

RAMON L. UY, PETITIONER, VS. PEOPLE OF THE PHILIPPINES, RESPONDENT.

G.R. No. 174899. September 11, 2008

Ponente: CHICO-NAZARIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-174899/>

CHICO-NAZARIO, J.:

Before Us is a Petition for Review on Certiorari which seeks to set aside the Decision[1] of the Court of Appeals in CA-G.R. CR No. 28581 dated 2 March 2006 which affirmed with modification the Decision[2] of the Regional Trial Court (RTC) of Makati City, Branch 64, in Criminal Case No. 98-1065, finding petitioner Ramon L. Uy guilty of Estafa as defined and penalized under Article 315, paragraph 2 of the Revised Penal Code, and its Resolution[3] dated 9 October 2006 denying petitioner's Motion for Reconsideration.

On 19 May 1998, petitioner was charged before the RTC of Makati City with Estafa under Article 315, par. 2 of the Revised Penal Code, allegedly committed as follows:

That sometime in November 1995, in the City of Makati, Metro Manila, Philippines, a place within the jurisdiction of this Honorable Court, the above-named accused, did then and there willfully, unlawfully and feloniously defraud Mr. Eugene Yu, as follows, to wit: The said accused under false and fraudulent representations which he made to said Eugene Yu convinced said Eugene Yu to invest in the said low cost housing project in the amount of P3,500,000.00 and by means of other similar deceit, which representations he well knew were false and fraudulent and were only made to induce the aforementioned Eugene Yu to give and deliver as in fact the said Eugene Yu gave and delivered the said amount of P3,500,000.00 to the accused, to the damage and prejudice of said Mr. Eugene Yu in the said amount of P3,500,000.00, Philippine Currency.[4]

On the same date, the case was docketed as Criminal Case No. 98-1065 and raffled to Branch 64. Finding reasonable ground to believe that a criminal act had been committed and that petitioner was probably guilty thereof, the trial court issued a warrant for his arrest.[5] On 31 August 1998, considering that the warrant of arrest had been returned unserved, the case was archived and an alias warrant of arrest was issued.[6]

On 27 June 2000, petitioner submitted himself to the jurisdiction of the trial court and filed a bailbond for his provisional liberty.[7]

When arraigned on 4 June 2000, appellant, with the assistance of counsel de parte, pleaded "not guilty" to the crime charged.[8]

For failure of petitioner to appear in the scheduled pre-trial on 7 September 2000 despite notice, his bailbond was cancelled and an order of arrest was issued against him.[9]

On 28 September 2000, the trial court, upon motion of private complainant Eugene Yu, issued a Hold Departure Order against accused-appellant.[10]

On 16 November 2000, the pre-trial conference of the case proceeded without the presence of the petitioner or his counsel de parte. A counsel de oficio was appointed only for the purpose of pre-trial.[11]

On 12 December 2000, the trial court, upon motion of petitioner, lifted the order of arrest and confiscation of bailbond.[12]

The prosecution presented the following witnesses, namely: (1) private complainant Eugene Yu;[13] (2) Patricia L. Yu, spouse of private complainant;[14] and (3) Atty. Wilfredo I. Imperial, Director, Executive Services Group, Housing and Land Use Regulatory Board (HLURB).[15]

The version of the prosecution is as follows:

Private complainant Eugene Yu first met petitioner Ramon L. Uy in Bacolod City in 1993 during a convention of the Chamber of Real Estate and Builders' Association, Inc. (CREBA, INC.), of which they were both members. Petitioner represented himself as a businessman and developer of low-cost housing and President of Trans-Builders Resources and Development Corporation. Becoming friends, petitioner and private complainant entered into a business venture in 1995 involving a project in Parañaque City, with the former as developer and the latter as exclusive marketer.

Thereafter, petitioner proposed to private complainant a plan to develop low-cost housing in Cagayan de Oro. Initially, petitioner attempted to convince private complainant to agree to jointly develop the project, but the proposed scheme did not materialize. Eventually, however, petitioner was able to get private complainant to agree to an investment portfolio, whereby private complainant was to give the amount of P3,500,000.00 to petitioner who, in turn, would pay private complainant the amount of P4,500,000.00 by the end of May 1996. The additional P1,000,000.00 was the interest on his investment.

