

CLAUDE P. BAUTISTA, PETITIONER, VS. AUTO PLUS TRADERS, INCORPORATED AND COURT OF APPEALS (TWENTY-FIRST DIVISION), RESPONDENTS.

G.R. No. 166405. August 06, 2008

Ponente: QUISUMBING, J.

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QUISUMBING, J.:

This petition for review on certiorari assails the Decision[1] dated August 10, 2004 of the Court of Appeals in CA-G.R. CR No. 28464 and the Resolution[2] dated October 29, 2004, which denied petitioner's motion for reconsideration. The Court of Appeals affirmed the February 24, 2004 Decision and May 11, 2004 Order of the Regional Trial Court (RTC), Davao City, Branch 16, in Criminal Case Nos. 52633-03 and 52634-03.

The antecedent facts are as follows:

Petitioner Claude P. Bautista, in his capacity as President and Presiding Officer of Cruiser Bus Lines and Transport Corporation, purchased various spare parts from private respondent Auto Plus Traders, Inc. and issued two postdated checks to cover his purchases. The checks were subsequently dishonored. Private respondent then executed an affidavit-complaint for violation of Batas Pambansa Blg. 22[3] against petitioner. Consequently, two Informations for violation of BP Blg. 22 were filed with the Municipal Trial Court in Cities (MTCC) of Davao City against the petitioner. These were docketed as Criminal Case Nos. 102,004-B-2001 and 102,005-B-2001. The Informations[4] read:

Criminal Case No. 102,004-B-2001:

The undersigned accuses the above-named accused for violation of Batas Pambansa Bilang 22, committed as follows:

That on or about December 15, 2000, in the City of Davao, Philippines, and within the jurisdiction of this Honorable Court, the above-mentioned accused, knowing fully well that he had no sufficient funds and/or credit with the drawee bank, wilfully, unlawfully and feloniously issued and made out Rural Bank of Digos, Inc. Check No. 058832, dated December 15, 2000, in the amount of P151,200.00, in favor of Auto Plus Traders, Inc., but when said check was presented to the drawee bank for encashment, the same was dishonored for the reason "DRAWN AGAINST INSUFFICIENT FUNDS" and despite notice of dishonor and demands upon said accused to make good the check, accused failed and refused to make payment to the damage and prejudice of herein complainant.

CONTRARY TO LAW.

Criminal Case No. 102,005-B-2001:

The undersigned accuses the above-named accused for violation of Batas Pambansa Bilang 22, committed as follows:

That on or about October 30, 2000, in the City of Davao, Philippines, and within the jurisdiction of this

Honorable Court, the above-mentioned accused, knowing fully well that he had no sufficient funds and/or credit with the drawee bank, wilfully, unlawfully and feloniously issued and made out Rural Bank of Digos, Inc. Check No. 059049, dated October 30, 2000, in the amount of P97,500.00, in favor of Auto Plus Traders, [Inc.], but when said check was presented to the drawee bank for encashment, the same was dishonored for the reason "DRAWN AGAINST INSUFFICIENT FUNDS" and despite notice of dishonor and demands upon said accused to make good the check, accused failed and refused to make payment, to the damage and prejudice of herein complainant.

CONTRARY TO LAW.

Petitioner pleaded not guilty. Trial on the merits ensued. After the presentation of the prosecution's evidence, petitioner filed a demurrer to evidence. On April 21, 2003, the MTCC granted the demurrer, thus:

WHEREFORE, the demurrer to evidence is granted, premised on reasonable doubt as to the guilt of the accused. Cruiser Bus Line[s] and Transport Corporation, through the accused is directed to pay the complainant the sum of P248,700.00 representing the value of the two checks, with interest at the rate of 12% per annum to be computed from the time of the filing of these cases in Court, until the account is paid in full; ordering further Cruiser Bus Line[s] and Transport Corporation, through the accused, to reimburse complainant the expense representing filing fees amounting to P1,780.00 and costs of litigation which this Court hereby fixed at P5,000.00.

SO ORDERED.[5]

Petitioner moved for partial reconsideration but his motion was denied. Thereafter, both parties appealed to the RTC. On February 24, 2004, the trial court ruled:

WHEREFORE, the assailed Order dated April 21, 2003 is hereby MODIFIED to read as follows: Accused is directed to pay and/or reimburse the complainant the following sums: (1) P248,700.00 representing the value of the two checks, with interest at the rate of 12% per annum to be computed from the time of the filing of these cases in Court, until the account is paid in full; (2) P1,780.00 for filing fees and P5,000.00 as cost of litigation.

SO ORDERED.[6]

Petitioner moved for reconsideration, but his motion was denied on May 11, 2004. Petitioner elevated the case to the Court of Appeals, which affirmed the February 24, 2004 Decision and May 11, 2004 Order of the RTC:

WHEREFORE, premises considered, the instant petition is DENIED. The assailed Decision of the Regional Trial Court, Branch 16, Davao City, dated February 24, 2004 and its Order dated May 11, 2004 are AFFIRMED.

