

ARNEL CARLOS AND MARIVIC CARLOS, PETITIONERS, VS. PEOPLE OF THE PHILIPPINES AND TIRE STAR, INC., RESPONDENTS.

G.R. No. 277047, April 15, 2026

Ponente: GAERLAN, J.

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GAERLAN, J.:

This is a Petition for Review on Certiorari[1] from the Decision[2] dated May 29, 2024 and the Resolution[3] dated October 21, 2024 of the Court of Appeals (CA), Manila in CA-G.R. SP No. 168394, which affirmed the Decision[4] dated November 16, 2020 and the Resolution[5] dated February 10, 2021 of Branch 157 of the Regional Trial Court (RTC), Pasig City. The RTC affirmed the Decision[6] dated January 31, 2019 of Branch 68 of the Metropolitan Trial Court (MeTC), Pasig City, finding petitioners Arnel Carlos (Arnel) and Marivic Carlos (Marivic; collectively, spouses Carlos) guilty beyond reasonable doubt of six counts of violation of Batas Pambansa Blg. 22, otherwise known as the Anti-Bouncing Check Law.

Factual Antecedents

The case stemmed from six separate Informations,[7] all dated July 20, 2016, charging spouses Carlos with violation of Batas Pambansa Blg. 22, allegedly committed against private respondent Tire Star, Inc. (Tire Star). The accusatory portions of the Informations read:

[Criminal Case No. M-PSG-16-02208-CR]

On or about or prior to April 5, 2014, in Pasig City and within the jurisdiction of this Honorable Court, the accused, did, then and there willfully, unlawfully and feloniously make or draw and issue to Tire Star[,] Inc., represented by Ma. Ruth C. Ulanday, to apply on account, the check described below:

Check No. : 0001552883

Drawn Against : Eastwest Bank

In the amount of : [PHP] 91,000.00

Dated/Postdated : April 5, 2014

Payable to : TIRESTAR[,] INC.

[S]aid accused well knowing that at the time of issue, they did not have sufficient funds in credit with the drawee bank for 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 "Account Closed" and despite receipt of notice of such dishonor, the accused failed to pay said payee the face amount of said check or make arrangement for full payment within five (5) banking days after receiving notice.

Contrary to law.[8][Criminal Case No. M-PSG-16-02209-CR]

On or about or prior to March 6, 2014, in Pasig City and within the jurisdiction of this Honorable Court, the

accused, did, then and there willfully, unlawfully and feloniously make or draw and issue to Tire Star[,] Inc., represented by Ma. Ruth C. Ulanday, to apply on account, the check described below:

Check No. : 0001564071

Drawn Against : Eastwest Bank

In the amount of : [PHP] 83,000.00

Dated/Postdated : March 6, 2014

Payable to : TIRESTAR[,] INC.

[S]aid accused well knowing that at the time of issue, they did not have sufficient funds in credit with the drawee bank for 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 "Account Closed" and despite receipt of notice of such dishonor, the accused failed to pay said payee the face amount of said check or make arrangement for full payment within five (5) banking days after receiving notice.

Contrary to law.[9]

[Criminal Case No. M-PSG-16-02210-CR]

On or about or prior to June 7, 2014, in Pasig City and within the jurisdiction of this Honorable Court, the accused, did, then and there willfully, unlawfully and feloniously make or draw and issue to Tire Star[,] Inc., represented by Ma. Ruth C. Ulanday, to apply on account, the check described below:

Check No. : 0001582756

Drawn Against : Eastwest Bank

In the amount of : [PHP] 10,600.00

Dated/Postdated : June 7, 2014

Payable to : TIRESTAR[,] INC.

[S]aid accused well knowing that at the time of issue, they did not have sufficient funds in credit with the drawee bank for 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 "Account Closed" and despite receipt of notice of such dishonor, the accused failed to pay said payee the face amount of said check or make arrangement for full payment within five (5) banking days after receiving notice.

Contrary to law.[10]

[Criminal Case No. M-PSG-16-02211-CR]

On or about or prior to June 7, 2014, in Pasig City and within the jurisdiction of this Honorable Court, the accused, did, then and there willfully, unlawfully and feloniously make or draw and issue to Tire Star[,] Inc., represented by Ma. Ruth C. Ulanday, to apply on account, the check described below:

Check No. : 0001582755

Drawn Against : Eastwest Bank

In the amount of : [PHP] 171,600.00

Dated/Postdated : June 7, 2014

Payable to : TIRESTAR[,] INC.

[S]aid accused well knowing that at the time of issue, they did not have sufficient funds in credit with the drawee bank for 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 "Account Closed" and despite receipt of notice of such dishonor, the accused failed to pay said payee the face amount of said check or make arrangement for full payment within five (5) banking days after receiving notice.

Contrary to law.[11]

[Criminal Case No. M-PSG-16-02212-CR]

On or about or prior to March 15, 2014, in Pasig City and within the jurisdiction of this Honorable Court, the accused, did, then and there willfully, unlawfully and feloniously make or draw and issue to Tire Star[,] Inc., represented by Ma. Ruth C. Ulanday, to apply on account, the check described below:

Check No. : 0001552875

Drawn Against : Eastwest Bank

In the amount of : [PHP] 60,000.00

Dated/Postdated : March 15, 2014

Payable to : TIRESTAR[,] INC.

[S]aid accused well knowing that at the time of issue, they did not have sufficient funds in credit with the drawee bank for 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 "Account Closed" and despite receipt of notice of such dishonor, the accused failed to pay said payee the face amount of said check or make arrangement for full payment within five (5) banking days after receiving notice.

Contrary to law.[12]

[Criminal Case No. M-PSG-16-02213-CR]

On or about or prior to March 15, 2014, in Pasig City and within the jurisdiction of this Honorable Court, the accused, did, then and there willfully, unlawfully and feloniously make or draw and issue to Tire Star[,] Inc., represented by Ma Ruth C. Ulanday, to apply on account, the check described below:

Check No. : 0001552876

Drawn Against : Eastwest Bank

In the amount of : [PHP] 193,772.58

Dated/Postdated : March 15, 2014

Payable to : TIRESTAR[,] INC.

[S]aid accused well knowing that at the time of issue, they did not have sufficient funds in credit with the drawee

bank for 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 "Account Closed" and despite receipt of notice of such dishonor, the accused failed to pay said payee the face amount of said check or make arrangement for full payment within five (5) banking days after receiving notice.

Contrary to law.[13]

Upon arraignment, spouses Carlos entered a plea of "not guilty" to all the charges against them. Following the conclusion of the pre-trial proceedings, trial on the merits ensued.[14]

For its part, the prosecution presented Ma. Ruth C. Ulanday (Ruth), the representative of Tire Star, along with Reynaldo L. Benigay (Reynaldo), the emissary/messenger of Tire Star. In contrast, the defense relied on the lone testimony of Arnel.[15]

Version of the Prosecution

Tire Star is a corporation engaged in the business of trading various types of tires for cars, sports utility vehicles, and trucks, with office located at No. 18 Santa Rosa Street, Barangay Kapitolyo, Pasig City.[16]

On March 6, 2014, spouses Carlos went to Tire Star's office to purchase car tires on installment basis. To pay for the tires, spouses Carlos issued six post-dated checks, which they immediately handed over to Ruth, the administrative supervisor of Tire Star. The tires were then delivered to the store and warehouse of spouses Carlos located at 284 A.P. Tuazon Street, Cubao, Quezon City.[17]

On even date, Ruth deposited one of the checks issued by spouses Carlos. However, the check was dishonored and returned unpaid due to the account being tagged as "Account Closed." [18] Upon being informed of the dishonor, Ruth promptly called spouses Carlos to notify them that the check bounced, and demanded payment of their obligation as well as replacement of the dishonored check.[19]

