

STATE INVESTMENT HOUSE, INC., PETITIONER, VS. HON. COURT OF APPEALS, HON. DOROTEO N. CAÑEBA, IN HIS CAPACITY AS PRESIDING JUDGE OF BRANCH 20, REGIONAL TRIAL COURT, MANILA, P.O. ...

G.R. No. 82446. July 29, 1988

Ponente: GRIÑO-AQUINO, J.

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GRIÑO-AQUINO, J.:

The issue posed by the petition in this case is whether the trial court (whom the Court of Appeals sustained) gravely abused its discretion in lifting the preliminary attachment on the private respondents' properties.

On September 30 and October 31, 1977, Pedro O. Valdez and Rudy H. Sales executed two Comprehensive Surety Agreements to secure any and all loans of P.O. Valdez, Inc. not exceeding the sums of P500,000 (Annex C) and P4,934,000 (Annex D) from the petitioner State Investment House, Inc., a domestic corporation engaged in quasi banking.

Four years later, on July 30, 1981, petitioner and P.O. Valdez, Inc. entered into an agreement for discounting with the petitioner the receivables of P.O. Valdez, Inc. (Annex E). The other details of the transactions between the petitioner and P.O. Valdez, Inc. are recited in the decision of the Court of Appeals as follows:

"At the time the basic loan agreement (which is the Agreement dated July 30, 1981) was entered into, respondent P.O. Valdez, Inc. was required to provide collateral security for the loan. And pursuant thereto, private respondents turned over to the petitioner various certificates of stock of several corporations such as CDCP-Mining, Northern Lines, Inc., Oriental Petroleum and others. In addition, private respondents executed a Real Estate Mortgage in favor of the petitioner covering two (2) parcels of land located outside Baguio City. Later, private respondents were also made to execute a Deed of Sale dated December 29, 1982 covering the proceeds of a postdated check for P4,066,410.20, another Deed of Sale dated January 4, 1983, covering the proceeds as a postdated check for P197,010.31 and a Deed of Assignment dated January 4, 1983, covering P.O. Valdez, Inc.'s construction receivables from the Development Academy of the Philippines to the extent of P100,000.00." (p. 34, Rollo.)

When Pedro Valdez' two checks were deposited by the petitioner upon maturity, they bounced for insufficient funds. Despite demands, respondent corporation failed to pay its obligations to petitioner amounting to P6,342,855.70 as of April 11, 1985.

Petitioner foreclosed its real estate mortgage on the two lots in Benguet of Pedro and Remedios Valdez on April 11, 1985 and acquired them as the highest bidder in the foreclosure sale. Presumably because the proceeds of the foreclosure were insufficient to satisfy the debt, petitioner also filed a collection suit, with a prayer for preliminary attachment. It was docketed in the Regional Trial Court of Manila as Civil Case No. 85-33050 entitled "STATE INVESTMENT HOUSE, INC. vs. P.O. VALDEZ, INC., PEDRO O. VALDEZ and RUDY H. SALES." On November 5, 1985, the court, through Judge (now CA Justice) Antonio Martinez, issued a writ of preliminary

attachment against the defendants' properties (Annex J). Pursuant thereto, certain real and personal properties of the defendants were attached.

Tropical Homes, Inc. filed a third-party claim to certain properties titled in the name of Pedro Valdez. As the sheriff failed to act on the third-party claim, the claimant filed on March 26, 1986, a motion to lift the attachment on those properties. It was opposed by the petitioner. On May 22, 1986, respondent Judge Doroteo N. Cañeba (who succeeded Justice Martinez) denied the motion.

In the meantime, the defendants filed their answer to the complaint. They admitted that they obtained loans from the petitioner to finance their construction projects, namely, the DAP Building in Pasig, the National Engineering Building in the U.P. Campus, and the UP Hostel for Economics, also in U.P. Diliman, Quezon City.

