

JAIME U. GOSIACO, PETITIONER, VS. LETICIA CHING AND EDWIN CASTA, RESPONDENTS.*G.R. No. 173807. April 16, 2009*

Ponente: TINGA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-173807/>**TINGA, J.:**

The right to recover due and demandable pecuniary obligations incurred by juridical persons such as corporations cannot be impaired by procedural rules. Our rules of procedure governing the litigation of criminal actions for violation of Batas Pambansa Blg. 22 (B.P. 22) have given the appearance of impairing such substantive rights, and we take the opportunity herein to assert the necessary clarifications.

Before us is a Rule 45 petition[1] which seeks the reversal of the Decision[2] of the Court of Appeals in CA-GR No. 29488. The Court of Appeals' decision affirmed the decision[3] of the Regional Trial Court of Pasig, Branch 68 in Criminal Case No. 120482. The RTC's decision reversed the decision[4] of the Metropolitan Trial Court of San Juan, Branch 58 in Criminal Case No. 70445 which involved a charge of violation of B.P. Blg. 22 against respondents Leticia Ching (Ching) and Edwin Casta (Casta).

On 16 February 2000, petitioner Jaime Gosiaco (petitioner) invested P8,000,000.00 with ASB Holdings, Inc. (ASB) by way of loan. The money was loaned to ASB for a period of 48 days with interest at 10.5% which is equivalent to P112,000.00. In exchange, ASB through its Business Development Operation Group manager Ching, issued DBS checks no. 0009980577 and 0009980578 for P8,000,000.00 and P112,000.00 respectively. The checks, both signed by Ching, were drawn against DBS Bank Makati Head Office branch. ASB, through a letter dated 31 March 2000, acknowledged that it owed petitioner the abovementioned amounts.[5]

Upon maturity of the ASB checks, petitioner went to the DBS Bank San Juan Branch to deposit the two (2) checks. However, upon presentment, the checks were dishonored and payments were refused because of a stop payment order and for insufficiency of funds. Petitioner informed respondents, through letters dated 6 and 10 April 2000,[6] about the dishonor of the checks and demanded replacement checks or the return of the money placement but to no avail. Thus, petitioner filed a criminal complaint for violation of B.P. Blg. 22 before the Metropolitan Trial Court of San Juan against the private respondents.

Ching was arraigned and tried while Casta remained at large. Ching denied liability and claimed that she was a mere employee of ASB. She asserted that she did not have knowledge as to how much money ASB had in the banks. Such responsibility, she claimed belonged to another department.

On 15 December 2000, petitioner moved[7] that ASB and its president, Luke Roxas, be impleaded as party defendants. Petitioner, then, paid the corresponding docket fees. However, the MTC denied the motion as the case had already been submitted for final decision.[8]

On 8 February 2001, the MTC acquitted Ching of criminal liability but it did not absolve her from civil liability. The MTC ruled that Ching, as a corporate officer of ASB, was civilly liable since she was a signatory to the

checks.[9]

Both petitioner and Ching appealed the ruling to the RTC. Petitioner appealed to the RTC on the ground that the MTC failed to hold ASB and Roxas either jointly or severally liable with Ching. On the other hand, Ching moved for a reconsideration which was subsequently denied. Thereafter, she filed her notice of appeal on the ground that she should not be held civilly liable for the bouncing checks because they were contractual obligations of ASB.

On 12 July 2005, the RTC rendered its decision sustaining Ching's appeal. The RTC affirmed the MTC's ruling which denied the motion to implead ASB and Roxas for lack of jurisdiction over their persons. The RTC also exonerated Ching from civil liability and ruled that the subject obligation fell squarely on ASB. Thus, Ching should not be held civilly liable.[10]

Petitioner filed a petition for review with the Court of Appeals on the grounds that the RTC erred in absolving Ching from civil liability; in upholding the refusal of the MTC to implead ASB and Roxas; and in refusing to pierce the corporate veil of ASB and hold Roxas liable.

On 19 July 2006, the Court of Appeals affirmed the decision of the RTC and stated that the amount petitioner sought to recover was a loan made to ASB and not to Ching. Roxas' testimony further bolstered the fact that the checks issued by Ching were for and in behalf of ASB. The Court of Appeals ruled that ASB cannot be impleaded in a B.P. Blg. 22 case since it is not a natural person and in the case of Roxas, he was not the subject of a preliminary investigation. Lastly, the Court of Appeals ruled that there was no need to pierce the corporate veil of ASB since none of the requisites were present.[11]

Hence this petition.