Petitioner proposed to come up with an investment agreement. Private complainant requested his lawyer, Atty. Dennis Perez, to prepare an investment agreement containing the suggestions of petitioner.[16] On 28 October 1995, in the office of Atty. Perez, private complainant and petitioner signed an undated Investment Agreement.[17] Before signing the document, petitioner went over the same thoroughly. The agreement contained, among other provisions, the following:

WHEREAS, FIRST PARTY is the registered owner and developer of parcel of land located at Agusan, Cagayan de Oro City covered by Transfer Certificate of Title No. 61746 issued by the Register of Deeds of Cagayan de Oro and which is more particularly described as follows:

x x x x

WHEREAS, the FIRST PARTY wishes to develop the above parcel [of] land into a low-cost housing subdivision;

WHEREAS, the SECOND PARTY is willing to invest in the development of the above parcel of land;

WHEREAS, the parties desire to execute this Investment Agreement for the purpose of investing in the development of the above parcel of land;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants and stipulations hereinafter set forth, the parties hereto have agreed, and as they hereby agree, as follows:

Section 1. The FIRST PARTY shall develop the above parcel of land in a low-cost housing subdivision;

Section 2. The SECOND PARTY agrees to invest the amount of Three Million Five Hundred Thousand Pesos (P3,500,000.00), Philippine Currency, in the construction and development costs of the FIRST PARTY, which amount shall be remitted to it immediately upon the signing of this Investment Agreement;

Section 3. For and in consideration of the investment referred to in Section 2, the FIRST PARTY shall pay the amount of Four Million Five Hundred Thousand Pesos (P4,500,000.00), Philippine Currency to the SECOND

PARTY payable after six (6) months from the execution of this Investment Agreement. For this purpose, the FIRST PARTY shall issue post-dated check no. CD00371579951 drawn on Metrobank, Cagayan de Oro Branch in favor of the SECOND PARTY;

In the event that the amount due the SECOND PARTY or any part thereof is unpaid, the FIRST PARTY shall pay compounded interest at the rate of six percent (6%) on such amount or balance. The SECOND PARTY shall also have the option to acquire a portion(s) of the low-cost housing subdivision in lieu of payment of any unpaid amount or balance. Should the SECOND PARTY choose this option, the FIRST PARTY shall convey to the SECOND PARTY that portion which he chooses.

Section 4. It is hereby understood by the parties that Transfer Certificate of Title No. 61746, the Site Development Plan, House Plans and the Special Power of Attorney executed by Patricio Quisumbing, copies of which are hereto attached as Annexes "A", "B", "C" and "D", shall form integral parts of this Investment Agreement.

The signing was witnessed, among others, by Patricia Yu, wife of private complainant, and Atty. Perez. Simultaneous with the signing of the agreement, private complainant issued Asiatrust Bank Check No. 087918 dated 30 October 1995 payable to Trans-Builders Resources and Development Corporation in the amount of P3,500,000.00.[18] Petitioner, in turn, issued in favor of private complainant Metrobank Check No. 0371579951 dated "30 May 1995" in the amount of P4,500,000.00.[19]

The amount of P3,500,000.00 covered by Asiatrust Bank Check No. 087918 was debited against the account of private complainant and credited to the account of Trans-Builders Resources and Development Corporation. When private complainant deposited petitioner's Metrobank check to his savings account with Asiatrust Bank, the check was dishonored because it was "Drawn Against Insufficient Funds (DAIF)."[20] It was at this time that private complainant noticed that the check issued to him was dated 30 May 1995 instead of 30 May 1996.