SO ORDERED.[7]

Petitioner now comes before us, raising the sole issue of whether the Court of Appeals erred in upholding the RTC's ruling that petitioner, as an officer of the corporation, is personally and civilly liable to the private respondent for the value of the two checks.[8]

Petitioner asserts that BP Blg. 22 merely pertains to the criminal liability of the accused and that the corporation, which has a separate personality from its officers, is solely liable for the value of the two checks.

Private respondent counters that petitioner should be held personally liable for both checks. Private respondent alleged that petitioner issued two postdated checks: a personal check in his name for the amount of P151,200 and a corporation check under the account of Cruiser Bus Lines and Transport Corporation for the amount of P97,500. According to private respondent, petitioner, by issuing his check to cover the obligation of the corporation,

became an accommodation party. Under Section 29[9] of the Negotiable Instruments Law, an accommodation party is liable on the instrument to a holder for value. Private respondent adds that petitioner should also be liable for the value of the corporation check because instituting another civil action against the corporation would result in multiplicity of suits and delay.

At the outset, we note that private respondent's allegation that petitioner issued a personal check disputes the factual findings of the MTCC. The MTCC found that the two checks belong to Cruiser Bus Lines and Transport Corporation while the RTC found that one of the checks was a personal check of the petitioner. Generally this Court, in a petition for review on certiorari under Rule 45 of the Rules of Court, has no jurisdiction over questions of facts. But, considering that the findings of the MTCC and the RTC are at variance,[10] we are compelled to settle this issue.

A perusal of the two check return slips[11] in conjunction with the Current Account Statements[12] would show that the check for P151,200 was drawn against the current account of Claude Bautista while the check for P97,500 was drawn against the current account of Cruiser Bus Lines and Transport Corporation. Hence, we sustain the factual finding of the RTC.

Nonetheless, we find the appellate court in error for affirming the decision of the RTC holding petitioner liable for the value of the checks considering that petitioner was acquitted of the crime charged and that the debts are clearly corporate debts for which only Cruiser Bus Lines and Transport Corporation should be held liable.

Juridical entities have personalities separate and distinct from its officers and the persons composing it.[13] Generally, the stockholders and officers are not personally liable for the obligations of the corporation except only when the veil of corporate fiction is being used as a cloak or cover for fraud or illegality, or to work injustice.[14] These situations, however, do not exist in this case. The evidence shows that it is Cruiser Bus Lines and Transport Corporation that has obligations to Auto Plus Traders, Inc. for tires. There is no agreement that petitioner shall be held liable for the corporation's obligations in his personal capacity. Hence, he cannot be held liable for the value of the two checks issued in payment for the corporation's obligation in the total amount of P248,700.

Likewise, contrary to private respondent's contentions, petitioner cannot be considered liable as an accommodation party for Check No. 58832. Section 29 of the Negotiable Instruments Law defines an accommodation party as a person "who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person." As gleaned from the text, an accommodation party is one who meets all the three requisites, viz: (1) he must be a party to the instrument, signing as maker, drawer, acceptor, or indorser; (2) he must not receive value therefor; and (3) he must sign for the purpose of lending his name or credit to some other person.[15] An accommodation party lends his name to enable the accommodated party to obtain credit or to raise money; he receives no part of the consideration for the instrument but assumes liability to the other party/ies thereto.[16] The first two elements are present here, however there is insufficient evidence presented in the instant case to show the presence of the third requisite. All that the evidence shows is that petitioner signed Check No. 58832, which is drawn against his personal account. The said check, dated December 15, 2000, corresponds to the value of 24 sets of tires received by Cruiser Bus Lines and Transport Corporation on August 29, 2000.[17] There is no showing of when petitioner issued the check and in what capacity. In the absence of concrete evidence it cannot just be assumed that petitioner intended to lend his name to the corporation. Hence, petitioner cannot be considered as an accommodation party.

Cruiser Bus Lines and Transport Corporation, however, remains liable for the checks especially since there is no evidence that the debts covered by the subject checks have been paid.

WHEREFORE, the petition is GRANTED. The Decision dated August 10, 2004 and the Resolution dated

October 29, 2004 of the Court of Appeals in CA-G.R. CR No. 28464 are REVERSED and SET ASIDE. Criminal Case Nos. 52633-03 and 52634-03 are DISMISSED, without prejudice to the right of private respondent Auto Plus Traders, Inc., to file the proper civil action against Cruiser Bus Lines and Transport Corporation for the value of the two checks.

No pronouncement as to costs.

SO ORDERED.

Puno, C.J., and Brion, J., concur.

Tinga, and Velasco, Jr., JJ., dissenting opinion.

* In lieu of Associate Justice Conchita Carpio Morales who inhibited herself.

[1] Rollo, pp. 36-40. Penned by Associate Justice Estela M. Perlas-Bernabe, with Associate Justices Arturo A. Tayag and Edgardo G. Camello concurring.

[2] Id. at 41.

[3] AN ACT PENALIZING THE MAKING OR DRAWING AND ISSUANCE OF A CHECK WITHOUT SUFFICIENT FUNDS OR CREDIT AND FOR OTHER PURPOSES.

[4] Rollo, pp. 48-49.

[5] Id. at 87-88.

[6] Id. at 107.

[7] Id. at 40.

