

RICARDO VILLAFLOR, PETITIONER, VS. COURT OF APPEALS AND PEOPLE OF THE PHILIPPINES, RESPONDENTS.

G.R. No. L-46210. December 26, 1990

Ponente: REGALADO, J.

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REGALADO, J.:

This is a petition to review on certiorari the decision of the Court of Appeals, dated April 1, 1977, in CA-G.R. No. 6126-CR, entitled "People of the Philippines vs. Ricardo Villaflor,"[1] the dispositive portion of which reads:

"WHEREFORE, the decision appealed from is hereby AFFIRMED except that the penalty should be TWO (2) MONTHS and ONE (1) DAY of arresto mayor and a fine of P1,000.00 'subject to subsidiary personal liability at the rate of One (1) day for each Eight (8) Pesos but shall not exceed one-third of the term of the sentence (Article 39, paragraph 1, Revised Penal Code)'; to indemnify the offended party Mariano Locsin in the sum of P1,000.00; and to pay the costs."[2]

The information, dated October 11, 1967, filed in Criminal Case No. 5417 of the City Court of Legaspi charged herein accused-appellant with estafa as defined and penalized by Article 318 of the Revised Penal Code, committed as follows:

"That on or about the 7th day of June, 1967 in the City of Legazpi, Philippines and within the jurisdiction of this Honorable Court, the above-named accused, with intent to defraud and to cause damage, by means of deceit, obtain (sic) a loan from one Mariano Locsin in the sum of P1,000.00 with the promise that accused will mortgage as a security his sedan car 'Opel' bearing plate No. B-29145, knowing fully well that said sedan car could no longer be made as a security as it was already mortgaged with the Northern Motor(s) Co., Legazpi City, and after receiving said loan, said accused (did) wilfully, unlawfully and feloniously misappropriate, misapply and convert to his own personal use and benefit and despite repeated demands made upon him to pay said loan, accused refused and still refuses, to the damage and prejudice of said Mariano Locsin in the sum of P1,000.00, Philippine Currency."[3]

Respondent court found that the evidence established the following facts: Complainant Mariano Locsin is a businessman and deals in real estate transactions. He has known appellant Ricardo Villaflor for some time and prior to June 7, 1967, on two occasions, he had extended small loans to him. On June 7, 1967, appellant went to the house of the complainant at Governor Reynolds St., Albay District, Legaspi City to secure a loan in the amount of P1,000.00. As a collateral, appellant offered to the complainant his Opel car, and it was agreed that the loan would be given on condition that it would be secured by a proper chattel mortgage on the said motor vehicle. With the assurance from appellant that the car was fully paid and free from any encumbrance, the complainant gave appellant a note addressed to one Atty. Azaña requesting the latter to prepare the document. Accordingly, the chattel mortgage contract over the Opel car which was in the possession of appellant was prepared by Atty. Azaña, and after the complainant and appellant had signed the same, the loan of P1,000.00 was named to appellant. The loan was also evidenced by a promissory note, dated June 7, 1967, wherein appellant promised to pay the complainant the sum of P1,000.00 eight (8) days therefrom.

When appellant failed to pay the loan on time, the complainant thought of taking physical possession of the car but when he went to the office of the Northern Motors, Inc., he found, to his surprise, that the Opel car of appellant had been repossessed by said firm for failure of appellant to pay the installments. Complainant thereafter, made demands on appellant to pay, but to no avail. On September 18, 1967, the complainant wrote appellant a formal letter of demand giving him ten (10) days within which to settle his obligation, otherwise "you would place me under extreme necessity to make the legal steps in cases of this nature." (Exhibit "C")

On October 16, 1967, an information for estafa was filed against appellant in court, docketed as Criminal Case No. 5417. Sometime after the case had been filed, appellant offered to settle his obligation by giving to the complainant two (2) Singer sewing machines. Upon the suggestion of Presiding Judge Jose Razo, the complainant agreed to accept the said security from appellant. Under the terms of the receipt (Exhibit "E"), the complainant bound himself to return the two sewing machines as soon as the sum of P1,000.00 plus interest is paid on or before July 30, 1968. When the accused failed to pay the obligation on the due date, the trial proceeded.[4]