Subsequently, Ruth deposited the remaining five checks on separate occasions, hoping that the account had been reactivated by spouses Carlos. To her dismay, all five checks were likewise returned unpaid, each bearing the same reason of "Account Closed." [20]

Consequently, Tire Star referred the matter to its legal counsel. Tire Star, through counsel, sent a formal demand, containing the notice of dishonor, to spouses Carlos, requiring them to settle their outstanding obligations or make good on the dishonored checks within five banking days from notice. The demand letter was personally served by Reynaldo, Tire Star's emissary/ messenger, on June 8, 2016, at spouses Carlos's store.[21]

However, spouses Carlos refused to receive the letter. Reynaldo pleaded to accept the demand letter, but instead, spouses Carlos instructed their employee Edrick San Juan (Edrick) to receive the notice and sign it on their behalf.[22]

Version of the Defense

In their defense, spouses Carlos averred that they had been regular customers of Tire Star since 2012. They claimed to have maintained a good payment history, which prompted Tire Star to extend them a credit line for the purchase of tires. However, spouses Carlos asserted that they suffered business losses as a result of pilferage.[23]

In relation to this, spouses Carlos maintained that on March 6, 2014, one of the dates of the alleged incidents, they were in their office. They argued that it was highly improbable for them to have personally went to Tire Star's office, considering their credit arrangement with the company and that they usually place their orders through

e-mail or phone call. According to them, the checks in question had been left with their staff for collection by Tire Star.[24]

Furthermore, spouses Carlos explained that their accounting staff, who previously handled the Tire Star account, were no longer employed with them.[25] Consequently, they claimed to have no personal knowledge as to what transpired with the checks that were issued. They also denied having been served with a notice of dishonor by Reynaldo on June 8, 2016, and further denied that they asked their staff Edrick to receive said notice.[26]

In addition, spouses Carlos contended that they were able to pay the total amount of PHP 300,000.00, more or less, in cash and in kind, as evidenced by vouchers. However, they explained that said vouchers were lost when their office was padlocked by the Quezon City Business Permit and License Office.[27]

The MeTC Ruling

The MeTC found spouses Carlos guilty beyond reasonable doubt of six counts of violation of Batas Pambansa Blg. 22. The fallo of the January 31, 2019 MeTC Decision reads:

WHEREFORE, in view of the foregoing, the accused ARNEL L. CARLOS and MARIVIC CARLOS are found GUILTY beyond reasonable doubt of six (6) counts of violation of Batas Pambansa Blg. 22 in Criminal Case Nos. M-PSG-16-02208-13-CR. Accused are hereby sentenced to pay a fine of [PHP] 91,000.00 in Criminal Case No. M-PSG-16-02208; fine of [PHP] 83,000.00 in Criminal Case No. M-PSG-16-02209; fine of [PHP] 10,600.00 in Criminal Case No. M-PSG-16-02210; fine of [PHP] 171,600.00 in Criminal Case No. M-PSG-16-02211; fine of [PHP] 60,000.00 in Criminal Case No. M-PSG-16-02212; and fine of [PHP] 193,772.58 in Criminal Case No. M-PSG-16-02213 with subsidiary imprisonment in case accused are unable to pay the fine; to indemnify the private complainant Tire Star[,] Inc, the amount of the checks in the total sum of [PHP] 609,972.58 with legal rate of interest of 6% per annum from the date of finality of this Decision until fully paid; and to pay the costs.

SO ORDERED.[28] (Emphasis in the original)

In so ruling, the MeTC found that all the elements of the offense charged were established beyond reasonable doubt.[29] The MeTC emphasized that the subject checks issued by spouses Carlos, as evidenced by their individual signatures on the checks, were dishonored for the reason "Account Closed." [30] Despite the issuance of a notice of dishonor, spouses Carlos failed to make any arrangement to settle their obligation to Tire Star. Thus, the MeTC held them liable for violation of Batas Pambansa Blg. 22.[31]

The MeTC further ruled that the prosecution sufficiently established the prima facie presumption that spouses Carlos had knowledge of the insufficiency of funds at the time the checks were issued. In support thereof, the MeTC highlighted that Reynaldo not only executed an Affidavit of Proof of Service, but also testified that he personally served the demand letter to spouses Carlos on June 8, 2016, but the latter refused to receive the same. Reynaldo further averred that instead, spouses Carlos instructed their staff, Edrick, to receive the letter.[32]

The MeTC also noted that while spouses Carlos did not deny that Edrick was their employee, they made no effort to present him as a witness to rebut the prosecution's claims. Neither did spouses Carlos exert effort to present proof or documentary evidence showing that all their documents relating to their purported payment to Tire Star were lost in their padlocked office.[33]

Aggrieved, spouses Carlos appealed before the RTC, assailing the above ruling of the MeTC.[34] They argued that they should have been acquitted as the prosecution failed to prove beyond reasonable doubt that they actually received a notice of dishonor.[35]

The RTC Ruling

The RTC, in its Decision dated November 16, 2020, affirmed with modification the MeTC's Decision dated January 31, 2019. The dispositive portion so provides:

WHEREFORE, in view of the foregoing, the Decision dated January 31, 2019 of the Metropolitan Trial Court of Pasig City, Branch 68 in Criminal Case Nos. M-PSG-16-02208 to 13-CR finding accused-appellants Arnel Carlos and Marivic Carlos GUILTY BEYOND REASONABLE DOUBT of violating Section 1 of Batas Pambansa Blg. 22 is AFFIRMED with MODIFICATION. The accused-appellants are sentenced to pay a FINE, with subsidiary imprisonment in case of inability to pay the same, as follows:

Criminal Case No. M-PSG-16-02208 [PHP] 91,000.00

Criminal Case No. M-PSG-16-02209 [PHP] 83,000.00

Criminal Case No. M-PSG-16-02210 [PHP] 10,600.00

Criminal Case No. M-PSG-16-02211 [PHP] 171,600.00

Criminal Case No. M-PSG-16-02212 [PHP] 60,000.00

Criminal Case No. M-PSG-16-02213 [PHP] 193,772.58

By way of CIVIL LIABILITY, [Arnel Carlos and Marivic Carlos] are directed to PAY [Tire Star[,] Inc.] the following:

- The principal sum of Six Hundred Nine Thousand Nine Hundred Seventy Two Pesos and Fifty Eight Centavos ([PHP] 609,972.58) with interest at the rate of $\frac{1}{2}\%$ per month or 6% per annum from June 8, 2016 until fully paid;
- Interest on the interests due on the principal amount at the rate of $\frac{1}{2}\%$ per month or 6% per annum from date of filing of the Informations on August 22, 2016 until fully paid; and
- Costs of suit.

SO ORDERED.[36] (Emphasis in the original)

The RTC held that the MeTC was correct in convicting spouses Carlos considering that the prosecution was able to prove all the elements of the offense charged.[37]

With regard to the interest on the award of damages, the RTC modified the same pursuant to Articles 1169 and 2209 of the Civil Code. As such, the RTC ruled that since there is no evidence of any stipulated rate of interest, the legal rate of $\frac{1}{2}\%$ per month or 6% per annum shall apply, to be reckoned from the date of the extrajudicial demand on June 8, 2016, when spouses Carlos received the notice of dishonor/demand letter.[38] The RTC also held that said interest shall earn further interest at the same rate from the date of the filing of the Informations on August 22, 2016 until fully paid.[39]

The subsequent Motion for Reconsideration filed by spouses Carlos was denied in a Resolution dated February 10, 2021.

