SALVADOR O. ECHANO, JR., PETITIONER, VS. LIBERTY TOLEDO, RESPONDENT.

G.R. No. 173930. September 15, 2010

Ponente: ABAD, J.

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ABAD, J.:

This case is about the liability of a government-owned bank cashier for allowing an unauthorized person to deposit to her savings account second-endorsed checks payable to the Office of the City Treasurer of Manila.

The Facts and the Case

On August 8, 2000 Laurence V. Taguinod of the Medical Center Trading Corporation verified with the Office of the City Treasurer of Manila the authenticity of their 1[st] Quarter 2000 Municipal License Receipt. He claimed that he entrusted a January 18, 2000 manager's check for P55,205.36 to Rogelio S. Reyes (Reyes), an officer of the City Treasurer's Business License Division in payment of his company's business tax. Reyes photocopied the check and signed the photocopy as proof that he received it. He also issued the subject receipt.

After investigation, respondent Liberty M. Toledo, the City Treasurer of Manila, discovered that the receipt was spurious since its validation imprint was copied from the official validation imprint of a Municipal License Receipt issued to Co Siu Kheng. She also found that the city did not receive the manager's check nor was it deposited to its account with the Land Bank of the Philippines-YMCA Branch. As it turned out Liza E. Perez (Perez), a stenographer in the Office of the Clerk of Court, Regional Trial Court (RTC) of Manila, deposited the check in her personal account with the Land Bank-Taft Avenue Branch. The dorsal portion of the check showed Perez's signature and a signature of an unidentified person who was supposedly the first endorser. The deposit was approved by petitioner Salvador O. Echano, Jr. (Echano), Acting Branch Cashier of the Land Bank-Taft Avenue Branch.

As a result, Toledo filed charges of grave misconduct and conduct prejudicial to the service against Reyes, Perez, Echano, and a certain John Doe with the Office of the Ombudsman. The latter office dropped the charge against Perez and referred her case to the Office of the Court Administrator. The Ombudsman case against Reyes and Echano proceeded.

Echano claimed that Perez became his bank's client in 1993 and had been depositing second-endorsed checks to her accounts with the bank since 1995. He did not know her personally. Edwin Quesada, the Assistant Department Manager, introduced her to him as a valued client with a long-standing business relationship with the bank. Quesada told him that Perez was in the business of rediscounting checks and it was not unusual for her to deposit numerous second-endorsed checks at any given time. Liwliwa Eli, Echano's predecessor as Acting Branch Cashier, also called him to facilitate Perez's transactions, she being a valued client of the bank.

Echano added that he was unaware, prior to the filing of the complaint, that Perez had been able to deposit in her accounts second-endorsed checks that were payable to the City Treasurer of Manila. He claimed that he may have

inadvertently missed out the payee's name on the check when he examined it prior to signing the stamp of approval on the dorsal side.

On September 30, 2002 the Office of the Ombudsman found Reyes and Echano guilty of grave misconduct and dishonesty and meted out to them the penalty of dismissal from the service with forfeiture of leave credits and perpetual disqualification from employment in the government and in government-owned and controlled corporations. On appeal, the Court of Appeals (CA)[1] affirmed the Ombudsman decision.

The Issues Presented

Two issues are raised:

1. Whether or not the Office of the Ombudsman erred in finding Echano guilty of grave misconduct and dishonesty; and

2. Whether or not the Office of the Ombudsman erred in imposing on him the penalty of dismissal from the service with forfeiture of leave credits and perpetual disqualification from employment in the government service.

The Court's Ruling

One. There is no doubt, based on the evidence that Echano was guilty of grave misconduct. Misconduct is a transgression of some established and definite rule of action, more particularly, unlawful behavior or gross negligence by a public officer. As differentiated from simple misconduct, in grave misconduct the elements of corruption, clear intent to violate the law or flagrant disregard of established rule, must be manifest.[2]

As the CA pointed out, Echano, as Acting Branch Cashier, should have exercised a high degree of diligence and care in handling Perez's second-endorsed checks since her rediscounting of checks was not a regular banking transaction. Moreover, the manager's check in this case had been crossed and issued for the payee's account only. This meant that Medical Center Trading Corporation intended it to be deposited to the account of the payee, namely, the City Treasurer of Manila. And Echano cannot plead simple oversight because he had approved for deposit to Perez's accounts more or less 26 second-endorsed checks intended for the City Treasurer of Manila. What is more, Echano failed to prove that Perez had indeed been a valued client of his bank or that her questionable transactions carried the approval of higher bank officials.

Echano claims that Judge Antonio J. de Castro, who presided over Branch 3 of the RTC of Manila, requested and guaranteed the deposit of Perez's second-endorsed checks. But the evidence shows that those requests were made in 1995 and 1996 and under the premise that the checks were payable to the court. The transaction in this case occurred in 2000 and there is no showing that Judge De Castro guaranteed it.

As Acting Branch Cashier, petitioner was charged with responsibility of handling the bank's daily transactions which could run into large amounts. There is a tremendous difference between the degree of responsibility, care, and trustworthiness expected of a clerk or ordinary employee in the bureaucracy and that required of bank managers, cashiers, finance officers, and other officials directly handling large sums of money and properties.[3] The evidence clearly shows that Echano took light of such responsibility and flagrantly disregarded established banking rules and practices. His misconduct and dishonesty paved the way for the commission of fraud against, and consequent damage to, the City Government of Manila.[4]

Two. Under Section 52, Rule IV of the Civil Service Commission's Uniform Rules on Administrative Cases, grave misconduct carries with it the penalty of dismissal for the first offense. Section 53, however, allows mitigating circumstances to be considered in the determination of the penalties to be imposed. While Echano

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claims good faith, the Court cannot close its eyes to the fact that he approved for deposit to Perez's personal account about 26 other second-endorsed checks payable to the City Treasurer of Manila. His violation of the banking rules was certainly willful and dishonest.

WHEREFORE, the Court DENIES the petition and AFFIRMS the assailed decision of the Court of Appeals in CA-G.R. SP 75681 dated April 17, 2006.

SO ORDERED.

Carpio, (Chairperson), Velasco, Jr.,[*] Peralta, and Bersamin,[**]JJ., concur.

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[*] Designated as additional member in lieu of Associate Justice Antonio Eduardo B. Nachura, per Special Order 883 dated September 1, 2010.

[**] Designated as additional member in lieu of Associate Justice Jose Catral Mendoza, per Special Order 886 dated September 1, 2010.

[1] Rollo, pp. 8-21. Penned by Associate Justice Rosalinda Asuncion-Vicente, with Associate Justices Edgardo P. Cruz and Sesinando E. Villon concurring.

[2] Bureau of Internal Revenue v. Organo, 468 Phil. 111, 118 (2004).

[3] Al-Amanah Islamic Investment Bank of the Phils. v. Civil Service Commission, G.R. No. 100599, April 8, 1992, 207 SCRA 801, 812.

[4] Bureau of Internal Revenue v. Organo, supra note 2, at 119.

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