

## FIRST DIVISION

[ G.R. No. 142612, July 29, 2005 ]

**OSCAR ANGELES AND EMERITA ANGELES, PETITIONERS, VS. THE  
HON. SECRETARY OF JUSTICE AND FELINO MERCADO,  
RESPONDENTS.**

### DECISION

**CARPIO, J.:**

#### The Case

This is a petition for *certiorari*<sup>[1]</sup> to annul the letter-resolution<sup>[2]</sup> dated 1 February 2000 of the Secretary of Justice in Resolution No. 155.<sup>[3]</sup> The Secretary of Justice affirmed the resolution<sup>[4]</sup> in I.S. No. 96-939 dated 28 February 1997 rendered by the Provincial Prosecution Office of the Department of Justice in Santa Cruz, Laguna ("Provincial Prosecution Office"). The Provincial Prosecution Office resolved to dismiss the complaint for estafa filed by petitioners Oscar and Emerita Angeles ("Angeles spouses") against respondent Felino Mercado ("Mercado").

#### Antecedent Facts

On 19 November 1996, the Angeles spouses filed a criminal complaint for estafa under Article 315 of the Revised Penal Code against Mercado before the Provincial Prosecution Office. Mercado is the brother-in-law of the Angeles spouses, being married to Emerita Angeles' sister Laura.

In their affidavits, the Angeles spouses claimed that in November 1992, Mercado convinced them to enter into a contract of antichresis,<sup>[5]</sup> colloquially known as *sanglaang-perde*, covering eight parcels of land ("subject land") planted with fruit-bearing lanzones trees located in Nagcarlan, Laguna and owned by Juana Suazo. The contract of antichresis was to last for five years with P210,000 as consideration. As the Angeles spouses stay in Manila during weekdays and go to Laguna only on weekends, the parties agreed that Mercado would administer the lands and complete the necessary paperwork.<sup>[6]</sup>

After three years, the Angeles spouses asked for an accounting from Mercado. Mercado explained that the subject land earned P46,210 in 1993, which he used to buy more lanzones trees. Mercado also reported that the trees bore no fruit in 1994. Mercado gave no accounting for 1995. The Angeles spouses claim that only after this demand for an accounting did they discover that Mercado had put the contract of *sanglaang-perde* over the subject land under Mercado and his spouse's names.<sup>[7]</sup> The relevant portions of the contract of *sanglaang-perde*, signed by Juana Suazo alone, read:

Na alang-alang sa halagang DALAWANG DAAN AT SAMPUNG LIBONG PISO (P210,000), salaping gastahin, na aking tinanggap sa mag[-]asawa nila G. AT GNG. FELINO MERCADO, mga nasa hustong gulang, Filipino, tumitira at may pahatirang sulat sa Bgy. Maravilla, bayan ng Nagcarlan, lalawigan ng Laguna, ay aking ipinagbili, iniliwat at isinalin sa naulit na halaga, sa nabanggit na mag[-] asawa nila G. AT GNG. FELINO MERCADO[,] sa kanila ay magmamana, kahalili at ibang dapat pagliwatan ng kanilang karapatan, ang lahat na ibubunga ng lahat na puno ng lanzones, hindi kasama ang ibang halaman na napapalooban nito, ng nabanggit na WALONG (8) Lagay na Lupang Cocal-Lanzonal, sa takdang LIMA (5) NA [sic] TAON, magpapasimula sa taong 1993, at magtatapos sa taong 1997, kaya't pagkatapos ng lansonesan sa taong 1997, ang pamomosision at pakikinabang sa lahat na puno ng lanzones sa nabanggit na WALONG (8) Lagay na Lupang Cocal-Lanzonal ay manunumbalik sa akin, sa akin ay magmamana, kahalili at ibang dapat pagliwatan ng aking karapatan na ako ay walang ibabalik na ano pa mang halaga, sa mag[-] asawa nila G. AT GNG. FELINO MERCADO.