Undaunted, spouses Carlos filed a Petition for Review with the CA, claiming that the trial courts committed grave and reversible error in finding that: first, there was a valid service of notice of dishonor upon spouses Carlos; and second, the legal interest shall be counted from the date of extrajudicial demand instead of the date of finality of the Decision.[40]

The CA Ruling

In the now assailed Decision, the CA found the Petition without merit. The CA made the following ruling on spouses Carlos's conviction:

WHEREFORE, premises considered, the instant petition for review is DENIED.

SO ORDERED.[41] (Emphasis in the original)

The CA found no dispute that spouses Carlos signed the checks and that the bank dishonored the checks because the account had been closed.[42] It determined that the notice of dishonor was properly served, yet spouses Carlos failed to settle the amount of the checks or make any payment arrangements within five days from receipt of notice.[43] With all the elements of the offense duly proven, the CA sustained the conviction for violation of Batas Pambansa Blg. 22.[44]

In their final attempt to extinguish liability and against the common findings of the courts a quo, spouses Carlos filed the present Petition for Review on Certiorari, alleging that: first, Tire Star failed to establish that a notice of dishonor was personally served upon them; second, the ruling of the CA that the defense did not exert effort to present Edrick to refute the claim of the prosecution that he received the demand letter per instruction of spouses Carlos is clearly untenable; and third, the imposition of the legal interest must be omitted.[45]

Issue

For the resolution of the Court is the issue of whether spouses Carlos are guilty beyond reasonable doubt of violating Batas Pambansa Blg. 22.

The Court's Ruling

The Court rules in the affirmative and finds spouses Carlos guilty beyond reasonable doubt of violating Batas Pambansa Blg. 22.

At the outset, the Court finds that a cursory reading of the present Petition reveals that it is a reiteration of the factual issues and arguments raised by spouses Carlos in their earlier submissions, which had already been passed upon by the court a quo, affirming the uniform findings of the RTC and the MeTC. Questions of fact, which would require a re-evaluation of the evidence, are inappropriate under Rule 45 of the Revised Rules of Court.[46] The jurisdiction of the Court under Rule 45 is limited only to errors of law, as the Court is not a trier of facts.[47] While Rule 45, Section 1 of the Rules of Court is not absolute, none of its recognized exceptions, which permit the Court to review factual issues, exists in the instant case.[48]

In any case, the Petition must be denied.

Batas Pambansa Blg. 22, or the Anti-Bouncing Check Law, was enacted in response to the widespread issuance of bouncing checks as payment for pre-existing obligations.[49] The circulation of worthless checks undermined public confidence in the trade and commerce arena, prompting the State to criminalize such practice for being injurious to public interests and pernicious and inimical to public welfare.[50]

Furthermore, the law penalizes the mere act of making and issuing bouncing checks, making the act itself as *malum prohibitum*. [51] The law is an offense against public order and not an offense against property.[52] As such, it penalizes the issuance of a bouncing check without regard to its purpose.[53]

Relevantly, Section 1 of Batas Pambansa Blg. 22 provides:

SECTION 1. Checks without sufficient funds. — Any person who makes or draws and issues any check to apply on account or for value, knowing at the time of issue that he does not have sufficient funds in or credit with the drawee bank for the payment of such check in full upon its presentment, which check is subsequently dishonored by the drawee bank for insufficiency of funds or credit or would have been dishonored for the same

reason had not the drawer, without any valid reason, ordered the bank to stop payment, shall be punished by imprisonment of not less than thirty days but not more than one (1) year or by a fine of not less than but not more than double the amount of the check which fine shall in no case exceed Two Hundred Thousand Pesos, or both such fine and imprisonment at the discretion of the court.

The same penalty shall be imposed upon any person who, having sufficient funds in or credit with the drawee bank when he makes or draws and issues a check, shall fail to keep sufficient funds or to maintain a credit to cover the full amount of the check if presented within a period of ninety (90) days from the date appearing thereon, for which reason it is dishonored by the drawee bank.

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.

Based on the foregoing, in order to successfully prosecute an accused for violation of Batas Pambansa Blg. 22, the following essential elements must be duly established:

- (1) [t]he making, drawing, and issuance of any check to apply for account or for value;
- (2) [t]he knowledge of the maker, drawer, or issuer that at the time of issue he or she does not have sufficient funds in or credit with the drawee bank for the payment of the check in full upon its presentment; and
- (3) [t]he subsequent dishonor of the check by the drawee bank for insufficiency of funds or credit or dishonor for the same reason had not the drawer, without any valid cause, ordered the bank to stop payment.[54]

In this case, the first and third elements are undisputed.

As to the first element, it is established that spouses Carlos made, drew, and issued six checks, which form the subject matter of the cases. This is evidenced by Eastwest Bank Check Nos. 001552883, 0001564071, 0001582756, 0001582755, 0001552875, and 0001552876, all issued in varying amounts corresponding to tire orders made with Tire Star.[55] On this basis, it is clear that the subject checks were issued for account or for value. Notably, spouses Carlos did not refute nor deny the issuance of the subject checks.[56]

Similarly, the third element was proven through the presentation and admission in evidence of the very checks subject of this case. The checks bear proof of their subsequent dishonor by the drawee bank for the reason "Account Closed." [57] Evidently, the subject checks constitute prima facie evidence that the drawee bank had dishonored them. On this score, it bears stressing that no proof was adduced to controvert such claim and evidence.[58]

As to the second element, it must be shown that the drawer, at the time of issuance, had knowledge that he or she did not have enough funds or credit in the bank for payment thereof upon its presentment. Since this element pertains to a state of mind which is difficult to establish, Section 2 of Batas Pambansa Blg. 22 creates a presumption juris tantum that such knowledge exists once the first and third elements are proven, to wit:

SECTION 2. Evidence of knowledge of insufficient funds. — The making, drawing and issuance of a check payment of which is refused by the drawee because of insufficient funds in or credit with such bank, when presented within ninety (90) days from the date of the check, shall be prima facie evidence of knowledge of such insufficiency of funds or credit unless such maker or drawer pays the holder thereof the amount due thereon, or makes arrangements for payment in full by the drawee of such check within (5) banking days after receiving notice that such check has not been paid by the drawee.

Accordingly, the presumption does not arise if the drawer pays the amount of the check or makes arrangements for its payment within five banking days after receipt of notice of dishonor. The law, thus, grants the accused the opportunity to satisfy the value of the check upon such notice. Consequently, the presumption of knowledge of

insufficiency of funds arises only after it is shown that the drawer received a notice of dishonor and, within five days therefrom, failed to settle the value of the check or arrange for its payment.

In the instant case, against the affirmative testimony of Reynaldo that he personally served upon spouses Carlos the notice of dishonor/demand letter, which they refused to acknowledge, and his execution of an Affidavit of Proof of Service, spouses Carlos merely denied knowledge and receipt of the said notice.[59]

It is well settled, however, that the defense of denial is inherently weak and unreliable for being too flimsy an excuse and for being too convenient for the guilty to make.[60] Nonetheless, for denial to prosper, it must be substantiated by clear and convincing evidence, and the accused cannot merely rely on bare denials, for such defense carries no weight in law and has no greater evidentiary value than the testimony of credible witnesses who testify on affirmative matters.[61]

Indeed, to sustain the defense of mere denial would be inimical to the orderly administration of justice, as it would reduce prosecutions under Batas Pambansa Blg. 22 to a futile exercise, leaving their outcome entirely at the mercy of the accused, who can conveniently deny receipt or refuse to receive and/or acknowledge the notice of dishonor. Such a stance runs counter to the very object of the law, which is to safeguard the stability and integrity of commercial transactions, and to deter the deleterious effect that the issuance of worthless checks has on the public interest.[62]

At this juncture, the Court takes the opportunity to clarify and refine its jurisprudence regarding the service of the notice of dishonor in Batas Pambansa Blg. 22 cases. While earlier decisions may have allowed acquittal based on alleged non-receipt of notice, the Court now underscores the need to supplement existing rules with clear and standardized procedures in establishing the second element of the offense, i.e., that the drawer, at the time of issuance, had knowledge that he or she did not have enough funds or credit in the bank for payment thereof upon its presentment. Now, therefore, the Court hereby adopts and promulgates the following guidelines to further refine and standardize the rules governing the service of the notice of dishonor in Batas Pambansa Blg. 22 cases.

