

DAMIAN ROBLES, PETITIONER, VS. THE COURT OF APPEALS AND THE PEOPLE OF THE PHILIP-PINES, RESPONDENTS.

G.R. No. 59640. July 15, 1991

Ponente: FELICIANO, J.

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FELICIANO, J.:

In an information dated 2 March 1978, petitioner Damian Robles was charged before the then Court of First Instance of Manila with the crime of estafa, committed as follows:

"That in or about and during the period comprised between November 19, 1976 to March 9, 1977, inclusive, in the City of Manila, Philippines, the said accused did then and there wilfully, unlawfully and feloniously defraud the Paramount Business Machines, a business firm duly organized and doing business in said City, represented by Roberto Ng y Shiang Shee, in the following manner, to wit: the said accused received in trust from the said Roberto Ng y Shiang Shee office equipments consisting of adding machines, typewriters and calculators all amount-ing to P14,895.00 for the purpose of selling the same, under the express obligation of turning over the proceeds of the sale, if sold, or of returning the said office equipments if not sold, to the said Roberto Ng y Shiang Shee; but the said accused, once in possession of the said office equipments and far from complying with his obligation as aforesaid, failed and refused and still fails and refuses to remit the corresponding amount of the said office equipments or to return the said office equipments, despite repeated demands made upon him to do so, and instead, with grave abuse of confidence and with intent to defraud, did then and there wilfully, unlawfully and feloniously misappropriate, misapply and convert the same to his own personal use and benefit, to the damage and prejudice of the said Paramount Business Machines, in the said amount of P14,895.00, Philippine Currency.

Contrary to law."[1]

The trial court, in its decision dated 20 February 1979, convicted petitioner Robles of the crime charged. The dispositive portion of this decision reads:

"WHEREFORE, the Court finds the accused Damian Robles guilty beyond reasonable doubt of the crime of estafa defined and penalized under the provisions of Article 315 subdivision No. 1 (b) of the Revised Penal Code and there being no aggravating or mitigating circumstance present and applying the provisions of the Indeterminate Sentence Law, hereby sentences the said accused to suffer the penalty of imprisonment ranging from TWO (2) YEARS, ELEVEN (11) MONTHS and TEN (10) DAYS of prision correccional in its minimum and medium period as minimum, to SIX (6) YEARS, EIGHT (8) MONTHS and TWENTY (20) DAYS of prision mayor medium, as maximum, together with the accessory penalties provided for by law and to pay the costs. The accused is further ordered to indemnify the complainant the amount of P14,895.00 without subsidiary imprisonment in case of insolvency.

SO ORDERED."[2]

Dissatisfied, petitioner Robles appealed to the Court of Appeals. On 17 September 1981, the appellate court affirmed petitioner Robles' conviction but modified the penalty imposed by the trial court as follows:

"WHEREFORE, with the modification that accused-appellant DAMIAN ROBLES shall suffer the penalty of imprisonment from SIX (6) MONTHS of arresto mayor, as minimum, to TWO (2) YEARS, ELEVEN (11) MONTHS and TEN (10) DAYS of prision correccional, as maximum, and to indemnify the complainant the amount of P11,395.00, the appealed decision is hereby affirmed in all other respects, and with costs against accused-appellant.

SO ORDERED."[3]

The facts as found by respondent Court of Appeals are as follows:

"Roberto Ng is the owner and the sales manager of the Paramount Business Machines, a firm dealing in office equipment and has offices located at 1027 Severino Reyes Street, Sta. Cruz, Manila (pp. 10, 11, TSN, July 19, 1978).

On November 19, 1976, Roberto Ng entrusted to Damian Robles the following items:

one - Casio electronic calculator P800.00

one - Victor adding machine 600.00

which items were covered by a delivery trust receipt (Exhibit 'A,' Folder of Exhibits; pp. 14, 15, TSN., July 19, 1978).

On February 8, 1977, Roberto Ng again entrusted to Damian Robles several office equipment, to wit:

one - Standard Imperial typewriter 16" carriage P3,500.00

one - Standard Imperial typewriter 26" carriage 3,200.00

one - Olympia, standard electric typewriter, 13" carriage 2,800.00

which items were covered by another delivery trust receipt (Exhibit 'B,' Folder of Exhibits; pp. 23, 24, 25, 26, TSN, July 19, 1978). For these items, Damian Robles gave Roberto Ng two postdated checks, PCIB Checks No. 15654 and 15655 dated March 25, 1977 and March 15, 1977, respectively (Exhibits 'C' and 'C-1,' Folder of Exhibits; pp. 226, 27, TSN, July 19, 1978), for the respective amounts of P3,200.00 and P4,200.00 (id.). On February 10, 1977, Damian Robles was again entrusted by Roberto Ng with an Olivetti Manual typewriter, 11" carriage worth P1,000.00, which item was covered by another delivery receipt (Exhibit 'D,' Folder of Exhibits; p. 33, TSN, July 19, 1978). On March 7, 1977, Damian Robles received from Roberto Ng one Olivetti adding machine worth P600.00 which item was covered by another delivery receipt (Exhibit 'E,' Folder of Exhibits; pp. 37, 38, TSN, July 119, 1978). And on March 8, 1977 and March 9, 1977, the same Damian Robles was again entrusted by Roberto Ng the following:

