased (53 Am. Jur. 961).

In the case of the Philippine National Bank vs. Vda. Hijos de Angel Jose, 63 Phil. 814-815, we said the following:

"Contracts contained in trust receipts * * * should be recognized and protected by the courts because they are permitted by law, all the more so that the contracting parties may establish any agreements, terms and conditions they may deem advisable, provided they are not contrary to law, morals, or public order * * *."

"Trust receipts, as contracts, in a certain manner partake of the nature of a conditional sale, * * * that is, the importer becomes absolute owner of the imported merchandise as soon as he has paid its price. The ownership of the merchandise continues to be vested in the owner thereof or in the person who has advanced payment, until he has been paid in full, or if the merchandise has already been sold, the proceeds of the sale should be turned over to him by the importer or by his representative or successor in interest."

In the case of People vs. Yu Chai Ho, 53 Phil. 874, it appeared that the defendant therein also executed a trust receipt similar to the ones involved in the present cases, by reason of which the shipping documents were delivered to him or his company by the International Banking Corporation. Upon their presentation to the customs authorities, the defendant was able to obtain delivery of the merchandise covered by the shipping documents. He thereupon sold said merchandise, but, in violation of the terms of the trust receipt, failed to make payments to the International Banking Corporation and, for this reason, Wm. H. Anderson & Co., as guarantor, was compelled to pay the amount of the draft for the purchase price of the merchandise to said bank. It was there held that this constituted estafa, in spite of the fact that the defendant had given surety for the fulfillment of his obligation under the trust receipt.

In the case of Philippine National Bank vs. Arrozal, G. R. No. L-8831, March 28, 1958, it appeared that the defendant had failed to pay his accounts with said bank, in violation of the terms embodied in trust receipts executed by him. He was prosecuted for estafa but, inasmuch as during the pendency of the case, he settled four of his five pending accounts, the City Fiscal of Manila, upon request of the bank, withdrew the case. The remaining account gave rise to a civil action which reached this Court and wherein, in passing upon the issue whether a party who fails to comply with the terms of a trust receipt executed by him, particularly to make payment of his obligation thereunder, could be prosecuted for estafa, as said that such failure would be a good ground for prosecution.

In the present case petitioner does not deny that she executed the two trust receipts mentioned heretofore and the Court of Appeals found that, notwithstanding repeated oral and written demands by the bank, petitioner had failed either to turn over to the latter the proceeds of the sale of the goods covered by the trust receipts, or to return said goods, if they were not sold. Consequently, we believe that said court correctly found her to be guilty of having violated the provisions of Art. 315, 1-(b) of the Revised Penal Code.

The fact that, subsequent to the filing of the cases in the Court of First Instance, petitioner made partial payments on account does not alter the situation. Payment does not extinguish criminal liability for estafa.

Lastly, petitioner relies heavily upon the decision of the Court of Appeals in People vs. Papagayo, CA-G. R. No.

9456-R. Said decision is not binding on us. Besides, the acquittal of the defendant in said case was due to the absence of evidence "that the appellant received personally the several treasury warrants issued by the Bureau of Printing in payment of the purchase price of said merchandise and personally applied such amounts, or part thereof, to his personal benefit." In fact, according to the court, the said proceeds were received by the Commercial Distributors Co., Inc., of which defendant was the President. The facts therein involved, therefore, are not the same as the ones established in the cases before us.

Wherefore, finding the decision of the Court of Appeals to be in accordance with law, the petition under consideration is hereby dismissed, with costs.

Padilla, Bautista Angelo, Concepcion, Reyes, J. B, L., and Barrera, JJ., concur.

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