From that time on, petitioner could no longer be located, and he ignored private complainant's efforts to collect on his investment. On 16 October 1996, private complainant, through his lawyer, sent a demand letter to petitioner to make good on his bounced check.[21]

Upon inquiry from the HLURB, private complainant learned that Trans-Builders Resources and Development Corporation had no ongoing low-cost housing project in Agusan, Cagayan de Oro City, as represented by petitioner and contained in the Investment Agreement. Atty. Wilfredo I. Imperial, Director, Executive Services Group of the HLURB, said that Trans-Builders Resources and Development Corporation had only three projects in Region 10, namely: (1) Transville Oroquieta 1- Oroquieta City, Misamis Occidental; (2) Transville Oroquieta 2 - Oroquieta City, Misamis Occidental; and (3) Transville Homes - Quezon, Bukidnon.[22]

Patricia Yu testified on the circumstances regarding the execution of the Investment Agreement and the issuance of the checks by private complainant and petitioner. She corroborated the statements of private complainant on these matters. Atty. Wilfredo I. Imperial testified that Trans-Builders Resources and Development Corporation did not have any ongoing low-cost housing project in Agusan, Cagayan de Oro City.

On 30 April 2002, the prosecution made its Formal Offer of Exhibits (with Motion for Additional Time to File HLURB Certification) consisting of Exhibits "A" to "G," inclusive, with sub-markings.[23] The trial court noted the offer and granted the motion.[24] On 24 May 2002, the prosecution made a Supplemental Offer of Evidence consisting of the HLURB certification which was marked Exhibit "H." [25] The trial court admitted the exhibits offered on 5 July 2002.[26]

For the defense, petitioner[27] took the stand.

Petitioner testified that his first business transaction with private complainant involved real property development in Parañaque in the middle of 1995, he being the developer and private complainant the exclusive marketer. In the middle of the planning of the Parañaque project, he, being in need of funds, offered private complainant a joint-venture agreement for his project in Cagayan de Oro. Nothing came out of this proposal. Petitioner likewise sought rediscounting of his check by private complainant, but the same did not materialize. Instead, private complainant made a counter-proposal wherein he would finance the P3,500,000.00 petitioner needed, payable within six to seven months with P1,000,000.00 interest.

Private complainant instructed his Makati-based lawyer to draft an agreement whereby he was to give petitioner the amount of P3,500,000.00 in exchange for the check he had earlier received from petitioner in the amount of P4,500,000.00, to be deposited at least six (6) months after petitioner had already encashed the P3,500,000.00 check given to him by private complainant on 28 October 2005.

Petitioner went to the law office of private complainant's lawyer in Makati and signed the Investment Agreement.[28] Before signing said document, petitioner told private complainant: "Pare utang lang ito, I issued a check, bakit kailangan pa natin itong investment agreement." [29] Private complainant replied that the document was just a formality.

Six months after the delivery of private complainant's Asiatrust check for P3,500,000.00 to petitioner, private complainant deposited the latter's Metrobank check for P4,500,000.00, which he had received in exchange for private complainant's Asiatrust check. The P4,500,000.00 Metrobank check deposited in private complainant's account was dishonored. Petitioner denied having received a demand letter from private complainant's lawyer.[30]

Petitioner declared that the contract between him and private complainant was a simple loan to finance his project in Mindanao.[31]

On 23 September 2003, the defense formally offered its evidence[32] consisting of Exhibits "1" to "5." On 9 October 2003, the prosecution formally offered petitioner's counter-affidavit as Exhibit I, with sub-markings. On 29 October 2003, the trial court admitted all the exhibits of the defense as well as the additional exhibit of the prosecution.[33]

On 17 June 2004, the trial court promulgated its decision convicting petitioner of the crime charged. The decretal portion of the decision reads:

WHEREFORE, judgment is rendered finding accused RAMON UY GUILTY beyond reasonable doubt of the crime of Estafa and sentencing him to suffer the indeterminate imprisonment of TEN (10) YEARS prision mayor medium, as minimum, to TWENTY (20) YEARS of prision temporal, as maximum.

The accused is ordered to pay complainant Eugene Yu the sum of P4,500,000 and plus twelve percent (12%) interest per annum from May 30, 1996 until payment is made, and to pay the cost of suit.[34]

In convicting petitioner, the trial court explained:

The fact remains that the complainant and the accused signed an agreement which they denominated as "Investment Agreement." The Agreement, having been signed by complainant and the accused is evidence of what is contained therein (Exh. A). The document speaks for itself. x x x.

x x x x

Complainant Eugene Yu would not have agreed to part with his money or investment were it not for the representation of accused that Trans-Builders Resources and Development Corporation of which the accused is the President, has a low-cost housing project at Barrio Agusan, Cagayan de Oro City. The complainant's

investment is therefore for a specific purpose which is "to develop a low cost housing project in Barrio Agusan, Cagayan de Oro City over a property owned and registered in the name of Trans-Builders under Transfer Certificate of Title no. 61746 issued by the Register of Deeds of Cagayan de Oro City."