[8] Id. at 29.

[9] Sec. 29. Liability of accommodation party. - An accommodation party is one who has signed the instrument as maker, drawer, acceptor, or indorser, without receiving value therefor, and for the purpose of lending his name to some other person. Such a person is liable on the instrument to a holder for value, notwithstanding such holder, at the time of taking the instrument, knew him to be only an accommodation party.

[10] See MEA Builders, Inc. v. Court of Appeals, G.R. No. 121484, January 31, 2005, 450 SCRA 155, 165.

[11] Rollo, pp. 70, 71.

[12] Id. at 68, 72.

[13] Construction & Development Corporation of the Philippines v. Cuenca, G.R. No. 163981, August 12, 2005, 466 SCRA 714, 727.

[14] See Jardine Davies, Inc. v. JRB Realty, Inc., G.R. No. 151438, July 15, 2005, 463 SCRA 555, 563.

[15] Ang v. Associated Bank, G.R. No. 146511, September 5, 2007, 532 SCRA 244, 272-273; Lim v. Saban, G.R. No. 163720, December 16, 2004, 447 SCRA 232, 244; Crisologo-Jose v. Court of Appeals, G.R. No. 80599, September 15, 1989, 177 SCRA 594, 598.

[16] Ang v. Associated Bank, *supra* at 273.

[17] Exhibit "C," Records, p. 114.

DISSENTING OPINION

VELASCO, JR., J.:

With due respect, I register my dissent to the ponencia of my esteemed colleague. I submit that petitioner Bautista is civilly liable for the amounts of the two checks he issued; hence, the Court of Appeals' Decision affirming that of the Regional Trial Court should be upheld and the instant petition be dismissed.

To support its position absolving petitioner from civil liability arising from the bad checks, the ponencia made the following ratiocination, viz:

Juridical entities have personalities separate and distinct from its officers and the persons composing it. Generally, the stockholders and officers are not personally liable for the obligations of the corporation except only when the veil of corporate fiction is being used as a cloak or cover for fraud or illegality, or to work injustice. These situations, however, do not exist in this case. The evidence shows that it is Cruiser Bus Lines and Transport Corporation that has obligations to Auto Plus Traders, Inc. for tires. There is no agreement that petitioner shall be held liable for the corporation's obligations in his personal capacity. Hence, he cannot be held liable for the value of the two checks issued in payment for the corporation's obligation in the total amount of P248,700.

I register the view, however, that the drawer of the bounced checks is civilly liable for the amounts of the checks drawn to pay the said obligations of the corporations for the following reasons:

- Section 1 of B.P. Blg. 22 is quite unequivocal regarding the liability of the signatory to the check drawn by a corporation, thus:

x x x Where the check is drawn by a corporation, company or entity, the person or persons who actually signed the check in behalf of such drawer shall be liable under this Act.

One can contend, however, that the aforequoted section does not clearly say the signatory is both criminally and civilly liable for the dishonored checks.

This issue of the civil liability of the signatory was squarely resolved in the case of *Llamado v. Court of Appeals*[1] where it was held:

Petitioner's argument that he should not be held personally liable for the amount of the check because it was a check of the Pan Asia Finance Corporation and he signed the same in his capacity as Treasurer of the corporation, is also untenable. The third paragraph of Section 1 of BP Blg. 22 states:

"Where the check is drawn by a corporation, company or entity, the person or persons who actually signed the check in behalf of such drawer shall be liable under this Act."

In the case of *Lee v. Court of Appeals*,[2] Lee signed a check in the amount of PhP 980,000.00 for the payment of the loan of a company owned by another. The check was dishonored due to "account closed." Lee was made civilly liable for the check even though he issued the check in payment of the obligation of a company, thus:

WHEREFORE, the decision of the Court of Appeals is AFFIRMED with the following MODIFICATIONS: The sentence of imprisonment is deleted. Instead, petitioner [Lee] is ordered to pay a fine of P200,000.00, subject to subsidiary imprisonment in case of insolvency pursuant to Article 39 of the Revised Penal Code; and petitioner is ordered to pay the private complainant the amount of P980,000.00 with 12% legal interest per annum from the date of finality of herein judgment. (Emphasis supplied.)

- The civil aspect is deemed instituted with the criminal case. To require the payee to institute a civil case

against the corporation for the amount of the bad check would lead to multiplicity of suits. In addition, this will unduly burden the offended party since Rule 141 requires the payment of filing fees for a crime involving a breach of BP Blg. 22. A second case, this time a civil case against the corporation, will expose the offended party to the payment of filing fees for the second time.

Lastly, even assuming *arguendo* that the petitioner is not liable for the obligation of the corporation, yet he should at least be made liable for the amount of PhP 151,200 which was covered by his personal check according to the ponencia. Responsibility under BP Blg. 22 is personal to the accused and Sec. 1 of said law is clear that the person who actually signed the bad check is liable.

I, THEREFORE, VOTE TO DISMISS THE PETITION.

[1] G.R. No. 99032, March 26, 1997, 270 SCRA 423, 431.

[2] G.R. No. 145498, January 17, 2005, 448 SCRA 445, 477.

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