During the trial in the court a quo, the appellant presented his own version of the facts. The defense evidence is accurately summarized by the trial court as follows:

"On June 7, 1967, Ricardo Villaflores, accused in the above entitled case, went to the complainant Mariano Locsin, to borrow money in the amount of P1,000.00. The complainant gave the accused a loan of P900.00, but the latter was made to sign a promissory note (Exh. 'A') in the amount of P1,050.00, the difference of P150.00 being the interest. The said amount in the promissory note was made payable within eight (8) days from receipt of the amount. The accused was also made to sign a chattel mortgage (Exh. 'B') of his 'OPEL' car. The accused, however, before he signed the chattel mortgage, made known to the complainant that the car which was being made the subject of the chattel mortgage has not yet been fully paid to the Northern Motors Corporation, but the complainant still insisted of (sic) having it made as (a) security.

"After the expiration of the 8 days period within which to pay the loan, accused was in tight financial condition, so he went to see the complainant and asked for a grace period which was granted by the latter.

"Meanwhile, the accused failed to pay the installment payment on the car which was constituted as security, so the same was repossessed by the Northern Motors Corporation, thru its local representative, Mr. Joaquin Los Baños.

"On the other hand, when the accused still failed to pay the amount of P1,050.00 to the complainant, the latter went to see Mr. Joaquin Los Baños, the local representative of the Northern Motors Corporation in Legazpi City, to negotiate about the Opel car of the accused which was mortgaged to him. The complainant, however, was told that the car was already repossessed by the company for failure of the accused to pay the installment payment. Because the car was no longer available and the accused still failed to pay the loan after the lapse of several months, the complainant asked the accused to put up another security.

"On April 29, 1968, complainant took two (2) sewing machine from the shop of the accused on the condition that if accused pays the P1,050.00 on or before July 30, 1968, the machines will be returned; but if the accused still fails to pay the amount within the said period, then the machines will be retained by the complainant as payment of the loan. (Exh. 'E'). Accused failed to pay the amount of the loan within the stipulated period, so the two sewing machines were retained by the complainant and up to this time, the same are still in the complainant's possession.

"Meanwhile, upon failure of the accused to pay the loan, complainant filed a complaint with the Fiscal's Office and the City Fiscal's Office of Legazpi City filed an information against the accused charging him (with) the crime of estafa under Article 318 of the Revised Penal Code." [5]

After trial in the City Court the theory of the accused was rejected by said court on the following well analyzed

considerations which merit extended reproduction:

"1. The version of the accused, regarding the execution of the mortgage (Exh. 'B'), the giving of the P1,000-loan, and the issuance of the receipt (Exh. 'I'), is inherently improbable. To start with, the Court observed that the accused is an intelligent and intrepid businessman. His demeanor indicates that he knew when and how to play dump (sic). He knew how to keep cool and manage in the midst of financial trouble. His deportment on the witness stand suggests that he is alert and cannot easily be deceived.

"To lure the complainant into giving him the bigger loan of P1,000.00, the accused first borrowed smaller loans from him. To gain the complainant's confidence, he paid him such smaller loans on time. After this, the accused availed of his possession of the Opel car and pleaded for complainant to lend him P1,000.00 payable after eight days. Intelligent and intrepid, as the accused has shown himself, he agree to the P1,000-loan with the car as security. The accused knew then, or must have naturally known, that he could not possibly meet the deadline for the payment therefor (57). Yet, he agreed to the execution of the mortgage over the car that he did not own, and which was then due for seizure. Upon this circumstance, the unsuspecting complainant parted with his money. It is obvious, therefore, that the accused took complainant's money in bad faith and with fraudulent intent. And, on this score, considering that the complainant appears to (be) a proprietor and an upright businessman, his testimony is entitled to more credence than that of the accused who, in the ordinary course of human conduct, is expected to testify favorably for himself (58).