The complainant gave to accused his investment thru ASIATRUST Check no. 087918 P3,500,000. He received from the accused the latter's check, Metrobank check no. CDO0371579951 in the amount of P4,500,000. Simultaneously with the exchange of the checks, the accused and complainant signed the Investment Agreement.

In sum, complainant Eugene Yu would not have agreed to part with his money or investment were it not for the following false pretenses and misrepresentations:

a) He represented that the 3.5 Million pesos will be invested in a low-cost housing project in Barrio Agusan, Cagayan de Oro.

b) He promised to pay the private complainant 4.5 Million pesos after six months from the execution of the investment agreement.

c) He promised that in the event that the 4.5. Million pesos is not paid, he shall pay the private complainant compounded interest at the rate of six percent (6%) on such amount. He also gave the private complainant the option to acquire a portion(s) of the low-cost housing in lieu of payment of any unpaid amount or balance.

d) He issued in favor of the private complainant Metrobank check no. CDO0371579951 worth 4.5 million pesos.

As the events would later on disclose, the accused or his company Trans Builders had no low cost housing project in Barrio Agusan Cagayan de Oro (Exhs. "G" and "H"). Likewise, at the appointed time, the accused failed to return the investment of complainant. Neither was the accused able to pay complainant the "compounded interest at the rate of six percent (6%) on such amount or balance," nor did he allow complainant "to acquire a portion(s) of the low cost housing subdivision in lieu of payment of any unpaid amount or balance" . . . (Sec. 3 Investment Agreement, Exhibit A).

The check which the accused issued to complainant turned out to be a bum check because it was dishonored when presented for payment for the reason drawn against insufficient fund (DAIF).

x x x x

From the foregoing, this court finds that the accused employed deceit upon complainant who relied upon said deceitful representations, and which deceitful acts occurred prior and/or simultaneous to the damage.

Thus, the accused Ramon Uy is GUILTY of ESTAFA as defined under Article 315 par. 2(a).[35]

On 21 June 2004, petitioner filed a Motion to Admit Bail[36] and a Notice of Appeal.[37]

The trial court approved the surety bond posted by petitioner and directed the latter's release from custody unless further detention was warranted in any other case.[38]

On 23 June 2004, the trial court ordered the transmittal of the records of the case to the Court of Appeals.[39]

On 2 March 2006, the Court of Appeals rendered its decision upholding petitioner's conviction, but reduced the minimum of the indeterminate sentence imposed on him. The dispositive portion of the decision reads:

WHEREFORE, the appeal is DENIED and the appealed Decision is AFFIRMED but with MODIFICATION on the minimum of the indeterminate sentence imposed which is hereby reduced to two (2) years and four (4) months of prision correccional.[40]

Petitioner filed a Motion for Reconsideration of the decision, but the appellate court denied it in its resolution dated 9 October 2006.

Hence, this Petition for Review on Certiorari.

As required by the Court, respondent, through the Office of the Solicitor General, and private complainant filed their comments on 19 March 2007 and 12 March 2007, respectively.[41] As directed, petitioner filed his consolidated reply to the comments.[42]

On 23 July 2007, the Court gave due course to the petition and required the parties to submit their respective memoranda.[43] All the parties filed their respective memoranda.[44]

Petitioner raises the following issues:

- I. Whether or not (the) Court of Appeals erred in finding the petitioner-appellant guilty of the crime of estafa punishable under Art. 315, Par 2(a) of the Revised Penal Code instead of violation of B.P. Blg. 22;
- II. Whether or not the Court of Appeals (erred) in not finding that the true nature of the Agreement between petitioner-appellant and the private complainant was that of a simple loan;
- III. Whether or not the Court of Appeals erred in giving credence to the private complainant's version of why the check issued by the petitioner-appellant was dated May 1995 instead of May 1996.

We first rule on the issue of whether or not the contract between petitioner and private complainant was one of loan. Private complainant maintains that what they entered into was an Investment Agreement, while petitioner claims that the contract between them was a contract of loan.