Na ako at ang mag[-]asawa nila G. AT GNG. FELINO MERCADO ay nagkasundo na ako ay bibigyan nila ng LIMA (5) na [sic] kaing na lanzones taon-taon sa loob ng LIMA (5) na [sic] taon ng aming kasunduang ito.

Na ako at ang mag[-]asawa nila G. AT GNG. FELINO MERCADO ay nagkasundo na silang mag[-]asawa nila G. AT GNG. FELINO MERCADO ang magpapaalis ng dapo sa puno ng lansones taon-taon [sic] sa loob ng LIMA (5) [sic] taonng [sic] aming kasunduang ito.<sup>[8]</sup>

In his counter-affidavit, Mercado denied the Angeles spouses' allegations. Mercado claimed that there exists an industrial partnership, colloquially known as *sosyo industrial*, between him and his spouse as industrial partners and the Angeles spouses as the financiers. This industrial partnership had existed since 1991, before the contract of antichresis over the subject land. As the years passed, Mercado used his and his spouse's earnings as part of the capital in the business transactions which he entered into in behalf of the Angeles spouses. It was their practice to enter into business transactions with other people under the name of Mercado because the Angeles spouses did not want to be identified as the financiers.

Mercado attached bank receipts showing deposits in behalf of Emerita Angeles and contracts under his name for the Angeles spouses. Mercado also attached the minutes of the barangay conciliation proceedings held on 7 September 1996. During the barangay conciliation proceedings, Oscar Angeles stated that there was a written *sosyo industrial* agreement: capital would come from the Angeles spouses while the profit would be divided evenly between Mercado and the Angeles spouses.<sup>[9]</sup>

### **The Ruling of the Provincial Prosecution Office**

On 3 January 1997, the Provincial Prosecution Office issued a resolution recommending the filing of criminal information for estafa against Mercado. This resolution, however, was issued without Mercado's counter-affidavit.

Meanwhile, Mercado filed his counter-affidavit on 2 January 1997. On receiving the 3 January 1997 resolution, Mercado moved for its reconsideration. Hence, on 26 February 1997, the Provincial Prosecution Office issued an amended resolution dismissing the Angeles spouses' complaint for estafa against Mercado.

The Provincial Prosecution Office stated thus:

The subject of the complaint hinges on a partnership gone sour. The partnership was initially unsaddled [with] problems. Management became the source of misunderstanding including the accounting of profits, which led to further misunderstanding until it was revealed that the contract with the orchard owner was only with the name of the respondent, without the names of the complainants.

The accusation of "estafa" here lacks enough credible evidentiary support to sustain a prima facie finding.

Premises considered, it is respectfully recommended that the complaint for estafa be dismissed.

RESPECTFULLY SUBMITTED.<sup>[10]</sup>

The Angeles spouses filed a motion for reconsideration, which the Provincial Prosecution Office denied in a resolution dated 4 August 1997.

### **The Ruling of the Secretary of Justice**

On appeal to the Secretary of Justice, the Angeles spouses emphasized that the document evidencing the contract of *sanglaang-perde* with Juana Suazo was executed in the name of the Mercado spouses, instead of the Angeles spouses. The Angeles spouses allege that this document alone proves Mercado's misappropriation of their P210,000.

The Secretary of Justice found otherwise. Thus:

Reviewing the records of the case, we are of the opinion that the indictment of [Mercado] for the crime of estafa cannot be sustained. [The Angeles spouses] failed to show sufficient proof that [Mercado] deliberately deceived them in the "sanglaang perde" transaction. The document alone, which was in the name of [Mercado and his spouse], failed to convince us that there was deceit or false representation on the part of [Mercado] that induced the [Angeles spouses] to part with their money. [Mercado] satisfactorily explained that the [Angeles spouses] do not want to be revealed as the financiers. Indeed, it is difficult to believe that the [Angeles spouses] would readily part with their money without holding on to some document to evidence the receipt of money, or at least to inspect the document involved in the said transaction. Under the circumstances, we are inclined to believe that [the Angeles spouses] knew from the very start that the questioned document was not really in their names.