Petitioner raised the following issues: (1) is a corporate officer who signed a bouncing check civilly liable under B.P. Blg. 22; (2) can a corporation be impleaded in a B.P. Blg. 22 case; and (3) is there a basis to pierce the corporate veil of ASB?

B.P. Blg. 22 is popularly known as the Bouncing Checks Law. Section 1 of B.P. Blg. 22 provides:

xxx xxx xxx

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.

B.P. Blg. 22 was enacted to address the rampant issuance of bouncing checks as payment for pre-existing obligations. The circulation of bouncing checks adversely affected confidence in trade and commerce. The State criminalized such practice because it was deemed injurious to public interests[12] and was found to be pernicious and inimical to public welfare.[13] B.P. Blg. 22 punishes the act of making and issuing bouncing checks. It is the act itself of issuing the checks which is considered *malum prohibitum*. The law is an offense against public order and not an offense against property.[14] It penalizes the issuance of a check without regard to its purpose. It covers all types of checks.[15] Even checks that were issued as a form of deposit or guarantee were held to be within the ambit of B.P. Blg. 22.[16]

When a corporate officer issues a worthless check in the corporate name he may be held personally liable for violating a penal statute.[17] The statute imposes criminal penalties on anyone who with intent to defraud another of money or property, draws or issues a check on any bank with knowledge that he has no sufficient funds in such bank to meet the check on presentment.[18] Moreover, the personal liability of the corporate officer is predicated on the principle that he cannot shield himself from liability from his own acts on the ground that it was a corporate act and not his personal act.[19] As we held in *Llamado v. Court of Appeals*:[20]

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."

The general rule is that a corporate officer who issues a bouncing corporate check can only be held civilly liable when he is convicted. In the recent case of *Bautista v. Auto Plus Traders Inc.*,^[21] the Court ruled decisively that the civil liability of a corporate officer in a B.P. Blg. 22 case is extinguished with the criminal liability. We are not inclined through this case to revisit so recent a precedent, and the rule of stare decisis precludes us to discharge Ching of any civil liability arising from the B.P. Blg. 22 case against her, on account of her acquittal in the criminal charge.

We recognize though the bind entwining the petitioner. The records clearly show that it is ASB is civilly obligated to petitioner. In the various stages of this case, petitioner has been proceeding from the premise that he is unable to pursue a separate civil action against ASB itself for the recovery of the amounts due from the subject checks. From this premise, petitioner sought to implead ASB as a defendant to the B.P. Blg. 22 case, even if such case is criminal in nature.^[22]

What supplied the notion to the petitioner that he was unable to pursue a separate civil action against ASB? He cites the Revised Rules on Criminal Procedure, particularly the provisions involving B.P. Blg. 22 cases, which state that:

Rule 111, Section 1--Institution of criminal and civil action.

x x x

(b) The criminal action for violation of Batas Pambansa Blg. 22 shall be deemed to include the corresponding civil action. No reservation to file such civil action separately shall be allowed.

Upon filing of the aforesaid joint criminal and civil actions, the offended party shall pay in full the filing fees based on the amount of the check involved, which shall be considered as the actual damages claimed. Where the complainant or information also seeks to recover liquidated, moral, nominal, temperate or exemplary damages, the offended party shall pay the filing fees based on the amounts alleged therein. If the amounts are not so alleged but any of these damages are subsequently awarded by the court, the filing fees based on the amount awarded shall constitute a first lien on the judgment.

Where the civil action has been filed separately and trial thereof has not yet commenced, it may be consolidated with the criminal action upon application with the court trying the latter case. If the application is granted, the trial of both actions shall proceed in accordance with section 2 of this Rule governing consolidation of the civil and criminal actions.^[23]

We are unable to agree with petitioner that he is entitled to implead ASB in the B.P. Blg. 22 case, or any other corporation for that matter, even if the Rules require the joint trial of both the criminal and civil liability. A basic maxim in statutory construction is that the interpretation of penal laws is strictly construed against the State and liberally construed against the accused. Nowhere in B.P. Blg. 22 is it provided that a juridical person may be impleaded as an accused or defendant in the prosecution for violations of that law, even in the litigation of the civil aspect thereof.

Nonetheless, the substantive right of a creditor to recover due and demandable obligations against a debtor-corporation cannot be denied or diminished by a rule of procedure. Technically, nothing in Section 1(b) of

Rule 11 prohibits the reservation of a separate civil action against the juridical person on whose behalf the check was issued. What the rules prohibit is the reservation of a separate civil action against the natural person charged with violating B.P. Blg. 22, including such corporate officer who had signed the bounced check.