After going over the records and testimonies of the witnesses, we are convinced that the transaction that was entered into was an Investment Agreement and not a simple loan.

It is very clear from the document[45] signed by both petitioner and private complainant that private complainant shall invest P3,500,000.00 in the development of parcel of land (owned by petitioner and located at Agusan, Cagayan de Oro City covered by Transfer Certificate of Title No. 61746) into a low-cost housing subdivision to be undertaken by petitioner. It is apparent from the face of the document that the land to be developed is located in Agusan, Cagayan de Oro.

Petitioner tries to alter or contradict their agreement by claiming that their true intention was to have a simple loan agreement. He alleged that before signing the document, he even told private complainant: "Pare utang lang ito, I issued a check, bakit kailangan pa natin itong investment agreement." [46] Private complainant then replied that the document was just a formality.

We do not give credence to petitioner's allegations. He is thus denying entering into an investment agreement. His denial will not prevail over the clear and unequivocal provisions of the investment contract. As testified to by private complainant, it was petitioner who had proposed the investment agreement and the document contained the latter's suggestions. Because they have reduced their agreement into writing, whatever previous or contemporaneous agreements they had, whether verbal or in writing, are merged in said written agreement.

Petitioner argues that the appellate court erred in convicting him of estafa, punishable under Article 315, par. 2(a), instead of violation of Batas Pambansa Blg. 22.[47] He claims that only the fourth element of the crime charged - damage - may have been established.

Estafa, under Article 315, par. 2, of the Revised Penal Code, is committed by any person who defrauds another by using a fictitious name; or falsely pretends to possess power, influence, qualifications, property, credit, agency,

business or imaginary transactions; or by means of similar deceits executed prior to or simultaneously with the commission of fraud.[48] Under this class of estafa, the element of deceit is indispensable.[49]

The elements of Estafa by means of deceit as defined under Article 315(2)(a) of the Revised Penal Code are as follows: (1) there must be false pretense, fraudulent act or fraudulent means; (2) such false pretense, fraudulent act or fraudulent means must be made or executed prior to or simultaneously with the commission of the fraud; (3) the offended party must have relied on the false pretense, fraudulent act or fraudulent means, that is, he must have been induced to part with his money or property because of the false pretense, fraudulent act or fraudulent means; and (4) as a result thereof, the offended party suffered damage.[50]

Fraud, in its general sense, is deemed to comprise anything calculated to deceive, including all acts, omissions and concealment involving a breach of legal or equitable duty, trust or confidence justly reposed, resulting in damage to another; or by which another is unduly and unconscientiously taken advantage of another. It is a generic term embracing all multifarious means which human ingenuity can device, and which are resorted to by one individual to secure an advantage over another by false suggestions or by suppression of truth; and includes all forms of surprise, trick, cunning, dissembling and any other unfair way by which another is cheated. Deceit is a species of fraud.[51] And deceit is the false representation of a matter of fact, whether by words or conduct, by false or misleading allegations; or by concealment of that which should have been disclosed, which deceives or is intended to deceive another so that he shall act upon it, to his legal injury. The false pretense or fraudulent act must be committed prior to or simultaneously with the commission of the fraud, it being essential that such false statement or representation constitutes the very cause or the only motive which induces the offended party to part with his money.[52] In the absence of such requisite, any subsequent act of the accused, however fraudulent and suspicious it might appear, cannot serve as basis for prosecution for estafa under the said provision.[53]

The prosecution has established the presence of all the elements of the offense. Petitioner falsely represented to private complainant that he had an on going low-cost housing project in Agusan, Cagayan de Oro. Relying on petitioner's fraudulent misrepresentations, private complainant invested P3,500,000.00 in said project. Said amount was given by means of a check and handed over to petitioner simultaneously with the signing of the Investment Agreement. As it turned out, per certification from the HLURB, petitioner did not have any low-cost housing project in Agusan, Cagayan de Oro. Private complainant indeed suffered damage. He did not get his return of investment because the check he received from petitioner in the amount of P4,500,000.00 was dishonored. Moreover, petitioner neither paid private complainant the 6% compounded interest on said amount or balance thereon, nor did he allow private complainant to acquire a portion or portions of the low-cost housing subdivision in lieu of the payment of any unpaid amount or balance. To date, the amount private complainant invested in said low-cost housing has not been returned. Without a doubt, petitioner is guilty of estafa.

