

**ASIA BANKING CORPORATION, PLAINTIFF AND APPELLANT, VS.
MARIA LUISA CORCUERA, FOR HERSELF AND AS GUARDIAN OF THE
PERSONS AND PROPERTY OF LINA, GERMAN AND RAMON N. F.
LICHAUCO Y C...**

G.R. No. 28496. March 31, 1928

Ponente: STATEMENT The plaintiff is a foreign corporation duly licensed to transact business in the Philippine Islands. Lichauco & Co., Inc., is a domestic corporation, and the defendant, Maria Luisa Corcuera, is the widow of Galo Lichauco, deceased, and the mother of the minor heir defendants. She was also administratrix of the estate of Galo Lichauco from October 15, 1921, to April 23, 1923, when she was discharged. The allegations in the complaint as to the real estate are identical with those made by the plaintiff in G. R. No. 28495,[1] and the same is true as to the execution of Exhibit A. It is then alleged that on January 16, 1922, the Lichauco Corporation, conspiring with the defendant, Maria Luisa Corcuera, et al., and for the purpose of defrauding and delaying the plaintiff in the collection of its indebtedness against the Lichauco Corporation, executed and caused to be recorded an illegal and fictitious deed of conveyance from the Lichauco Corporation to the defendant, Maria Luisa Corcuera, as administratrix, of that portion of the property described in clauses 4, 5 and 6 of paragraph IV of the complaint, a copy of which deed is attached to, and made a part of, the complaint, in which it was falsely recited that there was a consideration of P124,000, with interest from January 20, 1920, at 12 per cent per annum due and owing from the Lichauco Corporation to the estate of Galo Lichauco; that the Lichauco Corporation was not indebted to the estate in that or any other amount; that the conveyance was not included in, and made a part of, the assets of the estate of Galo Lichauco. That the property conveyed had a reasonable value of at least P100,000, with a yearly income of P7,000, and that the consideration of P24,000, was grossly inadequate, even if it had ever been paid; that even though the deed was not legally executed, it was on August 12, 1922, registered with the registry of property for the Province of Pampanga, and certificate of title No. 455 was issued in favor of the Galo Lichauco Estate. Like allegations are made as to obtaining of the judgment against the Lichauco Corporation, the sale of the property by the sheriff, and the bidding in by the bank for P16,000, as those made in G. R. No. 28495, and the refusal of the register of property to receive and record plaintiff's sheriff's deed because the deed to Maria Luisa Corcuera was previously recorded. Plaintiff prays that the deed to her be declared fraudulent and void, and that the certificate of title No. 455 be ordered cancelled, and that the sheriff's deed to plaintiff be ordered registered in the registry of property for the Province of Pampanga. As in G. R. No. 28495, the corresponding Exhibits A and B are attached to, and made a part of, the complaint. For answer the defendants made a general and specific denial, and as an affirmative defense alleged the execution of the deed to the land in question on January 16, 1922, for a consideration of P24,000 which was then due and owing from the Lichauco Corporation to the Galo Lichauco estate, the recording of the deed as alleged, and that the heirs of Galo Lichauco are the sole and exclusive owners of the property. The defendant Lichauco & Co., Inc., made a default. The evidence was taken upon such issues, and the lower court first rendered judgment that the conveyance of the Matabig hacienda to Maria Luisa Corcuera, as administratrix, was null and void, and ordered that transfer certificate No. 455 issued in her name be cancelled, and that a certificate of title be issued in favor of the plaintiff bank, and dismissed the counterclaim of Maria Luisa Corcuera, with costs against her. Upon the rendition of the judgment, Maria Luisa Corcuera filed a motion for consideration which the court granted and set aside its judgment against her, and entered another in which she was absolved from the complaint, and declared her to be the sole and exclusive owner of 23/25 parts of the hacienda Matabig, from which the bank appeals and contends in substance that the deed from the Lichauco Corporation to Maria Luisa Corcuera, administratrix, was without consideration, is null and void, and a fraud upon the creditors of the Lichauco Corporation, and the bank, in particular. JOHNS, J.

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STATEMENT

The plaintiff is a foreign corporation duly licensed to transact business in the Philippine Islands. Lichauco & Co., Inc., is a domestic corporation, and the defendant, Maria Luisa Corcuera, is the widow of Galo Lichauco, deceased, and the mother of the minor heir defendants. She was also administratrix of the estate of Galo Lichauco from October 15, 1921, to April 23, 1923, when she was discharged. The allegations in the complaint as to the real estate are identical with those made by the plaintiff in G. R. No. 28495,[1] and the same is true as to the execution of Exhibit A.

It is then alleged that on January 16, 1922, the Lichauco Corporation, conspiring with the defendant, Maria Luisa Corcuera, et al., and for the purpose of defrauding and delaying the plaintiff in the collection of its indebtedness against the Lichauco Corporation, executed and caused to be recorded an illegal and fictitious deed of conveyance from the Lichauco Corporation to the defendant, Maria Luisa Corcuera, as administratrix, of that portion of the property described in clauses 4, 5 and 6 of paragraph IV of the complaint, a copy of which deed is attached to, and made a part of, the complaint, in which it was falsely recited that there was a consideration of P124,000, with interest from January 20, 1920, at 12 per cent per annum due and owing from the Lichauco Corporation to the estate of Galo Lichauco; that the Lichauco Corporation was not indebted to the estate in that or any other amount; that the conveyance was not included in, and made a part of, the assets of the estate of Galo Lichauco. That the property conveyed had a reasonable value of at least P100,000, with a yearly income of P7,000, and that the consideration of P24,000, was grossly inadequate, even if it had ever been paid; that even though the deed was not legally executed, it was on August 12, 1922, registered with the registry of property for the Province of Pampanga, and certificate of title No. 455 was issued in favor of the Galo Lichauco Estate. Like allegations are made as to obtaining of the judgment against the Lichauco Corporation, the sale of the property by the sheriff, and the bidding in by the bank for P16,000, as those made in G. R. No. 28495, and the refusal of the register of property to receive and record plaintiff's sheriff's deed because the deed to Maria Luisa Corcuera was previously recorded. Plaintiff prays that the deed to her be declared fraudulent and void, and that the certificate of title No. 455 be ordered cancelled, and that the sheriff's deed to plaintiff be ordered registered in the registry of property for the Province of Pampanga. As in G. R. No. 28495, the corresponding Exhibits A and B are attached to, and made a part of, the complaint.