In considering how service of notice operates within the criminal proceedings under Batas Pambansa Blg. 22, the Court finds instructive the analogies from other areas of law where service of notice is likewise indispensable to the case.

Rule 70, Section 2 of the Amended Rules of Court, and jurisprudence on ejectment proceedings underscore the necessity of prior notice as a jurisdictional requisite, without which the case cannot validly prosper. As early as the Court's ruling in *Co Keng Kian v. IAC* (Fourth Special Cases Div.),[63] it has been settled that service of notice through registered mail constitutes valid and proper compliance with the Rules. The Court stressed therein that notice to vacate the leased premises, required to be served upon the person occupying the same, may be effected by registered mail.[64] The Court therein cites *Nunlist v. Motter*,[65] and *Gehring v. Swoll*,[66] where it was emphasized that service by registered mail cannot be avoided by the mere expediency of declining to accept delivery after notification thereof.[67]

In labor cases where a return-to-work notice is required, service by registered mail would have sufficed were it not for the absence of the required signatures on the registry return cards. In *Lusabia v. Super K Drug Corporation*,[68] the respondent company failed to prove the fact of receipt of the notice, as the registry return cards lack the signatures of the petitioners or their authorized representatives, which would have constituted as acknowledgment of receipt of the notices.[69]

Similarly, in cases involving Batas Pambansa Blg. 22, the service of notice of dishonor is likewise material, as it proves an element of the offense. Specifically, it establishes that the drawer of the check had knowledge of

insufficient funds or credit in the bank to cover the amount upon presentment. Given its significance, the notice of dishonor must be served in a manner that ensures its receipts and eventual admissibility in court.

To that end, the Court finds it proper to apply to the service of notice of dishonor, as relevant herein, the same modes of service recognized in analogous cases where notice or demand is a condition precedent to legal action. Accordingly, service shall primarily be made personally. If personal service is not practicable, service may be effected by registered mail. Significantly, service through electronic means may likewise be undertaken, either as a primary mode or as a form of substituted service, in recognition of the evolving modes of communication and in line with the Court's Strategic Plan for Judicial Innovations 2022-2027. The applicable rules and requisites for each mode of service are set forth below.

First, personal service may be effected by delivering a copy of the notice of dishonor directly to the drawer. However, when the drawer transacts or issues the check through a company or uses the company to act on their behalf in the usual commercial course of business, service may be made at the company's office by delivering the notice of dishonor to a clerk or a person in charge of the usual receipt of documents.

If no person is found in the office, or if the office is unknown or nonexistent, the notice may be left at the drawer's residence, if known, between the hours of eight in the morning and six in the evening, with a person of sufficient age and discretion then residing therein.

In all such cases of personal service, the person effecting service must execute an affidavit under oath, narrating with particularity the circumstances under which service was made, including the date, time, place, and manner thereof, as well as the conduct of the recipient upon tender of the notice.

To reinforce the affidavit, service must, whenever feasible, be documented through photographs and/or video recordings contemporaneous with the act of service, and be presented during trial for proper authentication under the Amended Rules of Court and Rules on Electronic Evidence. Its probative value lies in its authentication by the affiant or other competent witnesses who can credibly attest that the same was made at the very time and place of service of the notice.

Second, if personal service is not practicable, the notice of dishonor may be served by registered mail. The notice shall be deposited in the post office in a sealed envelope, plainly addressed to the drawer, with postage fully prepaid, and with instructions to the postmaster to return the mail to the sender after 10 days if undelivered. If no registry service is available in the locality of either the sender or the addressee, service may be done by ordinary mail. Said service shall constitute as the final notice that such check has not been paid for purposes of reckoning the five-banking day period.

In such case, the person effecting service shall execute an affidavit under oath, stating with particularity the circumstances under which service was made, including the date of mailing, the post office where the notice was deposited, the name and address of the drawer, and the registry number. The affidavit shall also state the reason why personal service was not practicable. A copy of the registry receipt and the return card shall be attached to the affidavit as supporting evidence. However, receipts for registered letters and return receipts do not by themselves prove receipt; therefore, they must be properly authenticated to serve as proof of receipt of the notice of dishonor.^[70] Accordingly, the signature on the registry return must be positively identified and authenticated as that of the drawer or of any person who received such notice of dishonor on his or her behalf.

Third, service by electronic means may likewise be resorted to (a) as a primary mode of service if the email of the issuer of the check had been made available to the payee in official communications; or (b) as a substituted service, through other electronic means, when there is a clear showing that the personal service is not practicable,

including, but not limited to, instances where the drawer deliberately evades services, refuses receipt, unreasonably delays acknowledgment of the notice of dishonor, and/or causes the notice to be received by a person not duly authorized to accept the notice on his or her behalf.

Whether primary or substituted, electronic means of service, including, but not limited to, email and messaging applications (such as Viber, Facebook Messenger, or other comparable digital channels), may be resorted to, provided that the recipient's electronic contact details (i.e., email address, account, or number) must be known and reasonably verified, and shown to be attributable to, and actively used by, the drawer or his or her authorized representative, where applicable. For this purpose, attribution and reasonable verification shall be established through official communications, which include: (1) prior message exchanges with the sender regarding the same transaction; (2) the drawer's prior written or electronic confirmation of the email address, account, or number; (3) the drawer's use of the same email address, account, or number to send instructions, acknowledgments, or confirmations to the sender; and/or (4) other analogous circumstances. The email address, account, or number appearing in the drawer's check issuance records; loan or contract documents, or other records attributable to the drawer and made known to the payee shall likewise be sufficient proof of attribution and reasonable verification.

Where electronic means are resorted to in effecting substituted service, the electronic communication transmitting the notice of dishonor shall attach or enclose the notice of dishonor, and shall also briefly state: (1) the dates and details of the sender's prior attempts at personal service; and (2) that due to such failure or frustrated attempts, the sender is resorting to electronic service. To ensure prompt notice, service by electronic means must be made within 24 hours from the final attempt at personal service. Said service shall constitute as the final notice that such check has not been paid for purposes of reckoning the five-banking day period.

In addition, an affidavit must be executed, clearly stating the circumstances rendering service through personal delivery impracticable, and detail the diligent efforts made to effect service through such mode. It shall likewise include the details and supporting attachments, proving the date, time, place, and the conduct of the recipient upon the personal tender of the notice.

In both instances of primary and substituted services, the person effecting service by electronic means must execute an affidavit under oath, together with supporting documentation, narrating the details of the service, including, among others: (1) the date and time the electronic communication was sent; (2) the email or message attaching the notice of dishonor; (3) the email address, account, or number used; (4) any indications of successful transmission, such as delivery or read receipts, if available; and (5) where the platform allows, an exported conversation file or download of chat history reflecting the same content.

At this point, the Court need only stress that mere denial of receipt or a claim of having disregarded or failed to take notice of the electronic communication shall not be sufficient to invalidate service. The foregoing safeguards aim to ensure that service by electronic means remains both effective and legally defensible.

