

## ENGR. JOSE E. CAYANAN, PETITIONER, VS. NORTH STAR INTERNATIONAL TRAVEL, INC., RESPONDENT.

*G.R. No. 172954. October 05, 2011*

Ponente: VILLARAMA, JR., J.

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### VILLARAMA, JR., J.:

Petitioner Engr. Jose E. Cayanán appeals the May 31, 2006 Decision[1] of the Court of Appeals (CA) in CA-G.R. SP No. 65538 finding him civilly liable for the value of the five checks which are the subject of Criminal Case Nos. 166549-53.

The antecedent facts are as follows:

North Star International Travel Incorporated (North Star) is a corporation engaged in the travel agency business while petitioner is the owner/general manager of JEAC International Management and Contractor Services, a recruitment agency.

On March 17,[2] 1994, Virginia Balagtas, the General Manager of North Star, in accommodation and upon the instruction of its client, petitioner herein, sent the amount of US\$60,000[3] to View Sea Ventures Ltd., in Nigeria from her personal account in Citibank Makati. On March 29, 1994, Virginia again sent US\$40,000 to View Sea Ventures by telegraphic transfer,[4] with US\$15,000 coming from petitioner. Likewise, on various dates, North Star extended credit to petitioner for the airplane tickets of his clients, with the total amount of such indebtedness under the credit extensions eventually reaching P510,035.47.[5]

To cover payment of the foregoing obligations, petitioner issued the following five checks to North Star:

Check No

:

246822

Drawn Against

:

Republic Planters Bank

Amount

:

P695,000.00

Dated/Postdated

:

May 15, 1994

Payable to

:

North Star International Travel, Inc.

Check No

:

246823

Drawn Against

:

Republic Planters Bank

Amount

:

P278,000.00

Dated/Postdated

:

May 15, 1994

Payable to

:

North Star International Travel, Inc.

Check No

:

246824

Drawn Against

:

Republic Planters Bank

Amount

:

P22,703.00

Dated/Postdated

:

May 15, 1994

Payable to

:

North Star International Travel, Inc.

Check No

:

687803

Drawn Against

:

PCIB

Amount

:

P1,500,000.00

Dated/Postdated

:

April 14, 1994

Payable to

:

North Star International Travel, Inc.

Check No

:

687804

Drawn Against

:

PCIB

Amount

:

P35,000.00

Dated/Postdated

:

April 14, 1994

Payable to

:

North Star International Travel, Inc.[6]

When presented for payment, the checks in the amount of P1,500,000 and P35,000 were dishonored for insufficiency of funds while the other three checks were dishonored because of a stop payment order from petitioner.[7] North Star, through its counsel, wrote petitioner on September 14, 1994[8] informing him that the checks he issued had been dishonored. North Star demanded payment, but petitioner failed to settle his obligations. Hence, North Star instituted Criminal Case Nos. 166549-53 charging petitioner with violation of Batas Pambansa Blg. 22, or the Bouncing Checks Law, before the Metropolitan Trial Court (MeTC) of Makati City.

The Informations,[9] which were similarly worded except as to the check numbers, the dates and amounts of the checks, alleged:

That on or about and during the month of March 1994 in the Municipality of Makati, Metro Manila, Philippines, a place within the jurisdiction of this Honorable Court, the above-named accused, being the authorized signatory of [JEAC] Int'l Mgt & Cont. Serv. did then and there willfully, unlawfully and feloniously make out[,] draw and issue to North Star Int'l. Travel Inc. herein rep. by Virginia D. Balagtas to apply on account or for value the checks described below:

x x x x

said accused well knowing that at the time of issue thereof, did not have sufficient funds in or credit with the drawee bank for the payment in full of the face amount of such check upon its presentment, which check when presented for payment within ninety (90) days from the date thereof was subsequently dishonored by the drawee bank for the reason PAYMENT STOPPED/DAIF and despite receipt of notice of such dishonor the accused failed to pay the payee the face amount of said check or to make arrangement for full payment thereof within five (5) banking days after receiving notice.

Contrary to law.

Upon arraignment, petitioner pleaded not guilty to the charges.

After trial, the MeTC found petitioner guilty beyond reasonable doubt of violation of B.P. 22. Thus:

WHEREFORE, finding the accused, ENGR. JOSE E. CAYANAN GUILTY beyond reasonable doubt of Violation of Batas Pambansa Blg. 22 he is hereby sentenced to suffer imprisonment of one (1) year for each of the offense committed.