For answer the defendants made a general and specific denial, and as an affirmative defense alleged the execution of the deed to the land in question on January 16, 1922, for a consideration of P24,000 which was then due and owing from the Lichauco Corporation to the Galo Lichauco estate, the recording of the deed as alleged, and that the heirs of Galo Lichauco are the sole and exclusive owners of the property.

The defendant Lichauco & Co., Inc., made a default.

The evidence was taken upon such issues, and the lower court first rendered judgment that the conveyance of the Matabig hacienda to Maria Luisa Corcuera, as administratrix, was null and void, and ordered that transfer certificate No. 455 issued in her name be cancelled, and that a certificate of title be issued in favor of the plaintiff bank, and dismissed the counterclaim of Maria Luisa Corcuera, with costs against her. Upon the rendition of the judgment, Maria Luisa Corcuera filed a motion for reconsideration which the court granted and set aside its judgment against her, and entered another in which she was absolved from the complaint, and declared her to be the sole and exclusive owner of 23/25 parts of the hacienda Matabig, from which the bank appeals and contends in substance that the deed from the Lichauco Corporation to Maria Luisa Corcuera, administratrix, was without

consideration, is null and void, and a fraud upon the creditors of the Lichauco Corporation, and the bank, in particular.

JOHNS, J.:

The underlying basic facts in this case are almost identical with those in G. R. No. 28495. There, as here, the deed in question was executed on January 16, 1922, and the evidence is conclusive that the Lichauco Corporation was then insolvent. The deed is also signed and acknowledged in the same manner and by the same persons as the deed to Asuncion Nable Jose and in the instant case, as the appellant contends, it appears from Exhibit PP, the account book of the corporation, on page 39, under the head of "suspense account," that there is a charge against Galo Lichauco of P86,707.30, and on page 43 of the same book, there is an entry which shows that Galo Lichauco has a balance of P34,819.01. The deed in question among other things recites that on January 9, 1920, the Lichauco Corporation received from the late Galo Lichauco P24,000 in cash as a loan, with interest at 12 per cent per annum as shown by a deed acknowledged on January 20, 1920, and that to secure its payment, the corporation executed a mortgage on sixteen of its bancas in favor of Galo Lichauco, and that with the consent of Galo Lichauco, the mortgage in his favor was released, so that the bancas in question could be given as security to the China Banking Corporation. The release having been executed, and on January 16, 1922, for a purported consideration of P24,000, the deed in question was executed and accepted and the mortgage of January 9, 1920, in favor of Galo Lichauco was released. That is to say, by the terms and provisions of the deed, the property in question was conveyed to secure a preexisting debt of P24,000, which Galo Lichauco loaned to the corporation on January 9, 1920. Be that as it may, there is a very important distinction between the remaining facts. The amount of land conveyed for the consideration of P24,000 in the instant case was 88 hectares. In the other case the true consideration for the deed was P34,000, and the amount of land conveyed was 410 hectares.

In the instant case, outside of the fact that the 88 hectares was carried on the corporate books at a valuation of P50,000, there is but little other evidence as to its value.

As stated in Ruling Case Law, volume 12, page 479:

"The courts will not weigh the value of the goods sold and the price received in very nice scales, but all circumstances considered, there should be a reasonable and fair proportion between the one and the other. Inadequacy of price does not mean an honest difference of opinion as to price, but a consideration so far short of the real value of the property as to startle a correct mind."

The amount of land involved in the instant case being 88 hectares only, and the consideration for the deed being P24,000, in view of the findings of fact made by the lower court, and for want of any other evidence as to the actual value of the land, all things considered, we cannot say, as a matter of law, that the consideration of P24,000 was inadequate or that the conveyance was a fraud upon the creditors of the Lichauco Corporation.

There is another important distinction between the two cases. Although in this case it is also true that the consideration for the deed was a preexisting debt, yet the record is conclusive that the debt was due and owing and enforceable at the time the deed in question was executed, and, hence, the conveyance does not come under the terms and provisions of article 1292 of the Civil Code.

The appellant vigorously contends that the original judgment in the lower court in this case was right, and that the last and final judgment was wrong. But the record is conclusive that the consideration for the deed of the Lichauco Corporation was P24,000, and the fact that thereafter Faustino Lichauco conveyed other and different properties to the estate of Galo Lichauco for a consideration of P22,500 would not impair or destroy the validity of the deed made by the Lichauco Corporation to the Galo Lichauco estate on January 16, 1922.

We freely admit that this case is not free from doubt, but in this case the question of inadequacy of consideration is not so clear or convincing as in G. R. No. 28495; neither do the facts bring it within article 1292 of the Civil Code.

All things considered, the judgment of the lower court is affirmed, with costs. So ordered.

Avanceña, C. J., Villamor, Ostrand, Romualdez, and Villa-Real, JJ., concur.

[1] Asia Banking Corporation vs. Nable Jose and Lichauco & Co., p. 763, ante.

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