

## SECOND DIVISION

[ G.R. No. 185522, June 13, 2012 ]

**SAN MIGUEL CORPORATION, PETITIONER, VS. HELEN T. KALALO, RESPONDENT.**

### DECISION

**SERENO, J.:**

This Rule 45 Petition assails the Decision<sup>[1]</sup> and Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CR No. 30473. The CA affirmed the Decision<sup>[3]</sup> and Order<sup>[4]</sup> of the Regional Trial Court (RTC), Branch 45, Manila, in Crim. Cases Nos. 04-230278-84, which had in turn affirmed the Decision<sup>[5]</sup> of the Metropolitan Trial Court (MeTC), Branch 11, Manila, in Crim. Case No. 372535-41. The MeTC acquitted respondent Helen T. Kalalo ("Kalalo") of a violation of *Batas Pambansa Bilang 22*, or the Bouncing Checks Law, but ruled that she was civilly liable to petitioner San Miguel Corporation (SMC) for the amount of ₱71,009 representing the value of unpaid goods.<sup>[6]</sup>

As culled from the records, it appears that respondent Kalalo had been a dealer of beer products since 1998. She had a credit overdraft arrangement with petitioner SMC whereby, prior to the delivery of beer products, she would be required to issue two checks to petitioner: a blank check and a check to be filled up with an amount corresponding to the gross value of the goods delivered. At the end of the week, Kalalo and an agent of SMC would compute the actual amount due to the latter by deducting the value of the returned empty beer bottles and cases from the gross value of the goods delivered. Once they succeeded in determining the actual amount owed to SMC, that amount would be written on the blank check, and respondent would fund her account accordingly.<sup>[7]</sup>

In time, respondent's business grew and the number of beer products delivered to her by SMC increased from 200 to 4,000 cases a week. Because of the increased volume of deliveries, it became very difficult for her to follow and keep track of the transactions. Thus, she requested regular statements of account from petitioner, but it failed to comply.<sup>[8]</sup>

In 2000, SMC's agent required Kalalo to issue several postdated checks to cope with the probable increase in orders during the busy Christmas season, without informing her of the breakdown of the balance. She complied with the request; but after making several cash payments and returning a number of empty beer bottles and cases, she noticed that she still owed petitioner a substantial amount. She then insisted that it provide her with a detailed statement of account, but it failed to do so. In order to protect her rights and to compel SMC to update her account, she ordered her bank to stop payment on the last seven checks she had issued to

petitioner,<sup>[9]</sup> the details of which are as follows:<sup>[10]</sup>

| Bank of the Philippine<br>Islands (BPI) Check<br>No. | Date           | Amount              |
|--|----------------|---------------------|
| 0012825  | Sept. 16, 2000 | P 62,200.00         |
| 0008250  | Sept. 18, 2000 | 190,000.00          |
| 0012801  | Sept. 25, 2000 | 190,000.00          |
| 0012802  | Sept. 30, 2000 | 208,162.00          |
| 0012826  | Sept. 30, 2000 | 62,200.00           |
| 0012823  | Sept. 30, 2000 | 104,327.00          |
| 0012824  | Oct. 14, 2000  | 104,326.00          |
| <b>TOTAL</b>   |                | <b>P 921,215.00</b> |

On 19 October 2000, instead of updating the account of respondent Kalalo, petitioner SMC sent her a demand letter for the value of the seven dishonored checks.<sup>[11]</sup>

On 5 December 2000, and in the face of constant threats made by the agents of SMC,<sup>[12]</sup> respondent's counsel wrote a letter (the "Offer of Compromise") wherein Kalalo "acknowledge[d] the receipt of the statement of account demanding the payment of the sum of ₱816,689.00" and "submitt[ed] a proposal by way of 'Compromise Agreement' to settle the said obligation."<sup>[13]</sup>

It appears, however, that SMC did not accept the proposal. On 9 March 2001, it filed a Complaint against respondent for violating the Bouncing Checks Law.<sup>[14]</sup>

In the meantime, Kalalo kept reiterating her demands that SMC update her account. During trial, and after the prosecution had rested its case, petitioner finally complied. After tallying all cash payments and funded checks and crediting all returned empty bottles and cases, the Statement of Account showed that the net balance of the amount owed to petitioner was P71,009.<sup>[15]</sup> Respondent thereafter recanted her Offer of Compromise and stated that, at the time she had the letter prepared, she was being threatened by SMC agents with imprisonment, and that she did not know how much she actually owed petitioner.<sup>[16]</sup>