Clearly, regardless of the mode of service employed, the requirement for an affidavit of service of notice of dishonor is now mandatory. This requirement ensures clear and reliable evidence of service, thereby preventing unfounded claims of non-receipt and ensuring that the adjudication of cases under Batas Pambansa Blg. 22 is not unduly hindered by mere denials of service of notice of dishonor.

Additionally, in instances where the drawee bank notifies the drawer of the dishonor of the check through a text message and/or email address on record, such notification may be presented to corroborate the fact of service, subject to proper authentication under the Rules of Court and Rules on Electronic Evidence. However, this shall serve only as supporting evidence and does not dispense with the requirement of proper service laid down herein.

On the part of the drawer, it must be shown, as in other criminal prosecutions, that it was physically impossible for them to have received the notice of dishonor. Thus, for the defense of denial to prosper, the drawer must prove that it was physically impossible for them to be present at the place and at the time when service of the notice of dishonor was effected. Absent such clear and convincing proof of impossibility, a mere denial of receipt cannot overcome affirmative evidence of service.

Guided by the foregoing, considering that spouses Carlos's arguments for acquittal are mainly based on the credibility of Reynaldo's testimony, without disputing the Affidavit of Proof of Service made by the latter, and absent any showing that it was physically impossible for them to have been at their office where service of the notice of dishonor was made, the Court finds spouses Carlos's conviction for violation of Batas Pambansa Blg. 22 in order.

Even so, the Court cites the well-established rule that the factual findings of the trial court, especially when affirmed by the appellate court, its calibration of the testimonies of the witnesses, and its assessment of the probative weight thereof, as well as its conclusions anchored on said findings are accorded respect, if not conclusive effect.^[71] Indeed, where both the trial court and the appellate court are uniform in their findings, the same are generally binding upon the Court.^[72] Absent any showing of exceptional circumstances, none of which is present here, such findings must stand.

Here, the MeTC was in the best position to assess the credibility of all the witnesses by reason of its first-hand observation of their demeanor, conduct, and attitude under grilling examination. Given that such findings and conclusions were duly affirmed by the RTC and further upheld by the CA, the Court finds no compelling reason to reverse or modify the same.

All things considered, the Court reiterates that there is no dispute that spouses Carlos signed the checks and that the bank dishonored the checks because the account had been closed. Notice of dishonor was properly given, but spouses Carlos failed to pay the checks or make arrangements for their payment within five days from notice. With all the above elements duly proven, spouses Carlos cannot escape the criminal and civil liabilities that Batas Pambansa Blg. 22 imposes for its violation.

Accordingly, under Section 1 of Batas Pambansa Blg. 22, the imposable penalty for issuing a worthless check is "imprisonment of not less than thirty days but not more than one year or a fine of not less than but not more than double the amount of the check which fine shall in no case exceed PHP 200,000.00, or both, such fine and imprisonment at the discretion of the court." Here, the penalties imposed by the MeTC, which was affirmed by the RTC and the CA, are consistent with the law. As such, the Court likewise affirms the same. For guidance, the Court cites the RTC's ruling with regard to the penalties imposed upon spouses Carlos, to wit:

Criminal Case No. M-PSG-16-02208 [PHP] 91,000.00

Criminal Case No. M-PSG-16-02209 [PHP] 83,000.00

Criminal Case No. M-PSG-16-02210 [PHP] 10,600.00

Criminal Case No. M-PSG-16-02211 [PHP] 171,600.00

Criminal Case No. M-PSG-16-02212 [PHP] 60,000.00

Criminal Case No. M-PSG-16-02213 [PHP] 193,772.58^[73]

Computed from the above, the total principal sum is PHP 609,972.58. Following the Court's ruling in *Lara's Gift and Decors, Inc. v. Midtown Industrial Sales, Inc.*,^[74] the CA also aptly imposed the legal interest rate of 6% per annum on the foregoing amount of PHP 609,972.58, computed from June 8, 2016, the date of Tire Star's

extrajudicial demand, until the finality of this Decision. The CA is similarly correct on the imposition of interest at the rate of 6% per annum on the interest due on the principal amount from the date of the filing of the Informations, which is the date of judicial demand, until full payment.

ACCORDINGLY, the Petition for Review on Certiorari is DENIED. The Decision dated May 29, 2024 and the Resolution dated October 21, 2024 of the Court of Appeals in CA-G.R. SP No. 168394 are hereby AFFIRMED. Spouses Arnel Carlos and Marivic Carlos are found GUILTY of six counts of violation of Batas Pambansa Blg. 22 and are sentenced to pay a FINE, with subsidiary imprisonment in case of inability to pay the same, as follows:

Criminal Case No. M-PSG-16-02208 [PHP] 91,000.00
Criminal Case No. M-PSG-16-02209 [PHP] 83,000.00
Criminal Case No. M-PSG-16-02210 [PHP] 10,600.00
Criminal Case No. M-PSG-16-02211 [PHP] 171,600.00
Criminal Case No. M-PSG-16-02212 [PHP] 60,000.00
Criminal Case No. M-PSG-16-02213 PHP 193,772.58

By way of civil liability, spouses Arnel Carlos and Marivic Carlos are DIRECTED to PAY Tire Star, Inc. the following:

- The principal sum of PHP 609,972.58 with interest at the rate of ½% per month or 6% per annum from June 8, 2016 until fully paid;
- Interest on the interests due on the principal amount at the rate of ½% per month or 6% per annum from date of filing of the Informations on August 22, 2016 until fully paid; and
- Costs of suit.

SO ORDERED.

Gesmundo, C.J., Caguioa, Hernando, Lazaro-Javier, Inting, Zalameda, Rosario, Dimaampao, Marquez, Kho, Jr., and Villanueva, JJ., concur.

Leonen, SAJ., see separate concurring opinion.

Lopez,[**] J., on official leave.

Singh,[***] J., on leave.

[*] Also referred to as "TireStar, Inc." and "Tristar, Inc." in some parts of the rollo.

[**] On official leave.

[***] On leave.

[1] Rollo, pp. 21-61.

[2] Id. at 63-78. Penned by Associate Justice Ramon M. Bato, Jr. and concurred in by Associate Justices Geraldine C. Fiel-Macaraig and Jennifer Joy C. Ong of the Third Division, Court of Appeals, Manila.

[3] Id. at 80-81. Penned by Associate Justice Ramon M. Bato, Jr. and concurred in by Associate Justices Geraldine C. Fiel-Macaraig and Jennifer Joy C. Ong of the Former Third Division, Court of Appeals, Manila.

- [4] Id. at 82-89. Penned by Presiding Judge Ana Teresa T. Cornejo-Tomacruz.
- [5] Id. at 90-91.
- [6] Id. at 92-103. Penned by Acting Presiding Judge Charmi Christine F. Valera-Leviste.
- [7] Id. at 104-120.
- [8] Id. at 104-105.
- [9] Id. at 107-108.
- [10] Id. at 110-111.
- [11] Id. at 113-114.
- [12] Id. at 115-116.
- [13] Id. at 118-119.
- [14] Id. at 67.
- [15] Id.
- [16] Id. at 67-68.
- [17] Id. at 68.
- [18] Id.
- [19] Id.
- [20] Id.
- [21] Id.
- [22] Id.
- [23] Id.
- [24] Id. at 69.
- [25] Id.
- [26] Id.
- [27] Id.
- [28] Id. at 102.
- [29] Id. at 101.
- [30] Id.
- [31] Id.
- [32] Id.
- [33] Id.
- [34] Id. at 82. RTC Decision.

