

## The Untrustworthy Decision on Trust Receipts

*Jacinto Jimenez*

35 *ATENEO L.J.* 146 (1991)

*SUBJECT(S):* TRUST RECEIPTS, COMMERCIAL LAW

*KEYWORD(S):* TRUST RECEIPTS

This Comment examines the case of *Lee v. Rodil* (175 SCRA 100 (1989)) and its effect on trust receipts. In a trust receipt, the person signing the document consents to give to the bank the proceeds of the sale of goods covered by the trust receipt. The above-cited case essentially upheld the validity of Section 13 of Presidential Decree No. 115 which prescribes a penalty of imprisonment on persons who do not turn over to the bank the proceeds of the sale of goods covered by a trust receipt. The Author argues from the side of jurisprudence classifying trust receipt transactions as a type of loan which leads to his conclusion, that failure to comply with the obligations under a trust receipt should not be penalized with imprisonment and that the Supreme Court should decisively resolve the issue.