In theory the B.P. Blg. 22 criminal liability of the person who issued the bouncing check in behalf of a corporation stands independent of the civil liability of the corporation itself, such civil liability arising from the Civil Code. B.P. Blg. 22 itself fused this criminal liability of the signer of the check in behalf of the corporation with the corresponding civil liability of the corporation itself by allowing the complainant to recover such civil liability not from the corporation, but from the person who signed the check in its behalf. Prior to the amendments to our rules on criminal procedure, it though clearly was permissible to pursue the criminal liability against the signatory, while going after the corporation itself for the civil liability.

However, with the insistence under the amended rules that the civil and criminal liability attaching to the bounced check be pursued jointly, the previous option to directly pursue the civil liability against the person who incurred the civil obligation-the corporation itself-is no longer that clear. In theory, the implied institution of the civil case into the criminal case for B.P. Blg. 22 should not affect the civil liability of the corporation for the same check, since such implied institution concerns the civil liability of the signatory, and not of the corporation.

Let us pursue this point further. B.P. Blg. 22 imposes a distinct civil liability on the signatory of the check which is distinct from the civil liability of the corporation for the amount represented from the check. The civil liability attaching to the signatory arises from the wrongful act of signing the check despite the insufficiency of funds in the account, while the civil liability attaching to the corporation is itself the very obligation covered by the check or the consideration for its execution. Yet these civil liabilities are mistaken to be indistinct. The confusion is traceable to the singularity of the amount of each.

If we conclude, as we should, that under the current Rules of Criminal Procedure, the civil action that is impliedly instituted in the B.P. Blg. 22 action is only the civil liability of the signatory, and not that of the corporation itself, the distinctness of the cause of action against the signatory and that against the corporation is rendered beyond dispute. It follows that the actions involving these liabilities should be adjudged according to their respective standards and merits. In the B.P. Blg. 22 case, what the trial court should determine whether or not the signatory had signed the check with knowledge of the insufficiency of funds or credit in the bank account, while in the civil case the trial court should ascertain whether or not the obligation itself is valid and demandable. The litigation of both questions could, in theory, proceed independently and simultaneously without being ultimately conclusive on one or the other.

It might be argued that under the current rules, if the signatory were made liable for the amount of the check by reason of the B.P. Blg. 22 case, such signatory would have the option of recovering the same amount from the corporation. Yet that prospect does not ultimately satisfy the ends of justice. If the signatory does not have sufficient assets to answer for the amount of the check-a distinct possibility considering the occasional large-scale transactions engaged in by corporations - the corporation would not be subsidiarily liable to the complainant, even if it in truth the controversy, of which the criminal case is just a part, is traceable to the original obligation of the corporation. While the Revised Penal Code imposes subsidiary civil liability to corporations for criminal acts engaged in by their employees in the discharge of their duties, said subsidiary liability applies only to felonies,[24] and not to crimes penalized by special laws such as B.P. Blg. 22. And nothing in B.P. Blg. 22 imposes such subsidiary liability to the corporation in whose name the check is actually issued. Clearly then, should the check signatory be unable to pay the obligation incurred by the corporation, the complainant would be bereft of remedy unless the right of action to collect on the liability of the corporation is recognized and given flesh.

There are two prevailing concerns should civil recovery against the corporation be pursued even as the B.P. Blg. 22 case against the signatory remains extant. First, the possibility that the plaintiff might be awarded the amount of the check in both the B.P. Blg. 22 case and in the civil action against the corporation. For obvious reasons, that should not be permitted. Considering that petitioner herein has no chance to recover the amount of the check through the B.P. Blg. 22 case, we need not contend with that possibility through this case. Nonetheless, as a matter of prudence, it is best we refer the matter to the Committee on Rules for the formulation of proper guidelines to prevent that possibility.

The other concern is over the payment of filing fees in both the B.P. Blg. 22 case and the civil action against the corporation. Generally, we see no evil or cause for distress if the plaintiff were made to pay filing fees based on the amount of the check in both the B.P. Blg. 22 case and the civil action. After all, the plaintiff therein made the deliberate option to file two separate cases, even if the recovery of the amounts of the check against the corporation could evidently be pursued through the civil action alone.