one - Olivetti standard typewriter 15" carriage P1,400.00

one - Olympia portable typewriter 10" carriage 995.00

which items were covered by delivery trust receipts (Exhibits 'F' and 'G,' Folder of Exhibits; pp. 39, 40, 41, 42, 45, TSN, July 19, 1978). For all these items delivered to Damian Robles, the latter agreed to sell them and remit the proceeds of the sales to Roberto Ng, or to return the items if they are unsold (pp. 57, 58, 67, 68, TSN, July 19, 1978).

The postdated check PCIB Check No. 15655 dated March 15, 1977 for the amount of P4,200.00 issued by Damian Robles was not honored by the drawee bank since Damian Robles caused the stoppage of its payment (pp. 29, 30, 31, 46, TSN, July 19, 1978).

On the other hand, the accused-appellant admits having received from the complainant Roberto Ng the

business machines enumerated in the delivery receipts, Exhibits 'A,' 'B,' 'D,' 'E,' 'F,' and 'G,' (pp. 4, 8, TSN, December 5, 1978) and admits likewise that it was his agreement with Roberto Ng that he (accused) would sell the office equipment and to turn over the proceeds to Roberto Ng (p. 8, TSN, December 5, 1978). He however, claims that the Imperial Standard Typewriter worth P3,500.00 was returned to Paramount as confirmed by the signature of Mr. Ng in Annex 'B' (Original Exhibits, p. 12) after the notation 'return' was placed there by Fiscal Arranz (C.A. Decision, p. 11; Rollo, p. 38).

The total value of the office equipment received by accused-appellant Damian Robles from the complainant is P14,895.00."^[4]

In this Petition for Review, petitioner Robles makes the following arguments:

1. the Court of Appeals gravely erred in law in ruling that under the delivery trust receipts petitioner received the articles covered therein in trust or with the obligation to account for the proceeds thereof, or to return the same; and
2. the Court of Appeals committed serious error in law in finding petitioner guilty of estafa under Subdivision No. 1 (B), Article 315 of the Revised Penal Code.

Petitioner, in respect of the first ground, insists that the delivery trust receipts which he had signed were "merely intended to evidence the fact that the articles therein listed were delivered to and received by him." The documents do not, petitioner contends, reflect the true intention of the parties considering that even before he could comply with the stipulations in those receipts, that is, to return the articles enumerated therein within the period of two (2) days from the date of the receipt, the complainant delivered to him other articles without demanding compliance with the condition imposed by the earlier delivery trust receipts. In short, it is his position that the delivery trust receipts are "mere formalities" whose printed terms and conditions appearing therein were not intended by the parties to govern their transactions; that those transactions referred to were in fact sales on trial basis for a period of two (2) days. Thus, when he failed to return the various pieces of equipment within the two-day period, he was deemed to have purchased the same and his liability should therefore be only civil, i.e., to pay the purchase price.

The Court is not persuaded. The delivery trust receipts evidencing the transactions between Paramount Business Machines ("Paramount") and petitioner state, in relevant part:

"In trust for and as the property of said Paramount Business Machines the above described merchandise having been delivered to me/us for trial and with the obligation on my/our part to return the same in good order and condition within 2 days from the date hereof unless before the expiration of said period, I/we definitely purchase the same and pay the price hereof.

In the meantime, pending the sales of the above described merchandise to me/us, I/we agree and undertake to be absolutely responsible as insurer for the proper care and conservation of said property and to be liable for any loss or destruction.