After trial on the merits, the MeTC rendered a Decision, the dispositive portion of which reads:

WHEREFORE, these cases are hereby dismissed and the accused is hereby acquitted of all the charges against her. However, it appearing that she still owes the private complainant, the accused is hereby ordered to pay the amount of P71,009.00 to private complainant.<sup>[17]</sup>

As the right against double jeopardy prevented an appeal of the criminal aspect of the case, SMC appealed only the civil aspect of the MeTC's Decision to the RTC. Petitioner claimed that it was entitled to the larger amount of P921,215.<sup>[18]</sup> After the parties submitted their respective Memoranda, the RTC found no reversible error

in the MeTC's Decision, dismissed the appeal of petitioner,<sup>[19]</sup> and denied the latter's Motion for Reconsideration.<sup>[20]</sup>

Dissatisfied with the RTC's Decision, SMC filed with the CA a Rule 42 Petition for Review, which was eventually dismissed by the appellate court.<sup>[21]</sup> Petitioner moved for reconsideration, to no avail.<sup>[22]</sup>

SMC thereafter filed this Rule 45 Petition before this Court.<sup>[23]</sup>

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

We deny the instant Petition and uphold the assailed Decision and Resolution of the appellate court.

#### **I**

#### **The Offer of Compromise may not be considered as evidence against respondent Kalalo.**

Petitioner argues that, in her Offer of Compromise, respondent "unequivocally admitted her liability to private complainant-appellant duly assisted by her counsel."<sup>[24]</sup>

We quote in full Kalalo's Offer of Compromise addressed to petitioner:

December 5, 2000

Mr. JOSELITO MANALO  
GENERAL MANAGER  
San Miguel Corporation  
Biglang Awa Street  
Caloocan City

Dear Sir:

My client, Ms. HELEN T. KALALO of No. 1055-A Dagupan Street, Tondo, Manila, hereby acknowledges the receipt of the Statement of Account demanding the payment of the sum of P816,689.00 representing her unpaid accounts.

The reason why she was not able to pay her accounts on time is because she had great difficulty in collecting from the following wholesalers:

- 1) MRS. EVELYN R. MONTILLA/MINES & LYN General Merchandise  
624 Chacon St., Tondo, Manila  
P413,444.50 amount of Pilsen, Red Horse and Grande Beers (full goods)  
P115,500.00 amount of empties.
- 2) Mr. DANIEL TOMAS/ MRS. FORTUNE TOMAS

Ladies and Rum Gen. Merchandizing (sic)  
1501 N. Zamora St., Tondo, Manila  
P150,000.00 amount of full goods, Pilsen and Red Horse beers.

She is respectfully submitting her proposal by way of "Compromise Agreement" to settle the said obligation:

Advance payment for the empties: P11,500.00  
Installment of P10,000.00 per month for the principal, then later on  
for the interest due.

Considering the economic crisis, she is hoping that her proposal merits your kind consideration and approval.

Very respectfully yours,

SGD  
Vicente G. Villamil  
Counsel for Helen T.  
Kalalo<sup>[25]</sup>

Contrary to petitioner's contention, the aforequoted letter does not contain an express acknowledgment of liability. At most, what respondent acknowledged was the receipt of the statement of account, not the existence of her liability to petitioner.

Furthermore, the fact that respondent made a compromise offer to petitioner SMC cannot be considered as an admission of liability. In *Pentagon Steel Corporation v. Court of Appeals*,<sup>[26]</sup> we examined the reasons why compromise offers must not be considered as evidence against the offeror:

First, since the law favors the settlement of controversies out of court, a person is entitled to "buy his or her peace" without danger of being prejudiced in case his or her efforts fail; hence, any communication made toward that end will be regarded as privileged. Indeed, if every offer to buy peace could be used as evidence against a person who presents it, many settlements would be prevented and unnecessary litigation would result, since no prudent person would dare offer or entertain a compromise if his or her compromise position could be exploited as a confession of weakness.

Second, offers for compromise are irrelevant because they are not intended as admissions by the parties making them. A true offer of compromise does not, in legal contemplation, involve an admission on the part of a defendant that he or she is legally liable, or on the part of a plaintiff, that his or her claim is groundless or even doubtful, since it is made with a view to avoid controversy and save the expense of litigation. It is the distinguishing mark of an offer of compromise that it is made tentatively, hypothetically, and in contemplation of mutual concessions.

<sup>[27]</sup> (citations omitted)