

the Register of Deeds to register the contract of lease executed by the Atlantic Gulf & Pacific Co. in favor of Smith, Bell & Co., Ltd. (*Smith, Bell & Co., Ltd. v. Register of Deeds, G. R. No. L-7084, October 27, 1954.*)

CRIMINAL LAW

ESTAFAS: ART 315, PARAGRAPH 1 (B), REVISED PENAL CODE, CONSTRUED; THE MERE FACT THAT THE ACCUSED HAS RECEIVED MONEY, GOODS, OR ANY OTHER PERSONAL PROPERTY IN TRUST OR ON COMMISSION, OR FOR ADMINISTRATION, OR UNDER ANY OTHER OBLIGATION INVOLVING THE DUTY TO MAKE DELIVERY OF OR TO RETURN THE SAME, WITHOUT ANY EVIDENCE SHOWING CONVERSION OR MISAPPROPRIATION OF SUCH MONEY, GOODS OR ANY OTHER PERSONAL PROPERTY, DOES NOT CONSTITUTE ESTAFAS.

This appeal has been brought to reverse a judgment of the Court of First Instance of Manila convicting the appellant of the crime of *estafa* and sentencing him accordingly.

The accused was president and general manager of Commercial Distributors Co., Inc., a domestic corporation engaged in the business of importation and exportation of merchandise. As such he had the power, among others, to execute on behalf of the corporation all contracts and agreements it might enter into.

Sometime in the year 1946, the Division of Purchase and Supply called for sealed bids to supply the Bureau of Printing with 2,000 reams of paper of the kind, class and color specified by the latter. Commercial Distributors took part in the bidding and the contract was finally awarded to it. To fill this order, Commercial Distributors, through the accused, placed with the China American Paper and Pulp Co., Inc., of New York City, an order for 2,000 reams of paper

of the kind, color and size specified by the Bureau of Printing, and to finance this purchase, it filed with the offended party, Philippine National Bank, an application for a commercial letter of credit in favor of that corporation for the sum of \$24,500.00. This application was approved upon the filing of a bond of P9,900.00. This bond was filed by the Manila Surety and Fidelity Co., Inc.

Shipments of iron-strapped wooden cases of printing paper shipped by the China American Paper and Pulp Co., Inc. and consigned to Commercial Distributors arrived in Manila subsequently. For these shipments, drafts were drawn by the China American Paper and Pulp Co., Inc. against the commercial letter of credit granted Commercial Distributors and were received by the Philippine National Bank together with the bill of lading, commercial invoice, and other shipping papers covering the shipment. The Philippine National Bank submitted the drafts to Commercial Distributors for payment, and the same having been accepted by the latter (which furthermore executed in favor of the former trust receipts under which it agreed to hold the merchandise covered by the shipment in storage as property of the bank, and to sell the same for its account and to deliver the proceeds thereof to the Philippine National Bank to be applied against its account), said bank indorsed the bill of lading, commercial invoice and other papers covering the shipment and delivered the same to the accused. On the strength of these papers, Commercial Distributors succeeded in landing the merchandise and delivering it to the Bureau of Printing.

Of the total value of the drafts above referred to, drawn against the commercial letter of credit granted by the Philippine National Bank in favor of Commercial Distributors for the merchandise covered by the trust receipts mentioned above, which were duly paid by said bank, Commercial Distributors paid to said bank the sum of \$23,806.01. The bank also confiscated the indemnity bond in the sum of P9,900.00 filed by the Manila Surety and Fidelity Co., Inc. and applied it to that account. On account of the total of said drafts, only \$28,751.01 was paid, leaving unpaid a balance of \$3,875.34 or P7,750.68.

Subsequently, Commercial Distributors executed in favor of the Philippine National Bank a deed of assignment of all its

rights, title and interests to the contract awarded to it by the Division of Purchase and Supply, and appointed that bank as its attorney in fact to receive the proceeds of the sale of the merchandise covered thereby and to apply the same to the payment of its obligations to said bank.

For the printing paper delivered by Commercial Distributors, the Bureau of Printing paid ₱62,524.33. Commercial Distributors did not turn over to the Philippine National Bank in their entirety all the different amounts it received from the Bureau of Printing.

Appellant was convicted under the provisions of Art. 315, par. 1(b) of the Revised Penal Code.²²

HELD: The Supreme Court has held in past decisions that there are four (4) essential elements to the crime of *estafa* defined in the above quoted codal provision, namely: (a) that the accused should have received the thing and not taken it from the owner thereof; (b) that the thing received be personal property susceptible of appropriation; (c) that the thing be received for safe-keeping or on commission, or for administration, or under any other obligation involving the duty to make delivery of or return the same; and (d) that there be misappropriation or conversion by the accused of the thing to the prejudice or injury of another.²³

The presence of the first three elements above referred to in the instant case is clear. There can be no question that under the terms of the trust receipts executed by the accused in favor of the Philippine National Bank the title to the merchandise covered thereby remained with the said bank until the former's obligation with the latter will have been paid in

²² "Art. 315. Swindling (*estafa*).—Any person who shall defraud another by any of the means hereinbelow shall be punished x x x:

1. With unfaithfulness or abuse of confidence, namely:

(b) By misappropriating or converting to the prejudice of another, money, goods, or any other personal property received by the offender in trust or on commission, or for administration, or under any other obligation involving the duty to make delivery of or to return the same, even though such obligation be totally or partially guaranteed by a bond; or by denying having received such money, goods, or other property."

²³ U. S. v. Sevilla, 43 Phil. 874; People v. Nepomuceno, 46 O. G. 6128.

full.²⁴ It is also clear that appellant received said merchandise, consisting of personal property susceptible of appropriation, for administration, with authority to sell them for cash and to deliver the proceeds thereof to the Philippine National Bank to be applied against the account of the former.

But the fourth element is not present. There is no evidence that the accused received personally the several treasury warrants issued by the Bureau of Printing in payment of the purchase price of said merchandise and personally applied such amounts to his personal benefit. The mere fact of delivery of said treasury warrants to Commercial Distributors is not sufficient to establish conversion of said amount by the accused. (*People v. Papagayo*, C. A.—G. R. No. 9456-R, July 2, 1954.)

LABOR LAW

WORKMEN'S COMPENSATION: WHERE THE CLAIMANTS WERE INFECTED WITH DISEASE PRIOR TO THEIR ENGAGEMENT BY THE COMPANY OR SUBSEQUENT THERETO OR DURING EMPLOYMENT, AN INFECTION, IF AGGRAVATED BY THE NATURE OF THE WORK, IS COMPENSABLE.

These are two petitions for *certiorari* consolidated into one decision, inasmuch as the petitioners in both cases are the same and the issues raised are identical.

Juan Reyes and Leocadio Braza, the employees and respondents herein, are sheller and boiler, respectively, of the employer and petitioner herein, Blue Bar Coconut Company. Reyes had been employed since 1947 and Braza since 1946, until they were laid off permanently on September 17, 1952, and October 27, 1952, respectively, after having shown symp-

²⁴ *People v. Yu Chai Ho*, 53 Phil. 874; *Philippine National Bank v. Viuda e Hijos de Angel Jose*, 63 Phil. 814. See also *Philippine Trust Receipts*, 4 *Ateneo Law Journal* 1.