I/we further agree to keep the said property in my/our residence or place of business at the address indicated herein above and not to remove the same from said promise without the previous knowledge and consent of Paramount Business Machines."^[5]

(Emphases supplied)

The quoted provisions of the trust receipts show clearly (1) that Paramount retained ownership of the office equipment covered by the receipts; (2) that possession of the goods was conveyed to petitioner subject to a fiduciary obligation either to return them within a specified period of time or to pay or account for the price of proceeds thereof. Surrounding circumstances also showed that the transactions were not ordinary sales on trial

basis. There were six (6) transactions involved, not just one. In each transaction, there were several items of equipment delivered to petitioner, instead of just one, thereby indicating that petitioner was not an ordinary buyer who would himself use the articles bought, but rather a commission merchant. Additional items of equipment were delivered to petitioner even before compliance with his duty under one trust receipt to return within two (2) days the office equipment he had received. He admitted in his Affidavit[6] dated 21 October 1977 that he was Paramount's sales agent. Petitioner, however, failed to return the machines upon demand by Paramount and at the same time, failed to account for the sale proceeds thereof. We agree with the Court of Appeals and the trial court on this matter. The Court of Appeals said in part:

"We hereby agree in full and quote hereunder the following findings and conclusions of the court a quo in the appealed decision because the same are in accordance with the evidence and the law.

A scrutiny of the evidence presented, the Court is more inclined to give more weight and credibility to the evidence of the prosecution. The printed conditions are clearly inscribed and forms [sic] part of the agreement between the accused and the complainant, for on the delivery trust receipts (Exh. A-1) of the Paramount Business Machines x x x:

x x x x x x x x

The conditions (Exhibit A-1) stipulated on all the delivery trust receipts signed by the accused specifically stated that the [items] were received by the accused from the complainant 'in trust for and as property of the said Paramount Business Machines' and the further stipulation that the same is 'with the obligation on my/our part to return the same in good order and condition within 2 days from the date hereof.' The ordinary and accepted meaning of the phrase 'in trust' is an obligation upon a person arising out of a confidence reposed in him to apply properly, faithfully and according to such confidence (Bouvier's Law Dictionary, Baldwins Century Edition, page 1192.) That whatever articles are received in trust by the accused if sold by him the proceeds thereof are to be turned over to the owner, the complainant herein, and if not sold, the same articles are to be returned to the complainant within two days from receipt of the same.

The provisions of the conditions embodied in the trust receipts need no further interpretation or elucidation for the same is clear, specific and explicit. The Court has observed the accused to be an intelligent man far [sic] from his qualification of being a college professor and that he must have fully understood the contents of the stipulations appearing on the face of the delivery trust receipts which he actually signed upon receipt of the articles described therein. The Period for him (accused) to return the articles is clear which is '2 days from the date hereof,' meaning from the date he received the articles, the period mentioned being specifically typed on the blank provided therefore (sic) which the Court believes the accused could not have missed and is aware he signed these trust receipts." [7] (Emphases supplied)

We note in this connection that the delivery trust receipts here involved in fact constituted trust receipts within the meaning of Presidential Decree No. 115, known as the "Trust Receipts Law," which took effect on 29 January 1973. Section 4 thereof defines a "trust receipt" and a "trust receipt transaction" for purposes of the decree in the following terms:

"Sec. 4. What constitutes a trust receipt transaction. -- A trust receipt transaction, within the meaning of this Decree, is any transaction by and between a person referred to in this Decree as the entruster, and another person referred to in this Decree as the trustee, whereby the entruster, who owns or holds absolute title or security interests over certain specified goods documents or instruments, releases the same to the possession of the trustee upon the latter's execution and delivery to the entruster of a signed document called a 'trust receipt' wherein the trustee binds himself to hold the designated goods, documents or instruments in trust for the entruster and to sell or otherwise dispose of the goods, documents or instruments with the obligation to turn over to the entruster the proceeds thereof to the extent of the amount owing to the entruster or as appears in the trust receipt or the goods, documents or instruments themselves if they are unsold or not otherwise disposed of,

in accordance with the terms and conditions specified in the trust receipt, x x x." (Emphases supplied)

We note that under Section 13 of the Trust Receipts Law, the violation by an entrustee of his obligations under a trust receipt document, more specifically his failure to turnover the proceeds of the sale of the goods covered by the trust receipt, or to return said goods as they were not sold or disposed of, would constitute the crime of estafa under Article 315 (1)(b), Revised Penal Code. Section 13 reads as follows:

"SEC. 13. Penalty clause. -- The failure of an entrustee to turn over the proceeds of the sale of the goods, documents or instruments covered by a trust receipt to the extent of the amount owing to the entruster or as appears in the trust receipt or to return said goods, documents or instruments if they were not sold or disposed of in accordance with the terms of the trust receipt shall constitute the crime of estafa, punishable under the provisions of Article Three Hundred and Fifteen, paragraph one (b) of Act Number Three Thousand Eight Hundred and Fifteen, as amended, otherwise known as the Revised Penal Code. If the violation or offense is committed by a corporation, partnership, association or other juridical entities, the penalty provided for in this Decree shall be imposed upon the directors, officers, employees or other officials or persons therein responsible for the offense, without prejudice to the civil liabilities arising from the criminal offense." (Emphases supplied)