Nonetheless, in petitioner's particular case, considering the previous legal confusion on whether he is authorized to file the civil case against ASB, he should, as a matter of equity, be exempted from paying the filing fees based on the amount of the checks should he pursue the civil action against ASB. In a similar vein and for a similar reason, we likewise find that petitioner should not be barred by prescription should he file the civil action as the period should not run from the date the checks were issued but from the date this decision attains finality. The courts should not be bound strictly by the statute of limitations or the doctrine of laches when to do so, manifest wrong or injustice would result.[25]

WHEREFORE, the petition is DENIED, without prejudice to the right of petitioner Jaime U. Gosiaco to pursue an independent civil action against ASB Holdings Inc. for the amount of the subject checks, in accordance with the terms of this decision. No pronouncements as to costs.

Let a copy of this Decision be REFERRED to the Committee on Revision of the Rules for the formulation of the formal rules of procedure to govern the civil action for the recovery of the amount covered by the check against the juridical person which issued it.

SO ORDERED.

Quisumbing, (Chairperson), Carpio Morales, Velasco, Jr., and Brion, JJ., concur.

[1] Rollo. pp. 3-44.

[2] Dated 19 July 2006 and penned by Associate Justice Santiago Javier Ranada and concurred in by Associate Justices Portia Alino-Hormachuelos, Chairperson Fourth Division, and Amelita G. Tolentino. id. at 88-95.

[3] Dated 12 July 2005 and penned by Judge Santiago G. Estrella; id. at 83-87.

[4] Dated 08 February 2001 and penned by Judge Maxwell S. Rosete; id. at 73-82.

[5] The letter was signed by Luke Roxas; id. at 60

[6] Id. at 62.

[7] Id. at 67-71

[8] Records, p. 764.

[9] See note 4.

[10] See note 3.

[11] See note 2.

[12] *Lozano v. Martinez*, Nos. L-63419, L-66839-42, L-71654, 74524-25, L-75122-49, L-75812-13, 75765-67, L-75789, 18 December 1986, 146 SCRA 323.

[13] *People v. Laggui*, G.R. Nos. 76262-63, 18 March 1989, 171 SCRA 305, 311.

[14] See Note 12.

[15] *Id.*

[16] *Que v. People*, Nos. L-75217-18, 21 September 1987, 154 SCRA 160.

[17] § 1643 18B Am. Jur. 2d Corporations citing *Semones v. Southern Bell Tel. & Tel.Co.*, 106 N.C. App. 334, 416 S.E.2d 909 (1992).

[18] *Id.* citing *Walker v. State*, 467 N.E.2d 1248 (Ind. Ct. App. 3d Dist.1984).

[19] 68 A.L.R. 2D 1269.

[20] *Llamado v. Court of Appeals*, G.R. No. 99032, 26 March 1997, 270 SCRA 423.

[21] G.R. No. 166405, 6 August 2008.

[22] A traditional theory in criminal law is that a corporation cannot be prosecuted. B.P. 22 clearly adheres to the traditional theory, as nothing therein holds a juridical person liable for the violation of the said law. Nonetheless, a more modern rule pronounces that a corporation may be criminally liable for actions or omissions made by its officers or agents in its behalf. And that while a corporation cannot be imprisoned, it may be fined, its charter may be revoked by the state, or other sanctions may be imposed by law. See Cox, James. *Corporations*. 2nd ed. Aspen Publishers. New York. © 2003 p. 130.

[23] Section 1, Rule 111(b), 2000 Rules of Civil Procedure. Justice Florenz D. Regalado explained the rationale for the implementation of the abovementioned rule. The reason was to declog the courts of B.P. 22 cases because ordinarily payment of docket fees is not required in a criminal case for actual damages because prior to its amendment, it became the practice of creditors to use the courts as their personal collection agencies by the mere expediency of filing a B.P. Blg. 22 case. See FLORENZ D. REGALADO, *REMEDIAL LAW COMPENDIUM*, Vol. II. 9th revised ed. pp. 293-294.

[24] See Revised Penal Code, Art. 103. "Art. 103. Subsidiary civil liability of other persons.-- The subsidiary liability established in the next preceding article shall also apply to employers, teachers, persons, and corporations engaged in any kind of industry for felonies committed by their servants, pupils, workmen, apprentices, or employees in the discharge of their duties. "

[25] *Santiago v. Court of Appeals*, G.R. No.103959, 21 August 1997, 278 SCRA98,113, citing *Rañeses v. Intermediate Appellate Court*, G.R. No. 76518, 13 July 1990, 187 SCRA 404, and as cited in *Cometa v. Court of Appeals*, G.R. No. 141855, 6 February 2001, 351 SCRA294, 310.

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.