

BANK OF COMMERCE, PETITIONER, VS. TERESITA S. SERRANO, RESPONDENT.

G.R. NO. 151895. February 16, 2005

Ponente: QUISUMBING, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-151895/>

QUISUMBING, J.:

For our review on certiorari is the civil aspect of the Court of Appeals' Decision,[1] dated September 28, 2001, in CA-G.R. CR No. 24570 as well as its Resolution,[2] dated January 17, 2002, denying petitioner's motion for reconsideration. The Court of Appeals set aside the Decision[3] dated May 31, 2000, of the Regional Trial Court (RTC) Branch 105 of Quezon City.

The facts are as follows:

Petitioner Bank of Commerce (formerly Boston Bank of the Philippines) is a private domestic banking institution. Respondent Teresita S. Serrano is the General Manager and Treasurer of Via Moda International, Inc., a domestic business entity primarily engaged in the import and export of textile materials and fabrics.

Via Moda International, represented by respondent, obtained an export packing loan from petitioner, Bank of Commerce (BOC)-Diliman, Quezon City Branch, in the amount of US\$50,000 (P1,382,250), secured by a Deed of Assignment over Irrevocable Transferable Letter of Credit No. 100072119. Respondent Serrano executed in favor of BOC Promissory Note No. 94/086 for US\$50,000 dated May 6, 1994 with maturity date on July 14, 1994. Via Moda then opened a deposit account for the proceeds of the said loan.[4]

On March 15, 1994, BOC issued to Via Moda, Irrevocable Letter of Credit No. BCZ-940051, in the amount of US\$56,735, for the purchase and importation of fabric and textile products from Tiger Ear Fabric Co. Ltd. of Taiwan. To secure the release of the goods covered, respondent, in representation of Via Moda, executed Trust Receipt No. 94-22221 dated April 21, 1994 with due date on July 20, 1994 for US\$55,944.73 (P1,554,424.32).[5]

Under the terms of the trust receipt, Via Moda agreed to hold the goods in trust for petitioner as the latter's property and to sell the same for the latter's account. In case of sale, the proceeds are to be remitted to the bank as soon as it is received, but not later than the maturity date. Said proceeds are to be applied to the relative acceptances, with interest at the rate of 26% per annum, with a penalty of 36% per annum of the total amount due until fully paid in case of non-payment of the trust receipt and relative acceptance at maturity date or, in the alternative, to return the goods in case of non-sale.[6]

The goods covered by the trust receipt were shipped by Via Moda to its consignee in New Jersey, USA, who sent an Export Letter of Credit issued by the Bank of New York, in favor of BOC. The Regional Operations Officer of BOC signed the export declarations to show consent to the shipment. The total value of the entrusted goods which were shipped per export declaration was US\$81,987 (P2,246,443.80). The proceeds of the entrusted goods sold were not credited to the trust receipt but, were applied by the bank to the principal, penalties and interest of the export packing loan. The excess P472,114.85 was applied to the trust receipt, leaving a balance of P1,444,802.28

as of November 15, 1994.[7]

On November 16, 1994, petitioner sent a demand letter to Via Moda to pay the said amount plus interest and penalty charges, or to return the goods covered by Trust Receipt No. 94-22221 within 5 days from receipt. The demand was not heeded. As of December 15, 1998, the outstanding balance of Via Moda was P4,783,487.15.[8]

On March 8, 1998, respondent was charged with the crime of estafa under Article 315 (b) of the Revised Penal Code in relation to Presidential Decree No. 115.[9]

On May 31, 2000, the trial court rendered judgment and the dispositive portion of which reads:

WHEREFORE, in the light of the foregoing, the Court finds accused Teresita S. Serrano GUILTY beyond reasonable doubt of the crime charged in the Information filed in this case and sentences her to serve the indeterminate penalty of imprisonment from EIGHT (8) YEARS AND ONE (1) DAY OF PRISION MAYOR, AS MINIMUM, TO TWENTY (20) YEARS OF RECLUSION TEMPORAL, AS MAXIMUM, including the accessory penalties. She is ordered to pay her civil liability to Bank of Commerce in the amount of P4,783,487.15, with interest until fully paid, and the costs of this suit.

SO ORDERED.[10]

Respondent appealed to the Court of Appeals which rendered a decision dated September 28, 2001, reversing the trial court's decision. The Court of Appeals held that the element of misappropriation or conversion in violation of P.D. No. 115, in relation to the crime of estafa, was absent in this case, thereby acquitting the respondent and deleting her civil liability. The decretal portion of the decision reads as follows:

WHEREFORE, premises considered, the appealed decision is hereby REVERSED, and the accused-appellant ACQUITTED of the crime charged. The civil liability adjudged by the court a quo is hereby deleted, there being no showing that accused-appellant bound herself personally liable with respect to the loan secured by the trust receipt.

SO ORDERED.[11]

Petitioner filed a Motion for Reconsideration which was denied. Petitioner now comes to this Court submitting the following issues for our resolution:

- WHETHER RESPONDENT IS JOINTLY AND SEVERALLY LIABLE WITH VIA MODA UNDER THE GUARANTEE CLAUSE OF LC NO. [BCZ-940051] (EXHIBIT A) SECURED BY TRUST RECEIPT NO. [94-22221] (EXHIBIT C).[12]

- WHETHER THE COURT OF APPEALS COMMITTED A REVERSIBLE ERROR IN DELETING THE CIVIL LIABILITY OF RESPONDENT SERRANO IN ITS DECISION DATED SEPTEMBER 28, 2001.[13]

On the first issue, petitioner contends that the Court of Appeals made a manifestly mistaken inference from its findings or a misapprehension of facts and overlooked a vital piece of evidence on record, particularly, the Guarantee Clause of the Letter of Credit secured by the Trust Receipt. Petitioner further alleges that the said Guarantee Clause provides that the liability of respondent is joint and solidary; hence, she should be held liable on the obligation.

