

****Title:****

Jose A. Saddul, Jr. versus The Hon. Court of Appeals and The People of the Philippines, G.R. No. 06234

****Facts:****

In 1973, Jose A. Saddul, Jr. joined Amalgamated Motors (Phils.) Inc. (AMPI) as vice-president and director. AMPI, a subsidiary of British Leyland, was a key distributor of British and Japanese automotive products. By 1981, Felimon Cuevas became AMPI's majority stockholder and president, promoting Saddul to director, Executive Vice-President, and General Manager, responsible for company operations and sales of units and spare parts.

In 1985, AMPI supplied spare parts worth P1.5 million to the Armed Forces of the Philippines (AFP) via LAND ROVER but the AFP returned them as incorrect. Saddul, under LAND ROVER's instruction, sold some parts worth P143,085.00 to Rover Motor Parts. LAND ROVER authorized Saddul to hold the sales proceeds in trust until specific instructions for disposition were given. Saddul, in compliance, withheld the proceeds on LAND ROVER's instruction to retain the funds until further notice.

On May 30, 1986, following Saddul's termination from AMPI, AMPI demanded an accounting of sold parts from Saddul, suspecting mishandling. Cuevas' subsequent criminal complaint led to an estafa charge against Saddul for misappropriating the parts' sales proceeds.

In June 1987, an information for estafa was filed against Saddul. Despite LAND ROVER's subsequent recognition of Saddul's actions and instructions to AMPI to deliver remaining parts to Saddul's new company, Multipart Motors, Inc., AMPI persisted with the criminal prosecution.

The Regional Trial Court of Manila convicted Saddul of estafa with unfaithfulness or abuse of confidence under Article 315, par. 1(b) of the Revised Penal Code, sentencing him to six months and one day to eight years of imprisonment and an indemnity of P28,617.00 to AMPI.

Saddul appealed to the Court of Appeals which affirmed the conviction. Saddul took the case to the Supreme Court, initiating a Second Motion for Reconsideration after an initial

denial for review.

****Issues:****

1. Whether Saddul's retention of sales proceeds constituted estafa with unfaithfulness or abuse of confidence.
2. Whether Saddul had the duty to remit the 20% handling commission despite LAND ROVER's instruction to retain the funds.

****Court's Decision:****

****Issue 1: Retention of Sales Proceeds****

The Court identified that estafa under Article 315, par. 1(b) requires four elements: receiving personal property in trust; conversion or diversion of such property; conversion causing injury; and demand for return. The Court found that Saddul did not receive the spare parts from AMPI but rather directly dealt with LAND ROVER and the AFP. Thus, the first element of receiving the property in trust from AMPI was not met. Saddul acted within the authority given by LAND ROVER to sell the items, negating misappropriation or conversion. AMPI suffered no loss as it was not the property owner; thus, no injury occurred. Finally, there was no demand for the return of the specific parts sold—only a demand for an accounting.

****Issue 2: Remittance of Handling Commission****

Saddul withheld the 20% handling commission on LAND ROVER's instructions. The Court noted that the handling commission was part of a broader accounting pending between LAND ROVER and AMPI, as confirmed by LAND ROVER's communications. Saddul's retention of the commission did not constitute estafa since it was based on explicit instructions and lacked fraudulent intent.

****Doctrine:****

For estafa under Article 315, par. 1(b) of the Revised Penal Code:

- ****Elements****: Receipt of property in trust; conversion/misappropriation; injury to another; and demand.
- Possession received from parties other than the complainant disrupts the chain of trust necessary for estafa.
- Compliance with instructions from a property owner regarding retained proceeds negates

misappropriation.

****Class Notes:****

- ****Estafa Elements****: Duty to return property/money received in trust, actual misappropriation/conversion, resulting injury to owner, and demand for return.
- ****Legal principle****: Receiving fund/property instructions from a legitimate owner that defer return undermine claims of misappropriation.
- ****Relevant Statutes****: Article 315, par. 1(b), Revised Penal Code - Embezzlement by conversion.

****Historical Background:****

This case stands as an examination of fiduciary responsibilities, misappropriation, and trust elements in corporate executive roles, showcasing judicial scrutiny on the scope of criminal liability in commercial transactions within the context of Philippine corporate law and judiciary precepts from the 1980s to 1990s. It underscores the significant interplay between corporate policies and criminal allegations, reflecting evolving understandings of fiduciary duties and executive accountability.