On June 24, 1986, P.O. Valdez, Inc. and Pedro Valdez filed a motion to discharge the attachment on the ground that there was no fraud in contracting the loans, and if any fraud existed, it was in the performance of the obligations. The motion was opposed by the petitioner. It was denied by the lower court on November 19, 1986.

Valdez filed a motion for reconsideration. The petitioner opposed it. Nevertheless, Judge Cañeba granted the motion for reconsideration and discharged the preliminary attachment on the properties of Pedro O. Valdez and Remedios Valdez on the ground that their conjugal properties may not be attached to answer for the debts of the corporation which has a juridical personality distinct from its incorporators. It held that "neither P.O. Valdez, Inc. and (sic) Pedro O. Valdez can be faulted nor could they be charged of incurring fraudulent acts in obtaining the loan agreement." (Annex K.) It was the petitioner's turn to file a motion for reconsideration, but without success (Annex L).

Petitioner went to the Court of Appeals on a petition for certiorari and prohibition alleging grave abuse of discretion on the part of the lower court in lifting the writ of preliminary attachment on the properties of the Valdez spouses (Annex K).

The Court of Appeals dismissed the petition on January 28, 1988 (Annex A). It affirmed the lower court's finding that there was no fraud in contracting the debt. It observed that:

- With respect to the shares of stock which the respondents pledged as additional security for the loan, the decline in their value did not mean that the private respondents entered into the loan transaction in bad faith or with fraudulent intent. For the private respondents could not have foreseen how the stocks would fare in the market. And if the petitioner thought they were worthless at the time, it should have rejected them as collateral.
- With respect to the two parcels of land which were mortgaged to the petitioner, the latter should also have declined to accept them as collateral if it believed they were worth less than their supposed value.
- With respect to the two postdated checks which bounced, the Court of Appeals observed that since they were "sold" to the petitioner after the loan had been granted to private respondents, their issuance did not fraudulently induce the petitioner to grant the loan applied for. They were "mere evidence of the private respondents' standing loan obligation to the petitioner" or "mere collaterals for the loan granted by the petitioner to the private respondents" (Annex A).

These factual conclusions of the Court of Appeals are binding on US (Bernardo vs. Bernardo, 101 SCRA 351).

Furthermore, We have examined the grounds enumerated in the petitioner's prayer for a writ of preliminary attachment, as reproduced in the decision of the Court of Appeals, the petitioner having failed to submit a copy of its complaint as an annex of its petition for certiorari. The main thrust of the prayer for preliminary attachment is the alleged misrepresentation of the debtor P.O. Valdez, Inc. in the Agreement for Discounting Receivables and in the deeds of sale of said receivables (Annexes E, F, and G); that the two checks or "receivables" issued by Pedro

Valdez were payment for "actual sales of its merchandise and/or personalties made to its customers or otherwise arising from its other legitimate business transactions" (par. a) and "that the receivables x x x were genuine, valid and subsisting and represent bona fide sales of merchandise and/or personalties made in the ordinary course of business" (par. c).

It can hardly be doubted that those representations in petitioner's printed deeds of sale were false. But false though they were, the petitioners cannot claim to have been deceived or deluded by them because it knew, or should have known, that the issuer of the checks, Pedro O. Valdez, was not a "buyer" of the "merchandise and personalties made in the ordinary course of business" by P.O. Valdez, Inc. of which he was the president.

Since the petitioner failed to prove during the hearing of private respondents' motion to lift the preliminary writ of attachment, that P.O. Valdez, Inc. received from it independent consideration for the "sale" of Pedro Valdez' checks to it, apart from the loans previously extended to the corporation, We are constrained to affirm the finding of the Court of Appeals that Valdez's checks are "mere evidence of the outstanding obligation of P.O. Valdez, Inc. to the petitioner." The petitioner was not defrauded by their issuance for the loans had been contracted and released to P.O. Valdez, Inc. long before the checks were issued.

WHEREFORE, the petition for certiorari is denied for lack of merit.

SO ORDERED.

Narvasa, Cruz, Gancayco, and Medialdea, JJ., concur.

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