

Title: Josephine M. Sanchez vs. Far East Bank and Trust Company (FEBTC) (Case Brief / Digest)

Facts:

1. **Players Involved:**

- **Josephine Sanchez:** Secretary of Kai J. Chin.
- **Kai J. Chin:** Director and Senior Vice-President of Far East Bank and Trust Company (FEBTC), representing CIFL (Chemical International Finance Limited), a subsidiary of Chemical Bank.
- **FEBTC:** Maintained a checking account for CIFL.
- **Beatriz Bagsit:** Cash Department Head of FEBTC.
- **Far East Bank Investment, Inc. (FEBII):** The investment arm of FEBTC.

2. **Unauthorized Withdrawals:**

- Sanchez was accused of making unauthorized withdrawals from CIFL's account using forged applications for cashier's checks which were deposited into her personal accounts.
- She employed three fraudulent methods:
 - **First Mode:** Sanchez used a forged confirmation letter and withdrew P250,040.86 through a bearer cashier's check.
 - **Second Mode:** Sanchez forged memoranda and applications to purchase cashier's checks payable to her.
 - **Third Mode:** Sanchez used applications with forged signatures of Chin and issued checks payable to him, which were encashed and appropriated by her.

3. **Conviction and Trial Court's Findings:**

- The RTC acquitted Sanchez, ruling she was not the author of the frauds, refuting the credibility of the prosecution's handwriting expert. Chin had authorized Sanchez for CIFL transactions, and FEBTC's procedures were flawed, approving transactions despite counts of procedural mistakes.

4. **Appeal and Appellate Court's Findings:**

- The Court of Appeals set aside the RTC's decision, finding Sanchez civilly liable for failing to turn over the proceeds of the cashier's checks to FEBTC, awarding actual damages of P1,187,530.86 to the bank.

Issues:

1. **Timeliness of Motion for Reconsideration:** Whether the Motion for Reconsideration filed by FEBTC after the RTC's decision was timely.

2. **Civil Aspect of Acquittal:** Whether civil liability can be pursued following Sanchez's acquittal based on the trial court's finding she was not the author of the alleged crime.
3. **Separate Civil Action:** Whether FEBTC needed to institute a separate civil action after Sanchez's acquittal.
4. **Party in Interest:** Whether FEBTC has the legal standing to pursue the civil liability when the primary interested party should be CIFL.

Court's Decision:

1. **Timeliness of Motion for Reconsideration:**
 - The Supreme Court ruled in favor of FEBTC, declaring that the period for filing the Motion for Reconsideration should start from the date FEBTC received the judgment (February 1, 1996), making their Motion timely.
2. **Civil Liabilities Arising from Acquittal:**
 - The Court held that an acquittal on grounds other than that the accused did not commit the crime (i.e., based on reasonable doubt) allows for determining civil liability. However, the RTC had acquitted Sanchez on the basis that she did not commit the imputed frauds.
3. **Necessity of Separate Civil Action:**
 - The court found no necessity for FEBTC to institute a separate civil action, prohibiting further claims on the particular facts since the civil aspect was automatically included in the criminal proceeding as per the 1985 procedural rules.
4. **Party in Interest:**
 - The Supreme Court sided with Sanchez, concluding that FEBTC was not a real party in interest as the misappropriated funds belonged to CIFL, and therefore unsecured claims of civil liability must have been directed against the primary interested party, CIFL, or Chin himself.

Doctrine:

- Article 29 of the Civil Code allows civil liability despite acquittal based on reasonable doubt but does not apply if the non-existence of crime or non-involvement of the accused is established.
- Procedures under 1985 Rules of Court dictate that civil liability is included in criminal action unless waived, reserved, or prefiled separately.
- Proper authorization and procedural adherence are crucial in determining legitimate accountability in financial transactions.

****Class Notes:****

- ****Article 27-29 Civil Code:**** Circumstances under which the civil liability may be determined despite criminal acquittal.
- ****Rule 111**** (1985 Rules of Court): Integration of civil liability in criminal action procedures.
- ****Doctrine in Civil Appeals:**** Continuation of civil liability determination despite criminal acquittal under specific conditions.

****Historical Background:****

- This case occurred in a period when rapid financial sector growth demanded stricter internal controls and accountability in financial transactions. Judicial interpretations aimed at delineating civil liability amidst employee violations mirror trends in fortifying banking integrity as financial institutions adapted to modernizing economies.