Accused is likewise ordered to indemnify the complainant North Star International Travel, Inc. represented in this case by Virginia Balagtas, the sum of TWO MILLION FIVE HUNDRED THIRTY THOUSAND AND SEVEN HUNDRED THREE PESOS (P2,530,703.00) representing the total value of the checks in [question] plus FOUR HUNDRED EIGHTY[-]FOUR THOUSAND SEVENTY[-]EIGHT PESOS AND FORTY[-]TWO CENTAVOS (P484,078.42) as interest of the value of the checks subject matter of the instant case, deducting therefrom the amount of TWO HUNDRED TWENTY THOUSAND PESOS (P220,000.00) paid by the accused as interest on the value of the checks duly receipted by the complainant and marked as Exhibit "FF" of the record.

x x x x

SO ORDERED.[10]

On appeal, the Regional Trial Court (RTC) acquitted petitioner of the criminal charges. The RTC also held that

there is no basis for the imposition of the civil liability on petitioner. The RTC ratiocinated that:

In the instant cases, the checks issued by the accused were presented beyond the period of NINETY (90) DAYS and therefore, there is no violation of the provision of Batas Pambansa Blg. 22 and the accused is not considered to have committed the offense. There being no offense committed, accused is not criminally liable and there would be no basis for the imposition of the civil liability arising from the offense.[11]

Aggrieved, North Star elevated the case to the CA. On May 31, 2006, the CA reversed the decision of the RTC insofar as the civil aspect is concerned and held petitioner civilly liable for the value of the subject checks. The fallo of the CA decision reads:

WHEREFORE, the petition is GRANTED. The assailed Decision of the RTC insofar as Cayanan's civil liability is concerned, is NULLIFIED and SET ASIDE. The indemnity awarded by the MeTC in its September 1, 1999 Decision is REINSTATED.

SO ORDERED.[12]

The CA ruled that although Cayanan was acquitted of the criminal charges, he may still be held civilly liable for the checks he issued since he never denied having issued the five postdated checks which were dishonored.

Petitioner now assails the CA decision raising the lone issue of whether the CA erred in holding him civilly liable to North Star for the value of the checks.[13]

Petitioner argues that the CA erred in holding him civilly liable to North Star for the value of the checks since North Star did not give any valuable consideration for the checks. He insists that the US\$85,000 sent to View Sea Ventures was not sent for the account of North Star but for the account of Virginia as her investment. He points out that said amount was taken from Virginia's personal dollar account in Citibank and not from North Star's corporate account.

Respondent North Star, for its part, counters that petitioner is liable for the value of the five subject checks as they were issued for value. Respondent insists that petitioner owes North Star P2,530,703 plus interest of P264,078.45, and that the P220,000 petitioner paid to North Star is conclusive proof that the checks were issued for value.

The petition is bereft of merit.

We have held that upon issuance of a check, in the absence of evidence to the contrary, it is presumed that the same was issued for valuable consideration which may consist either in some right, interest, profit or benefit accruing to the party who makes the contract, or some forbearance, detriment, loss or some responsibility, to act, or labor, or service given, suffered or undertaken by the other side.[14] Under the Negotiable Instruments Law, it is presumed that every party to an instrument acquires the same for a consideration or for value.[15] As petitioner alleged that there was no consideration for the issuance of the subject checks, it devolved upon him to present convincing evidence to overthrow the presumption and prove that the checks were in fact issued without valuable consideration.[16] Sadly, however, petitioner has not presented any credible evidence to rebut the presumption, as well as North Star's assertion, that the checks were issued as payment for the US\$85,000 petitioner owed.

Notably, petitioner anchors his defense of lack of consideration on the fact that he did not personally receive the US\$85,000 from Virginia. However, we note that in his pleadings, he never denied having instructed Virginia to remit the US\$85,000 to View Sea Ventures. Evidently, Virginia sent the money upon the agreement that petitioner will give to North Star the peso equivalent of the amount remitted plus interest. As testified to by Virginia, Check No. 246822 dated May 15, 1994 in the amount of P695,000.00 is equivalent to US\$25,000; Check No. 246823 dated May 15, 1994 in the amount of P278,000 is equivalent to US\$10,000; Check No. 246824 in the amount of P22,703 represents the one month interest for P695,000 and P278,000 at the rate of

twenty-eight (28%) percent per annum;[17] Check No. 687803 dated April 14, 1994 in the amount of P1,500,000 is equivalent to US\$50,000 and Check No. 687804 dated 14 April 1994 in the amount of P35,000 represents the one month interest for P1,500,000 at the rate of twenty-eight (28%) percent per annum.[18] Petitioner has not substantially refuted these averments.