- [35] Id. at 83.
- [36] Id. at 88-89.
- [37] Id. at 83.
- [38] Id. at 88.
- [39] Id.
- [40] Id. at 73.
- [41] Id. at 77.
- [42] Id. at 76.
- [43] Id.
- [44] Id.
- [45] Id. at 44-45.
- [46] *Gatan v. Vinarao*, 820 Phil. 257, 265 (2017) [Per J. Leonardo-De Castro, First Division].
- [47] Id.
- [48] Id. at 265-266.
- [49] *Gosiaco v. Ching*, 603 Phil. 457, 464 (2009) [Per J. Tings, Second Division].
- [50] Id.
- [51] Id.
- [52] Id.
- [53] Id.
- [54] *Mandagan v. Jose M. Valero Corporation*, 854 Phil. 276, 288-289 (2019) [Per J. Caguioa, Second Division].
- [55] *Rollo*, pp. 73-75.
- [56] Id. at 73.
- [57] Id.
- [58] Id.
- [59] Id. at 76.
- [60] *Dr. Trocio v. People*, 929 Phil. 60, 69 (2022) [Per J. Inting, Third Division].
- [61] Id. at 70.
- [62] *Lozano v. Martinez*, 230 Phil. 406 (1986) [Per J. Yap, En Banc].
- [63] 267 Phil. 126 (1990) [Per CJ. Fernan, Third Division].
- [64] Id. at 130.
- [65] 77 N.E. 2d 369 (1947).

[66] 79 N.E. 2d 913 (1947).

[67] Id. at 130.

[68] 877 Phil. 575 (2020) [Per J. Carandang, Third Division].

[69] Id. at 585.

[70] *Alferez v. People*, 656 Phil. 116, 124 (2011) [Per J. Nachura, Second Division].

[71] *People v. Arellano*, 856 Phil. 500, 508-509 (2019) [Per C.J. Bersamin, First Division].

[72] Id.

[73] *Rollo*, p. 82.

[74] 929 Phil. 754 (2022) [Per Acting C.J. Leonen, En Banc].

CONCURRING OPINION

LEONEN, SAJ.:

I concur. Under the circumstances of this case, the notice of dishonor was validly served. As such, all elements of the offense charged were proved, and petitioners were correctly found guilty beyond reasonable doubt. Moreover, I laud the ponencia for its comprehensive guidelines on the modes by which these notices may be served upon the drawer or issuer of the check, especially the acknowledgment that service by electronic means should not merely be a substituted, but primary mode, in line with contemporary means of communication and digital-forward judicial reforms.[1]

However, I would like to take this opportunity to urge the Court to revisit *Lozano v. Hon. Martinez*,[2] and reexamine its ruling that Batas Pambansa Blg. 22 is compatible with the constitutional prohibition against imprisonment for debt:

Has BP 22 transgressed the constitutional inhibition against imprisonment for debt? To answer the question, it is necessary to examine what the statute prohibits and punishes as an offense. Is it the failure of the maker of the check to pay a debt? Or is it the making and issuance of a worthless check in payment of a debt? What is the gravamen of the offense? This question lies at the heart of the issue before us.

The gravamen of the offense punished by BP 22 is the act of making and issuing a worthless check or a check that is dishonored upon its presentation for payment. It is not the non-payment of an obligation which the law punishes. The law is not intended or designed to coerce a debtor to pay his debt. The thrust of the law is to prohibit, under pain of penal sanctions, the making of worthless checks and putting them in circulation. Because of its deleterious effects on the public interest, the practice is proscribed by the law. The law punishes the act not as an offense against property, but an offense against public order.[3]

Article III, Section 20 of the 1987 Constitution states that "no person shall be imprisoned for debt or non-payment of a poll tax."

Ganaway v. Quillen[4] outlines the history of this provision:

The constitutional prohibition in effect in the Philippine Islands is in the same category as those States in which imprisonment for debt is absolutely prohibited. The Constitution of the Philippine Islands, unlike some States in the American Union, makes no exception in cases of fraud. The prohibition in the Philippine Bill, reproduced in the Jones Law, is "that no person shall be imprisoned for debt." It should be given the same interpretation which similar provisions have received in the United States.

Abolition of imprisonment for debt was brought about by the force of public opinion which looked with abhorrence on statutory provisions which permitted the cruel imprisonment of debtors. The people sought to prevent the use of the power of the State to coerce the payment of debts. The control of the creditor over the person of his debtor was abolished by humane statutory and constitutional provisions.

One of the first States to adopt the constitutional provision in the absolute form appearing in this jurisdiction was Alabama. In the leading case of *Carr vs. State of Alabama* ([1895], 106 Ala., 35; 34 L. R. A., 634), the Supreme Court of Alabama held that a statute making it a misdemeanor for a person engaged in banking to receive a deposit of money or other thing of value knowing himself to be in failing circumstances or insolvent, and providing that upon conviction he shall be fined not less than double the amount of such deposit, one-half of which shall be paid to the depositor, but that payment to the depositor of the amount deposited with costs, before conviction, shall be a complete defense to any prosecution under the statute, was void. The court, speaking through the learned Justice McClellan, made the following observations: The elimination of the exception as to frauds was a pregnant omission, which left the guaranty of immunity from imprisonment to the debtor to apply to all cases of debt, whether they involved fraud or not. So that the statute we are considering can derive no aid from the idea that the receipt of a deposit by a banker under the circumstances stated is a fraud, and hence that the transaction would constitute 'a case of fraud,' since even in such cases there can be no imprisonment for debt.

The 'imprisonment for debt' which the framers of constitutions embodying this provision doubtless had most prominently in mind was imprisonment upon process issuing in civil actions the object and sole purpose of which were the collection of debts. It was to remove the evils incident to the system of taking the debtor's person upon a *capias ad satisfaciendum* that this organic inhibition came primarily to be ordained. But the effect of its ordination has been to establish a public policy much broader in its influence upon legislation and operation upon judicial proceedings than would have sufficed for the eradication of the ills which attended upon the recovery, or attempted recovery, of debts by restraint of the debtor's person. This policy is inimical alike to the incarceration of a debtor as a means of coercing payment, and to his punishment by imprisonment for a failure to pay, at least when such failure results from inability.

The "debt" intended to be covered by the constitutional guaranty has a well-defined meaning. Organic provisions relieving from imprisonment for debt, were intended to prevent the commitment of debtors to prison for liabilities arising from actions *ex contractu*. The inhibition was never meant to include damages arising in actions *ex delicto*, for the reason that the damages recoverable therein do not arise from any contract entered into between the parties, but are imposed upon the defendant for the wrong he has done and are considered as a punishment therefor, nor to fines and penalties imposed by the courts in criminal proceedings as punishments for crime. (*Freeman vs. U. S* [1910], 217 U.S., 539.) In this connection, it may be said that the reason for the decision of the Supreme Court of Georgia in the case of *Harris vs. Bridges* ([1856], 57 Ga., 407), mainly relied upon by the Attorney-General, will be found to be because the action was one in tort.[5]

Previously, this Court has held that a law penalizing employers who fail to timely pay their employees' salaries did not violate the prohibition against imprisonment for debt, as that particular crime required a showing of deceit or fraud on the part of the employer.[6] Subsidiary imprisonment in instances when a convicted person fails to pay the imposed pecuniary penalties has also been found to not violate this provision.[7] Similarly, this Court has ruled that there was no violation of the prohibition in instances of misappropriation or conversion of goods covered by trust receipts.[8]

Conversely, when there was no trust receipt, but a simple loan agreement, the subsequent penalty for estafa, in relation to the trust receipts law, infringed upon the right against imprisonment for nonpayment of debt.[9] Imprisonment for contumacious refusal to pay rents also violated the prohibition against imprisonment of debt in *Vergara v. Hon. Gedorio, Jr.*[10]

Thereafter, this Court in *Lozano* determined that Batas Pambansa Blg. 22 was a valid exercise of police power, and did not transgress Article III, Section 20 of the Constitution:

It may be constitutionally impermissible for the legislature to penalize a person for non-payment of a debt *ex contractu*. But certainly it is within the prerogative of the lawmaking body to proscribe certain acts deemed pernicious and inimical to public welfare. Acts *mala in se* are not the only acts which the law can punish. An act may not be considered by society as inherently wrong, hence, not *malum in se*, but because of the harm that it inflicts on the community, it can be outlawed and criminally punished as *malum prohibitum*. The state can do this in the exercise of its police power.

