

## SECOND DIVISION

[ G.R. No. 199481, December 03, 2012 ]

**ILDEFONSO S. CRISOLOGO, PETITIONER, VS. PEOPLE OF THE  
PHILIPPINES AND CHINA BANKING CORPORATION,  
RESPONDENTS.**

### D E C I S I O N

**PERLAS-BERNABE, J.:**

This Petition for Review on *Certiorari*<sup>[1]</sup> under Rule 45 of the Rules of Court assails the November 23, 2011 Decision<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 80350, which affirmed the December 4, 2002 Decision<sup>[3]</sup> of the Regional Trial Court (RTC), Manila, Branch 21. The RTC Decision acquitted petitioner Ildefonso S. Crisologo (petitioner) of the charges for violation of Presidential Decree (P.D.) No. 115 (Trust Receipts Law) in relation to Article 315 1(b) of the Revised Penal Code (RPC), but adjudged him civilly liable under the subject letters of credit.

#### **The Factual Antecedents**

Sometime in January and February 1989, petitioner, as President of Novachemical Industries, Inc. (Novachem), applied for commercial letters of credit from private respondent China Banking Corporation (Chinabank) to finance the purchase of 1,600<sup>[4]</sup> kgs. of amoxicillin trihydrate micronized from Hyundai Chemical Company based in Seoul, South Korea and glass containers from San Miguel Corporation (SMC). Subsequently, Chinabank issued Letters of Credit Nos. 89/0301<sup>[5]</sup> and DOM-33041<sup>[6]</sup> in the respective amounts of US\$114,400.00<sup>[7]</sup> (originally US\$135,850.00)<sup>[8]</sup> with a peso equivalent of P2,139,119.80<sup>[9]</sup> and P1,712,289.90. After petitioner received the goods, he executed for and in behalf of Novachem the corresponding trust receipt agreements dated May 24, 1989 and August 31, 1989 in favor of Chinabank.

On January 28, 2004, Chinabank, through its Staff Assistant, Ms. Maria Rosario De Mesa (Ms. De Mesa), filed before the City Prosecutor's Office of Manila a Complaint-Affidavit<sup>[10]</sup> charging petitioner for violation of P.D. No. 115 in relation to Article 315 1(b) of the RPC for his purported failure to turn-over the goods or the proceeds from the sale thereof, despite repeated demands. It averred that the latter, with intent to defraud, and with unfaithfulness and abuse of confidence, misapplied, misappropriated and converted the goods subject of the trust agreements, to its damage and prejudice.

In his defense, petitioner claimed that as a regular client of Chinabank, Novachem was granted a credit line and letters of credit (L/Cs) secured by trust receipt agreements. The subject L/Cs were included in the special term-payment arrangement mutually agreed upon by the parties, and payable in installments. In

the payment of its obligations, Novachem would normally give instructions to Chinabank as to what particular L/C or trust receipt obligation its payments would be applied. However, the latter deviated from the special arrangement and misapplied payments intended for the subject L/Cs and exacted unconscionably high interests and penalty charges.

The City Prosecutor found probable cause to indict petitioner as charged and filed the corresponding informations before the RTC of Manila, docketed as Criminal Case Nos. 94-139613 and 94-139614.

### **The RTC Ruling**

After due proceedings, the RTC rendered a Decision<sup>[11]</sup> dated December 4, 2002 acquitting petitioner of the criminal charges for failure of the prosecution to prove his guilt beyond reasonable doubt. It, however, adjudged him civilly liable to Chinabank, without need for a separate civil action, for the amounts of P1,843,567.90 and P879,166.81 under L/C Nos. 89/0301 and DOM-33041, respectively, less the payment of P500,000.00 made during the preliminary investigation, with legal interest from the filing of the informations on October 27, 1994 until full payment, and for the costs.

### **The CA Ruling**

On appeal of the civil aspect, the CA affirmed<sup>[12]</sup> the RTC Decision holding petitioner civilly liable. It noted that petitioner signed the "Guarantee Clause" of the trust receipt agreements in his personal capacity and even waived the benefit of excussion against Novachem. As such, he is personally and solidarily liable with Novachem.