Petitioner contends he was denied due process of law when he was convicted of estafa instead of violation of Batas Pambansa Blg. 22. An examination of the private complainant's demand letter, he said, indicates that the demand was for alleged violation of Batas Pambansa Blg. 22.

We find his contention untenable.

Under Section 5, Rule 110 of the Revised Rules of Criminal Procedure, criminal actions shall be prosecuted under the direction and control of the prosecutor. In the case before us, the prosecutor, after going over the complaint found probable cause to charge him with estafa. This was the prosecutor's prerogative, considering that he was the one who would prosecute the case. The prosecuting attorney cannot be compelled to file a particular criminal information.[54] The fact that the demand letter may suggest a violation of Batas Pambansa Blg. 22 cannot control his action as to what charge he will file, if he sees evidence showing probable cause to charge an accused

for another crime. It is the prosecutor's assessment of the evidence before him which will prevail, and not what is contained in a demand letter.

Moreover, there can be no denial of due process because petitioner was informed of the nature and cause of the accusation against him when he was arraigned. He was charged with estafa, and he pleaded not guilty thereto. He was given the opportunity to disprove the evidence against him. The fact that he was arraigned and was tried according to the rules of court undeniably shows he was accorded due process.

Petitioner asserts that the Investment Agreement upon which his conviction seemed to have been anchored should not have been considered because said document is a contract of adhesion.

Such assertion will not exonerate him.

A contract of adhesion is so-called because its terms are prepared by only one party, while the other party merely affixes his signature signifying his adhesion thereto.[55] A contract of adhesion is just as binding as ordinary contracts. It is true that we have, on occasion, struck down such contracts as void when the weaker party is imposed upon in dealing with the dominant bargaining party and is reduced to the alternative of taking it or leaving it, completely deprived of the opportunity to bargain on equal footing. Nevertheless, contracts of adhesion are not invalid per se; they are not entirely prohibited. The one who adheres to the contract is in reality free to reject it entirely; if he adheres, he gives his consent.[56]

In the case at bar, we find the Investment Agreement entered into by petitioner and private complainant valid. Although the Investment Agreement was prepared by private complainant's lawyer, this circumstance will not invalidate it. The document was prepared with the suggestions of petitioner being considered. We find it far-fetched to presume that petitioner did not know anything about the preparation of said document considering that the details contained therein are informations known only to the owner of the property to be developed. Furthermore, as a businessman who is engaged in real estate development, we have no doubt that he knew what he was doing when he signed the Investment Agreement.

Petitioner argues that his Metrobank check was dated May 1995 instead of 1996, because the same was not issued in relation to the Investment Agreement.

His argument does not persuade. It is clear from the document itself that the check was issued in consideration of the investment made by private complainant. Section 3 of said document provides:

Section 3. For and in consideration of the investment referred to in Section 2, the FIRST PARTY shall pay the amount of Four Million Five Hundred Thousand Pesos (P4,500,000.00), Philippine Currency to the SECOND PARTY payable after six (6) months from the execution of this Investment Agreement. For this purpose, the FIRST PARTY shall issue post-dated check no. CD00371579951 drawn on Metrobank, Cagayan de Oro Branch in favor of the SECOND PARTY.[57]

Moreover, we agree with the trial court's reasoning why petitioner's check was dated 30 May 1995, to wit:

It could not have been the intention of the parties in the Investment Agreement (Exh. "A") that the repayment of the investment, which was made on October 30, 1995 and payable with interest after six (6) months from date of execution of the Agreement as stipulated in the agreement be done by way of a check drawn five (5) months earlier. Obviously, the intention is to postdate the check. This circumstance should not adversely affect the cause of action of complainant because as regard the complainant, the check he received from the accused in exchange [for] the check he gave the latter, is due six months from the signing of the Investment Agreement.[58]

Finally, petitioner claims private complainant committed a violation of the provisions of the Anti-Usury Law.