In *Lee v. Rodil*,^[8] which involved a criminal prosecution for estafa relating to goods covered by a trust receipt alleged to have been committed on 26 July 1982, this Court affirmed the conviction for estafa under paragraph 1 (b), Article 315 of the Revised Penal Code and in the process, upheld Section 13 of Presidential Decree No. 115 against constitutional challenge. The Court, speaking through Mr. Justice Gutierrez, Jr., said:

"Acts involving the violation of trust receipt agreements occurring after 29 January 1973 would make the accused criminally liable for estafa under paragraph 1 (b), Article 315 of the Revised Penal Code, pursuant to the explicit provision in Sec. 13 of P.D. 115 (*Sia v. Court of Appeals*, G.R. No. 40324, October 5, 1988).

The petitioner questions the constitutionality of Sec. 13 of P.D. 115. She contends that it is violative of the constitutional right that 'No person shall be imprisoned for debt or non-payment of a poll tax'.

The petitioner has failed to make out a strong case that P.D. 115 conflicts with the constitutional prohibition against imprisonment for non-payment of debt. A convincing showing is needed to overcome the presumption of the validity of an existing statute.

The criminal liability springs from the violation of the trust receipt.

We bear in mind the nature of a trust receipt agreement. x x x

x x x x x x x x

x x x. The violation of a trust receipt committed by disposing of the goods covered thereby and failing to deliver the proceeds of such sale has been squarely made to fall under Art. 315 (1)(b) of the Revised Penal Code, x x x"[9]

In the case at bar, the acts of petitioner which were complained of were committed between 19 November 1976 and 9 March 1977, that is, long after the beginning date of effectivity of Presidential Decree No. 115. In accordance with the provisions of Section 13, Presidential Decree No. 115, quoted above, the failure of petitioner Damian Robles to turnover to the entruster Paramount the proceeds of the sale of goods covered by the delivery trust receipts and to return the said goods, constituted estafa punishable under Article 315 (1)(b) of the Revised Penal Code.

It is also pertinent to point out that quite apart from and even in the absence of the provisions of Section 13 of the Trust Receipt Law, the failure of Damian Robles to comply with his fiduciary obligation under the delivery trust

receipts here involved, constituted the offense of estafa punishable under Article 315 (1) (b) of the Revised Penal Code. In other words, the elements of the offense of estafa set out in Article 315 (1)(b) are present in the instant case. Those elements are: (1) "unfaithfulness or abuse of confidence;" (2) "misappropriating x x x money or goods x x x;" (3) received by the offender in trust or on commission x x x or under any other obligation involving the duty to make delivery of or to return the same x x x;" and (4) "to the prejudice of another." The delivery trust receipts, in the case at bar, admittedly signed by petitioner Damian Robles imposed on him the duty to return the articles or the proceeds thereof to Paramount within two (2) days from the specified dates of the trust receipts. The failure to account, upon demand, for funds or property held in trust is evidence of misappropriation^[10] which, not having been explained away or rebutted by petitioner Damian Robles, warranted his conviction for estafa under the Revised Penal Code. This was settled doctrine long before the promulgation of the Trust Receipts Law.^[11]

WHEREFORE, the present Petition for Review is hereby DENIED for lack of merit and the Decision of the Court of Appeals in C.A.-G.R. No. 23216-CR dated 17 September 1981, is hereby AFFIRMED. Costs against petitioner.

SO ORDERED.

Fernan, C.J., (Chairman), Gutierrez, Jr., Bidin, and Davide, Jr., JJ., concur.

[1] Original Record, p. 1.

[2] Id., pp. 62-63.

[3] Rollo, pp. 40-41; Court of Appeals' Decision, pp. 13-14.

[4] Id., pp. 30-31; Court of Appeals' Decision, pp. 3-4.

[5] Exhibit "A-1," Folder of Exhibits, p. 1.

[6] Exhibit "H," Folder of Exhibits, pp. 8-9.

[7] Rollo, pp. 31-33; Court of Appeals' Decision, pp. 4-6.

[8] 175 SCRA 100 (1989).

[9] 179 SCRA at 108-109.

[10] Hayco v. Court of Appeals, 138 SCRA 227 (1985); People v. Cuevo, 104 SCRA 312 (1981); Tubbs v. People, 101 Phil. 114 (1957).

[11] People of the Philippines v. Yu Chai Ho, 53 Phil. 874 (1928); Samo v. People of the Philippines, 115 Phil. 345 (1962).

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