

FELIPE TANCHOCO, PLAINTIFF AND APPELLEE, VS. GOVERNMENT SERVICE INSURANCE SYSTEM, DEFENDANT AND APPELLEE. MANILA RAILROAD COMPANY, INTERVENOR AND APPELLANT.*G.R. No. 16926. January 31, 1962*

Ponente: CONCEPCION, J.

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Appeal by writ of error, taken by intervenor Manila Railroad Company—hereafter referred to as the Company from an amended decision of the Court of First Instance of Manila, sentencing defendant Government Service Insurance System—hereafter referred to as the System—to pay to plaintiff Felipe Tanchoco the sum of P868.65, with legal interest from June 6, 1956, until paid, without pronouncement as to costs.

After working for over 39 years as employee of the Company, plaintiff applied for retirement therefrom, pursuant to Republic Act No. 186, as amended. In due course, he was notified by the System that his application had been approved, effective August 23, 1955 and that, accordingly, treasury warrant No. 363047 in the sum of P868.65, representing part of his gratuity, was already prepared for payment to him. However, despite repeated demands by Tanchoco, the System subsequently refused to deliver the warrant to him, upon representations made by the Company, because, as cashier of the latter, he had paid the aggregate sum of P10,936.20 for several treasury warrants which later turned out to have been forged.

Hence, Tanchoco sued the System in the Municipal Court of Manila, for said sum of P868.65, plus interest and costs. In due course, the Company intervened as defendant in the case. Judgment having thereafter been rendered for Tanchoco, the Company appealed to the Court of First Instance of Manila, which, after appropriate proceedings, dismissed the complaint and ordered the System to pay or turn over to the Company the sum of P868.65 due Tanchoco, as well as such amounts as may subsequently be due him, up to the aforementioned sum of P10,936.20. On motion for reconsideration filed by Tanchoco, said decision of the Court of First Instance of Manila was set aside and an amended decision rendered ordering the System to pay him said sum of P868.65, with interest thereon at the legal rate from June 6, 1956, until paid, without costs. The Company appealed to the Court of Appeals, which, however, certified the case to us, only questions of law having been raised by the parties.

The main issue is whether or not the gratuity due Tanchoco under Commonwealth Act No. 186 may be applied to the satisfaction of the sum of P10,936.20 lost by the Company due to the payment by him of forged checks.

In support of its pretense, to the effect that the lower court erred in deciding the matter in the negative, the Company cites sections 636 and 637 of the Revised Administrative Code reading:

"SEC. 636. Measure of liability of officers accountable for government property.—Every officer accountable for property shall be liable for its money value in ease of the improper or unauthorized use, or misapplication thereof, by himself or any person for whose acts he may be responsible; and generally he shall be liable for all loss, damage, or deterioration occasioned by negligence in the keeping or use of such property, whether it be at

the time in his actual custody or not.

"SEC. 637. Measure of liability of officers accountable for government funds.—Persons accountable for government funds shall be liable for all losses resulting from the unlawful or improper deposit, use, or application thereof and for all losses attributable to negligence in the keeping of the same."

Section 636 has no bearing on the issue before us, for said provision refers to government property, not to funds such as those involved in the case at bar. Neither is section 637 in point for the same refers to the "liability of officers accountable for government funds", whereas those handled by Tanchoco were funds belonging to the Company, which, although owned by the government, is a private corporation and as such an entity, separate and distinct from the latter, engaged in public service, like any other business enterprise operating a similar undertaking. The funds in question belonged, therefore, to said private corporation, not to the government. Again, as company cashier, Tanchoco was not an officer of the government.

More important still, the lower court held that the loss of said sum of P10,936.20 "did not arise from the unlawful or improper deposit, use or application of funds, nor is it a loss attributable to the negligence of plaintiff" Tanchoco. Indeed, said court found:

"It is not disputed that eighteen treasury warrants in the total amount of P10,936.20 were paid by plaintiff upon identification by his superior officer, Mr. Geronimo Gatmaitan, of the signature of the one who cashed them; that corresponding civil and criminal actions were instituted against the said Mr. Gatmaitan therefor; that no such action, however, was taken against movant as can be gleaned from the findings of the Board of Directors of intervenor in its meeting held on June 25, 1953 (Exhibit A); when he was about to retire, he was given a certificate by the Accounting Department of intervenor dated September 9, 1955 that Felipe A. Tanchoco is 'free from money or proper accountability to the Manila Railroad Company' (annex to answer), and certificate of meritorious service for thirty-nine and one-half years issued by intervenor on February 1, 1956 (Exhibit B)."

In view of these findings of fact, the accuracy of which is not contested, apart from being conclusive in this appeal, His Honor, the Trial Judge held, and, we think, correctly:

"Under the facts thus found, Mr. Tanchoco can not be held liable for the value of the encashed warrants. The mere fact that the amount involved can not be reimbursed fully by Mr. Gatmaitan does not warrant proceeding against the money and property of Mr. Tanchoco summarily without any judicial proceeding, as intervenor seeks. Section 624, in relation to Section 650 of the Revised Administrative Code does not authorize the withholding contemplated. The indebtedness has not been satisfactorily and legally established, aside from the fact that the Manila Railroad Company does not fall within the term 'Government of the Philippines' as used in these two sections, as it is plainly not imbued with governmental powers and can not even be classified as a public corporation."

Wherefore, the decision appealed from is hereby affirmed, without costs. It is so ordered.

Bengzon, C. J., Padilla, Bautista, Angelo, Labrador, Reyes, J. B. L., Barrera, Paredes, Dizon, and De Leon, JJ., concur.

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