We do not agree. First, petitioner failed to specify which provision of said law was violated by private complainant. Second, the effectivity of the Usury Law has been suspended by Central Bank Circular No. 905, s. 1982 effective 1 January 1983.[59]

We now go to the penalty.

The trial court sentenced petitioner to suffer the indeterminate penalty "of ten (10) years of prision mayor, as minimum, to twenty (20) years as prision (sic) temporal, as maximum." [60] It also ordered petitioner to pay the private complainant the amount of P4,500,000.00 plus twelve percent (12%) interest per annum from 30 May 1996 until fully paid, and to pay the costs of suit. The Court of Appeals affirmed the conviction but modified the penalty imposed, more particularly the minimum of the indeterminate sentence, which was reduced to two (2) years and four (4) months of prision correccional.

The penalty for estafa by means of deceit is provided in Article 315 of the Revised Penal Code:

1[st]. The penalty of prision correccional in its maximum period to prision mayor in its minimum period, if the amount of the fraud is over 12,000 pesos but does not exceed 22,000 pesos, and if such amount exceeds the latter sum, the penalty provided in this paragraph shall be imposed in its maximum period, adding one year for each additional 10,000 pesos; but the total penalty which may be imposed shall not exceed twenty years. In such case, and in connection with the accessory penalties which may be imposed and for the purpose of the other provisions of this Code, the penalty shall be termed prision mayor or reclusion temporal, as the case may be.

Under this paragraph, the penalty of prision correccional in its maximum period to prision mayor in its minimum period is the imposable penalty if the amount defrauded is over P12,000.00 but not over P22,000.00. If the amount defrauded exceeds P22,000.00, the penalty provided shall be imposed in its maximum period, with one year added for each additional P10,000.00. The total penalty, however, shall not exceed twenty years.

Under the Indeterminate Sentence Law, the maximum term of the penalty shall be "that which in view of the attending circumstances, could be properly imposed" under the Revised Penal Code and the minimum shall be "within the range of the penalty next lower to that prescribed" for the offense.

The range of the penalty provided for in Article 315 is composed of only two periods, thus, to get the maximum period of the indeterminate sentence, the total number of years included in the two periods should be divided into three. Article 65 of the same code requires the division of the time included in the prescribed penalty into three equal periods of time, forming one period for each of the three portions. The maximum, medium and minimum periods of the prescribed penalty are therefore:

Minimum period - 4 years, 2 months and 1 day to 5 years, 5 months and 10 days

Medium period - 5 years, 5 months and 11 days to 6 years, 8 months and 20 days

Maximum period - 6 years, 8 months and 21 days to 8 years

The amount defrauded being in excess of P22,000.00, the penalty imposable should be the maximum period of six years, eight months, and twenty-one days to eight years of prision mayor. However, Art. 315 also provides that an additional one year shall be imposed for each additional P10,000.00. The penalty should be termed as prision mayor or reclusion temporal, as the case may be. Here, considering that the total amount of the fraud is P3,500,000.00, the corresponding penalty obviously reaches the twenty-year limit. Thus, the correct imposable maximum penalty is twenty years of reclusion temporal.

The minimum period of the indeterminate sentence, on the other hand, should be within the range of the penalty

next lower than that prescribed by Article 315(2)(a), Revised Penal Code, for the crime committed. The penalty next lower than prision correccional maximum to prision mayor minimum is prision correccional minimum (six months and one day to two years and four months) to prision correccional medium (two years, four months and one day to four years and two months).

The Court of Appeals thus correctly reduced the minimum of the indeterminate penalty imposed on petitioner.

We agree with both lower courts that petitioner should be ordered to pay private complainant the amount of P4,500,000.00 as actual damages representing private complainant's investment and unrealized profit pursuant to the Investment Agreement. The 12 % interest per annum on said amount as imposed by the lower courts from 30 May 1996 should be reduced to 6% per annum in accordance with the Investment Agreement. After this decision has become final, the interest thereon shall be 12% per annum.

WHEREFORE, premises considered, the decision of the Court of Appeals in CA-G.R. CR No. 28581 dated 2 March 2006 is AFFIRMED with the MODIFICATION that the interest on the amount of P4,500,000.00 shall be 6% per annum computed from 30 May 1996. Upon the finality of this decision, the interest on said amount shall be 12% per annum.