Concomitantly, petitioner's assertion that the dollars sent to Nigeria was for the account of Virginia Balagtas and as her own investment with View Sea Ventures deserves no credence. Virginia has not been shown to have any business transactions with View Sea Ventures and from all indications, she only remitted the money upon the request and in accordance with petitioner's instructions. The evidence shows that it was petitioner who had a contract with View Sea Ventures as he was sending contract workers to Nigeria; Virginia Balagtas's participation was merely to send the money through telegraphic transfer in exchange for the checks issued by petitioner to North Star. Indeed, the transaction between petitioner and North Star is actually in the nature of a loan and the checks were issued as payment of the principal and the interest.

As aptly found by the trial court:

It is to be noted that the checks subject matter of the instant case were issued in the name of North Star International Inc., represented by private complainant Virginia Balagtas in replacement of the amount of dollars remitted by the latter to Vie[w] Sea Ventures in Nigeria. x x x But Virginia Balagtas has no business transaction with Vie[w] Sea Ventures where accused has been sending his contract workers and the North Star provided the trip tickets for said workers sent by the accused. North Star International has no participation at all in the transaction between accused and the Vie[w] Sea Ventures except in providing plane ticket used by the contract workers of the accused upon its understanding with the latter. The contention of the accused that the dollars were sent by Virginia Balagtas to Nigeria as business investment has not been shown by any proof to set aside the foregoing negative presumptions, thus negates accused contentions regarding the absence of consideration for the issuance of checks. x x x[19]

Petitioner claims that North Star did not give any valuable consideration for the checks since the US\$85,000 was taken from the personal dollar account of Virginia and not the corporate funds of North Star. The contention, however, deserves scant consideration. The subject checks, bearing petitioner's signature, speak for themselves. The fact that petitioner himself specifically named North Star as the payee of the checks is an admission of his liability to North Star and not to Virginia Balagtas, who as manager merely facilitated the transfer of funds. Indeed, it is highly inconceivable that an experienced businessman like petitioner would issue various checks in sizeable amounts to a payee if these are without consideration. Moreover, we note that Virginia Balagtas averred in her Affidavit[20] that North Star caused the payment of the US\$60,000 and US\$25,000 to View Sea Ventures to accommodate petitioner, which statement petitioner failed to refute. In addition, petitioner did not question the Statement of Account No. 8639[21] dated August 31, 1994 issued by North Star which contained itemized amounts including the US\$60,000 and US\$25,000 sent through telegraphic transfer to View Sea Ventures per his instruction. Thus, the inevitable conclusion is that when petitioner issued the subject checks to North Star as payee, he did so to settle his obligation with North Star for the US\$85,000. And since the only payment petitioner made to North Star was in the amount of P220,000.00, which was applied to interest due, his liability is not extinguished. Having failed to fully settle his obligation under the checks, the appellate court was correct in holding petitioner liable to pay the value of the five checks he issued in favor of North Star.

WHEREFORE, the present appeal by way of a petition for review on certiorari is DENIED for lack of merit. The Decision dated May 31, 2006 of the Court of Appeals in CA-G.R. SP No. 65538 is AFFIRMED.

With costs against petitioner.

**SO ORDERED.**

Corona, C.J., (Chairperson), Leonardo-De Castro, Bersamin, and Del Castillo, JJ., concur.

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[1] Rollo, pp. 35-45. Penned by Associate Justice Roberto A. Barrios with Associate Justices Mario L. Guariña III and Santiago Javier Ranada concurring.

[2] March 15 in some parts of the records but the date appearing on the telegraphic transfer receipt/money transfer slip is March 17.

[3] Exh. "8", records, p. 262.

[4] Exh. "9", id. at 263.

[5] Id. at 35.

[6] Id. at 36, 53-54.

[7] Id. at 56.

[8] Exh. "R", id. at 291.

[9] Id. at 1-10.

[10] Rollo, pp. 57-58.

[11] Id. at 61.

[12] Id. at 44.

[13] Id. at 26.

[14] Palana v. People, G.R. No. 149995, September 28, 2007, 534 SCRA 296, 305.

[15] Section 24, Negotiable Instruments Law.

Sec. 24. Presumption of consideration. - Every negotiable instrument is deemed prima facie to have been issued for a valuable consideration; and every person whose signature appears thereon to have become a party thereto for value.

[16] See Bayani v. People, G. R. No. 155619, August 14, 2007, 530 SCRA 84, 95.

[17] TSN, July 31, 1996, p. 4; records, p. 429.

[18] See Exh. "DD", records, p. 307; see also TSN, July 27, 1998, p. 4; records, p. 544; TSN, August 17, 1998, p. 8; records, p. 563.

[19] Rollo, pp. 54-55.

[20] Records, pp. 62-65.

[21] Id. at 88.

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