The police power of the state has been described as "the most essential, insistent and illimitable of powers" which enables it to prohibit all things hurtful to the comfort, safety and welfare of society. It is a power not emanating from or conferred by the constitution, but inherent in the state, plenary, "suitably vague and far from precisely defined, rooted in the conception that man in organizing the state and imposing upon the government limitations to safeguard constitutional rights did not intend thereby to enable individual citizens or group of citizens to obstruct unreasonably the enactment of such salutary measures to ensure communal peace, safety, good order and welfare."

The enactment of BP 22 is a declaration by the legislature that, as a matter of public policy, the making and issuance of a worthless check is deemed a public nuisance to be abated by the imposition of penal sanctions.

It is not for us to question the wisdom or impolicy of the statute. It is sufficient that a reasonable nexus exists between means and end. Considering the factual and legal antecedents that led to the adoption of the statute, it is not difficult to understand the public concern which prompted its enactment. It had been reported that the approximate value of bouncing checks per day was close to 200 million pesos, and thereafter when overdrafts were banned by the Central Bank, it averaged between 50 million to 80 million pesos a day.

By definition, a check is a bill of exchange drawn on a bank and payable on demand. It is a written order on a bank, purporting to be drawn against a deposit of funds for the payment of all events, of a sum of money to a certain person therein named or to his order or to cash, and payable on demand. Unlike a promissory note, a check is not a mere undertaking to pay an amount of money. It is an order addressed to a bank and partakes of a representation that the drawer has funds on deposit against which the check is drawn, sufficient to ensure payment upon its presentation to the bank. There is therefore an element of certainty or assurance that the instrument will be paid upon presentation. For this reason, checks have become widely accepted as a medium of payment in trade and commerce. Although not legal tender, checks have come to be perceived as convenient substitutes for currency in commercial and financial transactions. The basis or foundation of such perception is confidence. If such confidence is shaken, the usefulness of checks as currency substitutes would be greatly diminished or may become nil. Any practice therefore tending to destroy that confidence should be deterred, for the proliferation of worthless checks can only create havoc in trade circles and the banking community.

Recent statistics of the Central Bank show that one-third of the entire money supply of the country, roughly totalling [PHP] 32.3 billion, consists of peso demand deposits; the remaining two-thirds consists of currency in circulation. These demand deposits in the banks constitute the funds against which, among others, commercial papers like checks, are drawn. The magnitude of the amount involved amply justifies the legitimate concern of the state in preserving the integrity of the banking system. Flooding the system with worthless checks is like pouring garbage into the bloodstream of the nation's economy.

The effects of the issuance of a worthless check transcends the private interests of the parties directly involved in the transaction and touches the interests of the community at large. The mischief it creates is not only a wrong to the payee or holder, but also an injury to the public. The harmful practice of putting valueless commercial papers in circulation, multiplied a thousandfold, can very well pollute the channels of trade and commerce, injure the banking system and eventually hurt the welfare of society and the public interest. As

aptly stated —The 'check flasher' does a great deal more than contract a debt; he shakes the pillars of business; and to my mind, it is a mistaken charity of judgment to place him in the same category with the honest man who is unable to pay his debts, and for whom the constitutional inhibition against 'imprisonment for debt, except in cases of fraud' was intended as a shield and not a sword.[11] (Citations omitted)

Yet, time and again, this Court has raised its doubts whether Batas Pambansa Blg. 22 truly prevents a socioeconomic ill for which erring parties must face penal consequences, or if courts have merely been suborned into acting as glorified debt collectors. In *Lozano*, this Court had to reckon with the ambiguity in the act being penalized in this law: the making of a worthless check, or the failure to pay the debt that the check covered. In *Hyatt Industrial Manufacturing Corp. v. Asia Dynamic Electrix Corp.*,^[12] this Court noted that creditors would use a Batas Pambansa Blg. 22 charge to intimidate their debtors and exploit the lack of a filing fee in criminal cases to spend less to be repaid:

The foregoing rule was adopted from Circular No. 57-97 of this Court. It specifically states that the criminal action for violation of B.P. 22 shall be deemed to include the corresponding civil action. It also requires the complainant to pay in full the filing fees based on the amount of the check involved. Generally, no filing fees are required for criminal cases, but because of the inclusion of the civil action in complaints for violation of B.P. 22, the Rules require the payment of docket fees upon the filing of the complaint. This rule was enacted to help declog court dockets which are filled with B.P. 22 cases as creditors actually use the courts as collectors. Because ordinarily no filing fee is charged in criminal cases for actual damages, the payee uses the intimidating effect of a criminal charge to collect his credit gratis and sometimes, upon being paid, the trial court is not even informed thereof. The inclusion of the civil action in the criminal case is expected to significantly lower the number of cases filed before the courts for collection based on dishonored checks. It is also expected to expedite the disposition of these cases. Instead of instituting two separate cases, one for criminal and another for civil, only a single suit shall be filed and tried. It should be stressed that the policy laid down by the Rules is to discourage the separate filing of the civil action. The Rules even prohibit the reservation of a separate civil action, which means that one can no longer file a separate civil case after the criminal complaint is filed in court. The only instance when separate proceedings are allowed is when the civil action is filed ahead of the criminal case. Even then, the Rules encourage the consolidation of the civil and criminal cases. We have previously observed that a separate civil action for the purpose of recovering the amount of the dishonored checks would only prove to be costly, burdensome and time-consuming for both parties and would further delay the final disposition of the case. This multiplicity of suits must be avoided[.][13] (Citation omitted)

Consequently, this Court has been on a Sisyphean task of trying to alleviate the burden of Batas Pambansa Blg. 22 prosecutions both on parties and the judicial system. In *Hyatt Industrial Manufacturing Corp.* Circular 57-97, later adopted as Rule 111(b) of the Revised Rules of Criminal Procedure, required complainants to pay docket fees based on the amount of the check involved. The Court also finds itself in the present case making a commendable attempt to ensure that there is due process in the service of notices of dishonor.

Regardless of interminable attempts at reforming Batas Pambansa Blg. 22 through rules of procedure and jurisprudence, this law is predominantly taken advantage of by large lending institutions which continue to generate profit from stockpiling wealth through the exaction of interest.

However, interest-based finance, which dominates our country's economic system, is not the only one that exists and prospers in the world. I have previously urged the Judiciary to strengthen its recognition and rectify the exclusion of Shari'ah from our legal system.^[14] Shari'ah, with its prohibition on *riba*, provides an alternative that our dominant domestic financial institutions may learn from.

Under Islamic law, the prohibition is clear: *riba* is forbidden in the Quran, the Sunna, and the consensus of jurists

in the Muslim world.[15] While *riba* is usually translated in English as "interest,"[16] there is an existing debate among scholars on the extent of *riba*, with a traditional view being that *riba* is "the prohibited payment or receipt of interest on loans of money," while a more liberal perspective limiting the prohibition only to usury.[17] As explained in a book by one of the proponents of Islamic banking:

The theory of Islamic banking, which has been in the process of development since the 1950s, maintains that Islamic banking is interest-free banking based on the concepts of *mudaraba* and *musharaka*, that is, Profit and Loss Sharing (PLS). Islamic banking theorists and the Muslim legists who contributed to this theory interpreted *riba* as 'interest' and 'predetermined return on capital', particularly financial capital. They believed that a reinterpretation of the traditional definition of *riba* as developed in Islamic law was out of the question, based on the idea of the immutability and permanence of *shari'a* rules.