"2. Moreover, the testimony of the accused on the same note (Exh. 'A'), mortgage (Exh. 'B'), and receipt (Exhs. 'I'; 'E'), is riddled with irreconcilable inconsistencies. For instance, the accused initially declared that he signed the mortgage (Exh. 'B') because the complainant told him to do so (59), giving the impression that he was forced into executing the mortgage against his will. On cross-examination, however, the accused confessed that the complainant did not force him to sign said note and mortgage and that he signed the same only because he was ashamed to refuse the complainant (60). This contradictory aspect in the testimony (of) the accused worsened in the face of his other declaration that he came to know about the mortgage when he was already arrested (61). In this connection, the accused also testified that before signing the same note and mortgage, he read their contents and sensed the thought of the contract (62).

"In another instance, the accused declared on direct examination that he received from the complainant only the amount of P900.00, not P1,000.00 (63). However, on cross-examination, the accused reversed his earlier testimony by declaring that: 'The one thousand pesos (1,000.00) was first given to me, thereafter I signed the mortgage' (64).

"Similarly, the accused testified that, upon his default in the payment of the P1000-loan he went to the complainant and explained that the non-payment was due to his (the accused's) failure to collect certain investments (65). Subsequently, however, the accused declared that, upon default in his obligation to pay after the lapse of the 6-day period: 'Mr. Mariano Locsin went to my house and got my two (2) sewing machines...' (66).

"The preceding material inconsistencies within the defense' testimony cannot but create serious doubt as to their veracity and sincerity.

"3. The other portions of the declaration of the accused are characterized by evasiveness. The accused cannot recall certain facts which would naturally have left deep impressions on his mind in consequence of his mercantile dealings with the complainant. To exemplify, the accused declared that he cannot remember whether the loans extended to him by the complainant, prior to June 7, 1967 were secured or not by a mortgage (67). He also testified that he cannot recall when he signed the chattel mortgage (68). He likewise declared that he cannot remember whether he received a demand-letter from the complainant after the lapse of the period for the payment of the loan (69). He also testified that he cannot remember whether he presented as evidence the receipt (Exhs. 'I' and 'E') during the Fiscal's investigation of this case (70).

"The other evasive phase in his testimony is noticeable in the record. To demonstrate one more instance: The accused was asked whether, after July 30, 1968, he tried to recover the sewing machines from the complainant. In reply, the accused evaded the question by answering that he went to the complainant to tell him that he could not pay the P1,000-loan (72).

"In all these instances, it is patent that the accused could have easily answered the questions categorically instead of being evasive about them. Such an attitude, as displayed here by the accused, naturally weakens the worth of his narrative." [6]

The court a quo then rendered a decision holding appellant guilty beyond reasonable doubt of the crime of estafa by means of deceit as defined and penalized under Article 318 of the Revised Penal Code, and sentenced him to undergo imprisonment of 3 months of arresto mayor, to pay a fine of P1,000.00 and to indemnify the offended party, Mariano Locsin, in the sum of One Thousand Pesos (P1,000.00), plus 12% interest thereon per annum from June 7, 1967 until said amount and interest are fully paid. Appellant was further ordered to pay the costs. [7]

We agree with the aforequoted findings and conclusions of the lower court which were affirmed by the Court of Appeals. The conclusions and findings of fact by the trial court are entitled to great weight and will not be disturbed on appeal, unless for strong and cogent reasons, because the trial court is in a better position to examine as well as to observe the demeanor of the witnesses while testifying on the case. [8]

The decisive points raised in this petition require the resolution of the following issues: (1) Whether or not appellant employed false representations and false pretenses in obtaining the loan from the complainant, thus making him guilty of estafa by means of deceit under Article 318, paragraph 1, of the Revised Penal Code; and (2) Whether or not the receipt of the two (2) sewing machines by the private respondent amounts to the payment of the loan, thus extinguishing the obligation in question.

On the first issue, appellant advances several arguments to support his claim that no deceit was employed, ergo no felony was ever committed, which submissions we shall now discuss.

1. The respondent court, says appellant, was in error in holding that he employed deceit because the chattel mortgage was executed at the instance of the complainant. This is untenable because even if the chattel mortgage was so executed, the fact that deceit was employed by appellant cannot be gainsaid. Both parties are engaged in business and it is normal for them to require some form of security to protect their interests in lending money to other persons. In fact, Article 2140 of the Civil Code provides that "(b)y a chattel mortgage, personal property is recorded in the Chattel Mortgage Register as a security for the performance of an obligation."