A letter of credit is a separate document from a trust receipt. While the trust receipt may have been executed as a security on the letter of credit, still the two documents involve different undertakings and obligations. A letter of credit is an engagement by a bank or other person made at the request of a customer that the issuer will honor drafts or other demands for payment upon compliance with the conditions specified in the credit. Through a letter

of credit, the bank merely substitutes its own promise to pay for the promise to pay of one of its customers who in return promises to pay the bank the amount of funds mentioned in the letter of credit plus credit or commitment fees mutually agreed upon.[14] By contrast, a trust receipt transaction is one where the entruster, who holds an absolute title or security interests over certain goods, documents or instruments, released the same to the trustee, who executes a trust receipt binding himself to hold the goods, documents or instruments in trust for the entruster and to sell or otherwise dispose of the goods, documents and instruments with the obligation to turn over to the entruster the proceeds thereof to the extent of the amount owing to the entruster, or as appears in the trust receipt, or return the goods, documents or instruments themselves if they are unsold, or not otherwise disposed of, in accordance with the terms and conditions specified in the trust receipt.[15]

However, the question of the liability of respondent based on the Guarantee Clause of the Letter of Credit, was not raised either at the trial court or before the Court of Appeals. A question that was never raised in the courts below cannot be allowed to be raised for the first time on appeal without offending basic rules of fair play, justice and due process. Such an issue was not brought to the fore either in the trial court or the appellate court, and would have been disregarded by the latter tribunal for the reasons previously stated. With more reason, the same does not deserve consideration by this Court.[16]

On the second issue, the Court of Appeals held that respondent Serrano cannot be held civilly liable under the trust receipt since she was not made personally liable nor was she a guarantor therein. The parties stipulated during the pre-trial that respondent Serrano executed the trust receipt in representation of Via Moda, Inc., which has a separate personality from Serrano, and petitioner BOC failed to show sufficient reason to justify the piercing of the veil of corporate fiction. It thus ruled that this was not Serrano's personal obligation but that of Via Moda and there was no basis of finding her solidarily liable with Via Moda.[17]

Worthy of mention at this point is the Court of Appeals' finding that there was no misappropriation or conversion by the respondent of the proceeds of the sale in the goods, subject of the trust receipt since the proceeds were actually received by petitioner but the latter applied the same to Via Moda's other obligations under the export packing loan. It further stated that such application of payment to another obligation was done by petitioner on its own and should not create a criminal liability on the part of respondent who did not take part nor had any knowledge thereof. It is on this premise that the respondent was acquitted of the crime charged.[18]

Incidentally, petitioner urged this Court to review the factual findings of the case due to contradictory findings of the trial court and the Court of Appeals arising from misappreciation of facts by the Court of Appeals. Such plea must be rejected. It is a well established rule that in an appeal via certiorari, only questions of law may be raised,[19] and we find petitioner's averments insufficient to disregard this well-entrenched rule. This Court does not, of itself, automatically delve into the record of a case to determine the facts anew where there is disagreement between the findings of fact by the trial court and by the Court of Appeals. When the disagreement is merely on the probative value of the evidence, i.e., which is more credible of two versions, we limit our review to only ascertaining if the findings of the Court of Appeals are supported by the records. So long as the findings of the appellate court are consistent with and not palpably contrary to the evidence on record, we shall decline to make a review on the probative value of such evidence. The findings of fact of the Court of Appeals, and not those of the trial court, will be considered final and conclusive, even in this Court.[20] In this case, we find no cogent reason to disturb the foregoing factual findings of the Court of Appeals.

At any rate, petitioner BOC is not precluded from filing a separate civil action against the responsible party where the abovementioned issues could be properly resolved or determined. The issues raised by herein petitioner involve a determination of facts and require the admission and examination of additional evidence for its resolution. That cannot be done in a petition for review on certiorari by merely appealing the civil aspect of an

acquittal in a criminal case.

WHEREFORE, the petition is DENIED for lack of merit. The Decision dated September 28, 2001 and the Resolution dated January 17, 2002, of the Court of Appeals in CA-G.R. CR No. 24570, are AFFIRMED.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Ynares-Santiago, Carpio, and Azcuna, JJ., concur.

[1] Rollo, pp. 24-32. Penned by Associate Justice Juan Q. Enriquez, Jr., with Associate Justices Ruben T. Reyes, and Mercedes Gozo-Dadole concurring.

[2] Id. at 34-35.

[3] Id. at 37-41.

[4] Id. at 11-12, 26-27.

[5] Id. at 9-11.

[6] Id. at 26.

[7] Id. at 12, 28, 39.

[8] Id. at 12.

[9] Id. at 7.

[10] Id. at 41.

[11] Id. at 32.

[12] Id. at 14.

[13] Id. at 13.

[14] Prudential Bank v. Intermediate Appellate Court, G.R. No. 74886, 8 December 1992, 216 SCRA 257, 267.

[15] Presidential Decree No. 115, TRUST RECEIPTS LAW, Sec. 4.

[16] Safic Alcan & Cie v. Imperial Vegetable Oil Co., Inc., G.R. No. 126751, 28 March 2001, 355 SCRA 559, 569.

[17] Rollo, p. 31.

[18] Id. at 30-31.

[19] Milestone Realty and Co., Inc. v. Court of Appeals, G.R. No. 135999, 19 April 2002, 381 SCRA 406, 417.

[20] Lercana v. Jalandoni, G.R. No. 132286, 1 February 2002, 375 SCRA 604, 610-611.

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.