### **The Petition**

In the instant petition, petitioner contends that the CA erred in declaring him civilly liable under the subject L/Cs which are corporate obligations of Novachem, and that the adjudged amounts were without factual basis because the obligations had already been settled. He also questions the unilaterally-imposed interest rates applied by Chinabank and, accordingly, prays for the application of the stipulated interest rate of 18% per annum (p.a.) on the corporation's obligations. He further assails the authority of Ms. De Mesa to prosecute the case against him sans authority from Chinabank's Board of Directors.

### **The Court's Ruling**

#### **The petition is partly meritorious.**

Section 13 of the Trust Receipts Law explicitly provides that if the violation or offense is committed by a corporation, as in this case, the penalty provided for under the law shall be imposed upon the directors, officers, employees or other officials or person responsible for the offense, without prejudice to the civil liabilities arising from the criminal offense.

In this case, petitioner was acquitted of the charge for violation of the Trust Receipts

Law in relation to Article 315 1(b)<sup>[13]</sup> of the RPC. As such, he is relieved of the corporate criminal liability as well as the corresponding civil liability arising therefrom. However, as correctly found by the RTC and the CA, he may still be held liable for the trust receipts and L/C transactions he had entered into in behalf of Novachem.

Settled is the rule that debts incurred by directors, officers, and employees acting as corporate agents are not their direct liability but of the corporation they represent, except if they contractually agree/stipulate or assume to be personally liable for the corporation's debts,<sup>[14]</sup> as in this case.

The RTC and the CA adjudged petitioner personally and solidarily liable with Novachem for the obligations secured by the subject trust receipts based on the finding that he signed the guarantee clauses therein in his personal capacity and even waived the benefit of excussion. However, a review of the records shows that petitioner signed only the guarantee clauses of the Trust Receipt dated May 24, 1989<sup>[15]</sup> and the corresponding Application and Agreement for Commercial Letter of Credit No. L/C No. 89/0301.<sup>[16]</sup> With respect to the Trust Receipt<sup>[17]</sup> dated August 31, 1989 and Irrevocable Letter of Credit<sup>[18]</sup> No. L/C No. DOM-33041 issued to SMC for the glass containers, the second pages of these documents that would have reflected the guarantee clauses were missing and did not form part of the prosecution's formal offer of evidence. In relation thereto, Chinabank stipulated<sup>[19]</sup> before the CA that the second page of the August 31, 1989 Trust Receipt attached to the complaint before the court *a quo* would serve as the missing page. A perusal of the said page, however, reveals that the same does not bear the signature of the petitioner in the guarantee clause. Hence, it was error for the CA to hold petitioner likewise liable for the obligation secured by the said trust receipt (L/C No. DOM-33041). Neither was sufficient evidence presented to prove that petitioner acted in bad faith or with gross negligence as regards the transaction that would have held him civilly liable for his actions in his capacity as President of Novachem.

On the matter of interest, while petitioner assailed the unilateral imposition of interest at rates above the stipulated 18% p.a., he failed to submit a summary of the pertinent dates when excessive interests were imposed and the purported over-payments that should be refunded. Having failed to prove his affirmative defense, the Court finds no reason to disturb the amount awarded to Chinabank. Settled is the rule that in civil cases, the party who asserts the affirmative of an issue has the onus to prove his assertion in order to obtain a favorable judgment. Thus, the burden rests on the debtor to prove payment rather than on the creditor to prove non-payment.<sup>[20]</sup>

Lastly, the Court affirms Ms. De Mesa's capacity to sue on behalf of Chinabank despite the lack of proof of authority to represent the latter. The Court noted that as Staff Assistant of Chinabank, Ms. De Mesa was tasked, among others, to review applications for L/Cs, verify the documents of title and possession of goods covered by L/Cs, as well as pertinent documents under trust receipts (TRs); prepare/send/cause the preparation of statements of accounts reflecting the outstanding balance under the said L/Cs and/or TRs, and accept the corresponding payments; refer unpaid obligations to Chinabank's lawyers and follow-up results thereon. As such, she was in a position to verify the truthfulness and correctness of