SO ORDERED.

Carpio-Morales[*], Tinga[**], and Velasco[**], Jr., JJ., concur.

Reyes, J., dissents on the penalty and adopt his stands in Res. v. Temporada pending En Banc.

[*] Justice Conchita Carpio Morales was designated to sit as additional member replacing Justice Antonio Eduardo B. Nachura per Raffle dated 3 September 2008.

[**] Per Special Order No. 517, dated 27 August 2008, signed by Chief Justice Reynato S. Puno, designating Associate Justices Dante O. Tinga and Presbitero J. Velasco, Jr. to replace Associate Justices Consuelo Ynares-Santiago and Ma. Alicia Austria-Martinez, who are on official leave.

[1] Penned by Associate Justice Roberto A. Barrios with Associate Justices Mario L. Guariña III and Santiago Javier Ranada, concurring. CA rollo, pp. 119-127.

[2] Records, pp. 350-358.

[3] CA rollo, pp. 197-199.

[4] Records, p. 1.

[5] Id. at 34.

[6] Id. at 39.

[7] Id. at 58.

[8] Id. at 62.

[9] Id. at 75.

[10] Id. at 95.

[11] Id. at 109.

[12] Id. at 123.

- [13] TSN, 28 September 2000 (Motion for Issuance of Hold Departure Order); 9 January 2001; 13 February 2001; 13 March 2001).
- [14] TSN, 24 May 2001.
- [15] TSN, 11 April 2002.
- [16] TSN, 29 March 2001, pp. 68-70.
- [17] Exh. "A"; records, pp. 217-220.
- [18] Exh. "B"; id. at 221.
- [19] Exh. "C"; id. at 222.
- [20] Exhs. "D" and "E"; id. at 223-224.
- [21] Exh. "F"; id. at 225.
- [22] Exhs. "G" and "H"; id. at 226 and 233.
- [23] Records, pp. 210-216.
- [24] Id. at 227.
- [25] Id. at 229-232.
- [26] Id. at 244.
- [27] TSN, 27 March 2003 and 19 June 2003.
- [28] Exh. "A"; Records, pp. 217-220.
- [29] TSN, 27 March 2003, p. 16.
- [30] TSN, 19 June 2003, p. 10.
- [31] TSN, 27 March 2003, p. 11.
- [32] Records, pp. 281-282.
- [33] Id. at 294.
- [34] Id. at 358.
- [35] Id. at 355-357.
- [36] Id. at 362-382.
- [37] Id. at 383-384.
- [38] Id. at 385.
- [39] Id. at 386.
- [40] CA rollo, p. 127.
- [41] Rollo, pp. 152-169, 170-191.
- [42] Id. at 198-208.

- [43] Id. at 210.
- [44] Id. at 215-232, 239-260, 330-353.
- [45] Exh. "A."
- [46] TSN, 27 March 2003, p. 16.
- [47] Bouncing Checks Law.
- [48] R.R. Paredes v. Calilung, G.R. No. 156055, 5 March 2007, 517 SCRA 369, 393.
- [49] People v. Billaber, 465 Phil. 726, 744 (2004).
- [50] Cosme, Jr. v. People, G.R. No. 149753, 27 November 2006, 508 SCRA 190, 203-204.
- [51] Sim, Jr. v. Court of Appeals, G.R. No. 159280, 18 May 2004, 428 SCRA 459, 468.
- [52] Alcantara v. Court of Appeals, 462 Phil. 72, 89 (2003).
- [53] Preferred Home Specialties, Inc. v. Court of Appeals, G.R. No. 163593, 16 December 2005, 478 SCRA 387, 411-412.
- [54] People v. Pineda, 127 Phil. 150, 156-157 (1967).
- [55] Ermitaño v. Court of Appeals, 365 Phil. 671, 678-679 (1999).
- [56] Rizal Commercial Banking Corporation v. Court of Appeals, 364 Phil. 947, 953-954 (1999).
- [57] Records, p. 218.
- [58] Id. at 357.
- [59] Ruiz v. Court of Appeals, 449 Phil. 419, 434 (2003).
- [60] CA rollo, p. 75.

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.