As aptly commented by the Solicitor General, "appellant's denial that he had not employed deceit in obtaining the loan from Mariano Locsin because it is the latter who suggested that he would be able to borrow P1,000.00 if he (appellant) executes a chattel mortgage on his sedan car x x x although Mario Locsin suggested that he would be able to lend him the amount asked for by appellant only on the condition that a security be given thereto (sic), the assurance made by appellant that the car offered as a security had never been encumbered and his failure to disclose to Mario Locsin that said car was previously mortgaged to the Northern Motors, Co., constitute deception." [9]

2. Appellant also argues that the presentation of his testimony that the car subject of the chattel mortgage was already paid, when complainant was already testifying on rebuttal, was merely an effort to remedy an omission of a fact which should have been proven in the presentation of the evidence in chief of the prosecution. The fact, however, that this was presented in rebuttal does not make said evidence of the prosecution wanting in veracity because the admission of rebuttal evidence is addressed to the sound discretion of the trial court with considerable latitude being allowed, and such discretion will not be disturbed absent a finding that the accused was taken by

surprise or was prevented from introducing sur-rebuttal evidence.[10] Also, it is competent for a court to allow a party who has closed his case to introduce additional evidence as late as the rebuttal stage.[11]

3. Finally, appellant contends that the court below was in error when it declared that the accused had no title to the car, and seeks to buttress his theory by quoting the following legal provisions:

"The ownership of the thing sold is acquired by the vendee from the moment it is delivered to him in any of the ways specified in Article 1497 to 1501, or in any other manner signifying an agreement that the possession is transferred from the vendor to the vendee. (Art. 1496, New Civil Code).

"The thing sold shall be understood as delivered when it is placed in the control and possession of the vendee. (Art. 1497, New Civil Code)."[12]

The provisions cited by appellant are grossly irrelevant to the issue on deceit. What is material here is the fact that appellant was guilty of fraudulent misrepresentation when, knowing that the car was then owned by the Northern Motors, Inc., still he told the complainant that the car was actually owned by him for purposes of and at the time he obtained the loan from the latter. Indubitably, the accused was in bad faith in the obtention of said loan under such deliberate pretenses.

Addressing now the second issue, appellant alleges that the receipt of the two (2) sewing machines amounts to payment of the loan. This is bereft of merit because a debt shall not be understood to have been paid unless the thing or service in which the obligation consists has been completely delivered or rendered, as the case may be.[13] Furthermore, under the first paragraph of Article 1244 of the Civil Code, "(t)he debtor of a thing cannot compel the creditor to receive a different one, although the latter may be of the same value as, or more valuable than that which is due." And, when the existence of the debt is fully established by the evidence contained in the record, the burden of proving that it has been extinguished by payment devolves upon the debtor who offers such a defense to the claim of the creditor.[14] All told, however, these considerations only go to the matter of the civil liability of appellant which, even if satisfied, do not affect or extinguish his criminal liability.

ON THE FOREGOING PREMISES, the assailed judgment of respondent Court of Appeals dated April 1, 1977 is hereby AFFIRMED in toto.

SO ORDERED.

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

* The title of the petition filed in this case impleaded the respondent court and the offended party.

[1] Justice Lorenzo Relova, ponente; Justices Ricardo C. Puno and Guardson R. Lood, concurring.

[2] Rollo, 30.

[3] Original Record, 1.

[4] Rollo, 17-19.

[5] Ibid., 20-21.

[6] Ibid., 22-25.

[7] Ibid., 16.

[8] Macua, et al. vs. Intermediate Appellate Court, etc., et al., 155 SCRA 29 (1987).

[9] Rollo, 47.

[10] U.S. vs. Razon, et al., 37 Phil. 856 (1918); People vs. Francisco, 78 Phil. 694 (1947).

[11] Lopez vs. Liboro, 81 Phil. 429 (1948).

[12] Rollo, 89.

[13] Article 1233, Civil Code.

[14] Servicewide Specialists, Incorporated vs. Intermediate Appellate Court, et al., 174 SCRA 80 (1989).

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