By interpreting *riba* as interest, Islamic banking theorists are following the early concept that any benefit which accrues to the lender in a loan is *riba*. Based on this view, any increase (nominal or real) in a loan which accrues to the creditor would be *riba*. The acceptance of this interpretation would not allow an Islamic bank to accept any predetermined return on capital in a loan/debt transaction. To put this interpretation into practice, Islamic banks would have to reject, at least in theory, all the transactions and contracts which involved an explicit interest element in a legal sense. Thus, fixed and variable interest-based transactions, bonds and so on would be rejected. But the transactions in which the interest element was not explicit, or was known by a name other than interest, as in the case of currency options, forward contracts and currency swaps, short-term commercial operations under the names of *mudaraba*, *musharaka* and *murabaha*, would be wholeheartedly accepted under the guise of 'fees', 'commissions' and 'profit'. This has been accomplished by putting more emphasis on the legal definition of contracts and transactions, and by emphasising the literal meaning of related *shari'a* texts on the issue of *riba*. [18]

The prohibition against *riba* has its roots in the concepts of work and unlawful gain in Islam:

The concept of work in Islam is also a fundamental link in the rationale behind the *Shari'ah's* prohibition of interest, and it is one of the major themes throughout Islam that differentiates it from other religions and other economic systems. All forms of activities that allow an individual to acquire wealth in a haram [i.e., forbidden by the *Shari'ah*] way are strictly prohibited. These include... hoarding, gambling and betting in all forms; cheating in quality, quantity, weight or any specifications of the goods and services or acquired or disposed of; all types of fraudulent sale or sales used as an excuse to charge interest, trade malpractices (for example, creating artificial scarcities); and interest in any form and at any rate.

Simply stated, Islamic law prohibits interest because it fosters the accumulation of wealth that is not a product of work. That the concept of work and unlawful gain in Islam are central to the life of every Muslim cannot be disputed. The accumulation of wealth from interest is contrary to these fundamental ideals.[19] (Citations omitted)

"*Riba* is prohibited because it causes various social, moral, and economic harm since the rich benefit at the expense of the poor." [20] An interest-dependent financial system promotes the idea that financial resources should primarily be made available to those who already have those same resources beyond that which is needed for subsistence: [21]

The established practice of banks in the conventional banking system is to lend mainly to those individuals and firms who have the necessary collateral to offer large internal savings to service the debt. Credit, therefore, tends to go to those who, according to Lester Thurow, are "lucky rather than smart or meritocratic." The banking system thus "tends to reinforce the unequal distribution of capital." Even Morgan Guarantee Trust Company, the sixth largest bank in the United States, has admitted that the banking system has failed to "finance either maturing smaller companies or venture capitalists," and "though awash with funds, is not encouraged to deliver competitively priced funding to any but the largest, most cash-rich companies." Hence,

while deposits come from a broader cross section of the population, their benefit goes mainly to the rich. This tends to accentuate the inequalities of income and wealth[.][22] (Citation omitted)

Ultimately, Shari'ah's prohibition on riba is grounded on justice.[23] This perspective on the use of money as property and tool in finance is compatible with our Constitutional provision on the use of property and the role of economic agents in our society. Article XII, Section 6 of the Constitution reads:

SECTION 6. The use of property bears a social function, and all economic agents shall contribute to the common good. Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands.

The ostensible goal of BP 22 is confidence in the exchange of financial instruments, which in turn is essential for the stability of our banking and economic system. However, our financial institutions must not only concern itself with accumulation of wealth for wealth's sake, and our courts should not be mere vanguards in the protection of profit from the circulation of money. Money, whether in the hands of few or many, must serve a social purpose, and its use in accordance with the precepts of social justice for the common good and progress of all.

ACCORDINGLY, I vote to DENY the Petition for Review on Certiorari and AFFIRM the May 29, 2024 Decision and October 21, 2024 Resolution of the Court of Appeals in CA-G.R. SP No. 168394.

[1] Decision, p. 16.

[2] 230 Phil. 406 (1986) [Per J. Yap, En Banc].

[3] Id. at 421.

[4] 42 Phil. 805 (1922) [Per J. Malcolm, First Division].

[5] Id. at 806-808.

[6] *People v. Reyes*, 67 Phil. 187 (1939) [Per J. Imperial, En Banc].

[7] *United States v. Cara*, 41 Phil. 828 (1917) [Per J. Araullo, En Banc].

[8] *Lee v. Judge Rodil*, 256 Phil. 553 (1989) [Per J. Gutierrez, Jr, Third Division].

[9] *Hur Tin Yang v. People*, 716 Phil. 416, 431 (2013) [Per J. Velasco, Jr., Third Division], citing *Colinares v. Court of Appeals*, 394 Phil. 106 (2000) [Per C.J. Davide, Jr., First Division].

[10] 450 Phil. 623 (2003) [Per J. Austria-Martinez, Second Division].

[11] 230 Phil. 406, 422-424 (1986) [Per J. Yap, En Banc].

[12] 503 Phil. 411 (2005) [Per J. Puno, Second Division].

[13] Id. at 417-418.

[14] J. Leonen, Separate Concurring Opinion in *Spouses Maliga v. Spouses Tingao*, 944 Phil. 162, 180-181 (2023) [Per J. Zalameda, En Banc].

[15] ABDULKADER THOMAS, *INTEREST IN ISLAMIC ECONOMICS: UNDERSTANDING RIBA*, 25-26, Chapter 3: The juridical meaning of riba by Sh. Wahba Al Zuhayli (trans. by Iman Abdul Rahim and Abdulkader Thomas), Routledge (2006).

[16] J. Leonen, Separate Concurring Opinion in *Spouses Maliga v. Spouses Tingao*, 944 Phil. 162, 202 (2023) [Per J. Zalameda, En Banc]. "Riba is defined as an increase (fadl) which accrues to a lender of a commodity which has no equivalent return ('iwad) to the other party."

[17] ABDULKADER THOMAS, *INTEREST IN ISLAMIC ECONOMICS: UNDERSTANDING RIBA*, 53-67, Chapter 4: An overview of Sharia's prohibition of riba by Emad H. Khalil, Routledge (2006).

[18] 2 ABDULLAH SAEED, *ISLAMIC BANKING AND INTEREST: A STUDY OF THE PROHIBITION OF RIBA AND ITS CONTEMPORARY INTERPRETATION*, 1-2, Brill (1996).

[19] 29 HESHAM M. SARAWY, *UNDERSTANDING THE ISLAMIC PROHIBITION OF INTEREST: A GUIDE TO AID ECONOMIC COOPERATION BETWEEN THE ISLAMIC AND WESTERN WORLDS*, 161, GA. J. INT'L & COMP. L. (2000).

[20] J. Leonen, Separate Concurring Opinion in *Spouses Maliga v. Spouses Tingao*, 944 Phil. 162, 203 (2023) [Per J. Zalameda, En Banc]. (Citation omitted)

[21] M. Umer Chopra, "Why has Islam prohibited interest? Rationale behind prohibition of interest", in Abdulkader Thomas (ed.), *INTEREST IN ISLAMIC ECONOMICS: UNDERSTANDING RIBA*, Routledge (2006), 99.

[22] *Id.* at 102.

[23] 2 ABDULLAH SAEED, *ISLAMIC BANKING AND INTEREST: A STUDY OF THE PROHIBITION OF RIBA AND ITS CONTEMPORARY INTERPRETATION*, 28, Brill (1996).

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