

SPECIAL TWELFTH DIVISION

[CA–G.R. SP. No. 131939, May 23, 2014]

VAR BUILDINGS, INC., PETITIONER, VS. PHILIPPINE DEPOSIT INSURANCE CORPORATION, RESPONDENT.

D E C I S I O N

DICDICAN, J.:

Before us is a Petition for Review^[1] filed by the petitioner VAR Buildings, Inc. ("petitioner") seeking a review of the Decision^[2] dated August 29, 2012 issued by the Philippine Deposit Insurance Corporation ("PDIC") which denied its claim for deposit insurance on Savings Deposit Account No. 2113001486 in the closed Export and Industry Bank, Inc. ("EIBI").

The material and relevant facts of the case, as culled from the record, are as follows:

On March 25, 1999, the petitioner entered into a Contract of Lease^[3] with the Export and Industry Bank, Inc. whereby the latter occupied the premises owned by the petitioner located at Rufino Center Building, Ayala Avenue, Makati City.

On August 10, 1999, the petitioner opened a savings deposit account with EIBI – Ayala Rufino branch, with an initial deposit of One Hundred Thousand Pesos (P100,000.00). Thereafter, monthly rental payments for the lease of the petitioner's premises were deposited by EIBI on this account.

By a sudden turn of events, EIBI was placed under the receivership of the PDIC which took over the bank's assets, records and affairs, in accordance with Monetary Board's Resolution No. 686.

Consequently, the petitioner, through its President, Macario S. Rufino, filed a claim for deposit insurance with the PDIC under Claim No. 406 for its Savings Deposit Account No. 2113001486 in the closed EIBI Ayala Rufino Branch^[4].

On August 29, 2012, the PDIC issued a Letter Decision, pertinent portions of which read as follows:

"This pertains to your claim for deposit insurance for Savings/Current/Special Savings/Certificate of Time Deposit No. 2113001486 maintained in the closed Export Industry Bank – Ayala Rufino.

"Please be informed that, based on verification/examination of available bank records, your account was issued in payment of the bank's rent expense/payable when the bank was experiencing problems in its cash position. The bank credited the payment of said rent expense/payable to your deposit instead of paying in cash.

"Therefore, it is not a deposit eligible for insurance as provided by Section 4(f) of R.A. 3591 as amended (The PDIC Charter), which provides that:

"... The term deposit means the unpaid balance of money or its equivalent received by a bank in the usual course of business..."

"In view of this, we regret to inform you that your deposit insurance claim on said account is DENIED. xxx"

Appalled, the petitioner filed a Request for Reconsideration^[5] with the PDIC dated September 21, 2012.

On August 5, 2013, the PDIC denied the petitioner's Request for Reconsideration, pertinent portions of which read:

"Bank records, which were certified and turned over by the former employees/officers of EIBI to PDIC, show that the said deposit account was funded through the booking of expenses, more particularly the payment of 'Rent Expenses', at a time when the bank's liquidity position was determined to be critically deficient. Hence, your claim for deposit insurance was denied pursuant to the mandate of Section 4(f) of R.A. 3591, as amended, otherwise known as the 'PDIC Charter', which states that:

'(f) The term 'deposit' means the unpaid balance of money or its equivalent **received by a bank** in the usual course of business xxx The Corporation shall not pay deposit insurance for the following accounts or transactions, whether denominated, documented, recorded or booked as deposit by the bank: xxx (2) Deposit accounts or transactions which are **unfunded**, or that are fictitious or fraudulent: xxx'

"On the other hand, PDIC RI No. 2011-03, which provides the '**Rules Governing Requests for Reconsideration of Denied Deposit Insurance Claims**', requires the claimant to present new fact/s that PDIC may consider in re-validating his/her claim that was already denied. We note that we did not receive any evidence/document from you that would negate the foregoing findings. Accordingly, without new and valid documents, which could negate the foregoing findings. Accordingly, without new and valid documents, which could negate the facts as borne by the records of EIBI, we are constrained to maintain the denial of the subject claim for deposit insurance pursuant to the above-cited provisions of the PDIC Charter."

Unstirred by the foregoing disposition of the PDIC, the petitioner filed the instant petition with this Court assigning the following errors purportedly committed by the PDIC, to wit:

I.

THE PDIC GRAVELY ABUSED ITS DISCRETION WHEN IT RULED THAT THE SAVINGS DEPOSIT ACCOUNT OF THE PETITIONER WAS NOT A DEPOSIT

ELIGIBLE FOR INSURANCE AS PROVIDED BY SECTION 4(f) OF REPUBLIC ACT NO. 3591, AS AMENDED.

II.

THE PDIC GRAVELY ABUSED ITS DISCRETION WHEN IT RULED THAT THE PETITIONER MAINTAINED THE SAVINGS DEPOSIT WITH EIBI DURING THE TIME WHEN THE LATTER WAS UNDERGOING FINANCIAL DISTRESS.

The sole question to be resolved in this case is whether the funds corresponding to rental payments which were directly accounted for by the Export and Industry Bank, Inc. through a bank account in the name of the petitioner are insurable deposits under the PDIC Charter and, as such, subject to claims for deposit insurance.

After a careful and judicious scrutiny of the whole matter, together with the applicable laws and jurisprudence in the premises, we find the instant petition to be devoid of merit.

The petitioner averred that the denial by the PDIC of its claims for deposit insurance was patently erroneous and without legal basis because there is no law or regulation that qualifies a savings deposit account for the purpose of claiming deposit insurance. According to the petitioner, the subject deposit account was treated by the bank in the same manner as any other regular deposit account as it was, in fact, even subjected to the same rules and regulations on interests, taxes and maintaining balance imposed by the bank in the ordinary or usual course of its business.

In order that a claim for deposit insurance with the PDIC may prosper, the law requires that a corresponding deposit be placed in the insured bank. This is implicit from a reading of the following provisions of Republic Act 3519 otherwise known as An Act Establishing the Philippine Deposit Insurance Corporation, Defining its Powers and Duties and for Other Purposes:

"Sec. 1. There is hereby created a Philippine Deposit Insurance Corporation . . . which shall insure, as provided, the deposits of all banks which are entitled to the benefits of insurance under this Act (Emphasis supplied).

xxx xxx xxx

"Sec. 10(a)

xxx xxx xxx

"(c) Whenever an insured bank shall have been closed on account of insolvency, payment of the insured deposits in such bank shall be made by the Corporation as soon as possible(Emphasis supplied.)

A deposit as defined in Section 3(f) of R.A. No. 3591, may be constituted only if money or the equivalent of money is received by a bank:

"Sec. 3. As used in this Act —

"(f) The term 'deposit' means the unpaid balance of money or its equivalent *received by a bank* in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking,