

[SYLLABUS]

[G.R. No. 111656, March 20, 1996]

MANUEL MANAHAN, JR., PETITIONER, VS. HON. COURT OF APPEALS AND PEOPLE OF THE PHILIPPINES, RESPONDENTS.

D E C I S I O N

VITUG, J.:

Petitioner Manuel L. Manahan, Jr., seeks, in a petition for review on *certiorari*, the reversal of the decision^[1] of the Court of Appeals affirming with modification the judgment of the Regional Trial Court of Makati, Branch 58,^[2] which has found him guilty beyond reasonable doubt of the crime of estafa.

On 10 May 1976, petitioner, as lessee, and IFC Leasing and Acceptance Corporation ("IFC"), as lessor, entered into an Equipment Lease Agreement (Contract No. LC - 2644) over an Isuzu dump truck (Motor No. E120-206525 and Serial No. TMK47E-1732972). The lease was for a period of thirty-six (36) months from May, 1976, at a monthly rental of P3,541.20 with an initial "deposit" of P24,000.00.^[3] The dump truck was delivered to petitioner on 30 April 1976.^[4] The parties, on 16 September 1976, entered into another Equipment Lease Agreement (Contract No. LC - 2729) over one unit of Kimco Hough JH65CN Payloader (Motor No. 10282261 and Serial No. JH65CN8484)^[5] to last for forty-eight (48) months beginning September of 1976 at a monthly rental of P5,311.80.^[6]

On 15 March 1977, IFC filed a complaint for a sum of money, with replevin and damages, against petitioner before the then Court of First Instance of Rizal (Civil Case No. 26078).^[7] IFC averred that petitioner had incurred "several defaults" and owed, in rentals and expenses, the sum of P160,110.18 as of 20 February 1977 on the lease of the dump truck and another P249,975.44 as of 05 March 1977 on the lease of the payloader. Aside from said amounts, IFC also prayed for 12% interest thereon, plus an equivalent of 20% of the sum, conformably with the terms of the two lease agreements.

On 03 April 1978, the court^[8] rendered a decision, the decretal portion of which stated:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendant (a) confirming the right of the plaintiff to the ownership and possession of the personal properties heretofore described; (b) ordering the defendant to pay the plaintiff:

"(1) On the first cause of action: The sum of P160,110.18, plus interest at 12% from February 20, 1977 until fully paid, and a further amount equivalent to 20% of the amounts due, as attorney's fees;

"(2) On the second cause of action: The sum of P249,975.44, plus interest thereon at 12% from March 5, 1977 until fully paid, and the further sum equivalent to 20% of the amount due as attorney's fees; and

"(c) To pay the costs.

"SO ORDERED."^[9]

It would appear that an execution of the decision was not pursued. Instead, on 23 June 1981, IFC's counsel, Attorney Jose Redoblado, sent a letter to petitioner about his still unsettled accounts under the two contracts. Since the demand had not been heeded, IFC, this time, charged petitioner with *estafa*. The information was filed on 15 March 1983 and raffled to Branch 58 of the Regional Trial Court of Makati, it read:

"That in or about and during the period from April 30, 1976 and September 7, 1976, in the Municipality of Makati, Metro Manila, Philippines and within the jurisdiction of this Honorable Court, the above-named accused, in accordance to a Lease Agreement received from IFC-LEASING AND ACCEPTANCE CORPORATION One (1) Unit Isuzu Dump Truck and One (1) Unit Kimco Hough JH65CN Payloader all valued at P110,000.00, with the obligation to pay rentals as agreed upon and to return the said equipments upon termination of the lease period, but accused far from complying with his obligation, with intent of gain, grave abuse of confidence and to defraud the herein complainant, did then and there willfully, unlawfully and feloniously misappropriate, misapply and convert to his own personal use and benefit the said equipments, and despite demands failed and refused and still fails and refuses to return the said equipments, to the damage and prejudice of said IFC-LEASING AND ACCEPTANCE CORPORATION, represented by one ARMANDO M. MARCELO, in the aforementioned amount of P110,000.00.

"Contrary to law."^[10]

When arraigned on 25 July 1983, petitioner pleaded "not guilty" to the charge.

At the trial, Melecio Rayosa, records custodian of the IFC, and Leonardo Gado, a security guard and liaison officer of the Bureau of Land Transportation ("BLT"), were presented by the prosecution at the witness stand. Rayosa identified the lease agreement covering the Isuzu dump truck^[11] and the delivery receipt showing that petitioner received the equipment on 30 April 1976.^[12] Rayosa said that the collection department of IFC demanded from petitioner the payment of unpaid monthly rentals, and that the demand was followed by a letter, dated 23 June 1981, of Atty. Redoblado to petitioner asking that the letter's separate accounts under the lease contracts be settled.^[13] Rayosa confirmed the civil case previously filed by IFC against petitioner.^[14] Gado testified, mainly, that the original registration certificate^[15] of the Isuzu dump truck was surrendered to the BLT.^[16]

Parenthetically, the payloader, the leased equipment under Contract No. LC-2729, would appear to have, in fact, been recovered by IFC and later disposed of by it.

Petitioner admitted having entered into the lease contracts with IFC, receiving the subject units and failing to return the dump truck.^[17] Apparently, the truck was subleased to one Mr. Gorospe for the hauling of aggregate materials. After the sublease was terminated, petitioner tried to retake possession of the unit but he was unsuccessful. Testimony was adduced that in June 1983, malefactors, numbering about ten persons, allegedly "men of Gorospe and Espino," dismantled the truck, loaded the parts into another truck, and left only its chassis. The matter was reported to the barangay captain but "nothing happened." Petitioner was furious when informed of the incident but there was not much, he said, that he could do.
^[18]

On 27 July 1989, the trial court rendered its decision convicting petitioner of estafa; hence -

"WHEREFORE, premises considered, the court finds the accused guilty beyond reasonable doubt and hereby sentences him to an indeterminate penalty of 8 years and 1 day of prison mayor as minimum to 10 years and 1 day of prison mayor as maximum and to indemnify the offended party the amount of P55,000.00 without subsidiary imprisonment in case of insolvency.

"SO ORDERED."^[19]

Petitioner appealed to the Court of Appeals contending, among other things, that the fourth element of the crime of estafa, namely, the misappropriation or conversion by the accused of the thing received to the prejudice of another, was not present in this case. He averred that his failure to return the dump truck was due to circumstances beyond his control, and that it was not he but other persons, particularly Gorospe and Espino and their men, who unlawfully detained the vehicle.
^[20]

On 21 May 1993, the Court of Appeals^[21] promulgated its decision which affirmed, except for the penalty which was modified, the trial court's judgment; thus:

"WHEREFORE, judgment is hereby rendered affirming the appealed decision, with the modification that the proper penalty which the appellant should suffer is the indeterminate penalty of four (4) years and two (2) months of prison correccional as minimum, to ten (10) years of prison mayor as maximum. Costs against appellant.

"SO ORDERED."^[22]

The appellate court ratiocinated that-

"Under Article 315, subdivision 4, paragraph 1(b) of the Revised Penal Code, the elements of estafa with abuse of confidence are:

"1) that money, goods, or other personal property be received by the offender in trust, or on commission, or for administration, or under any obligation involving the duty to make delivery of, or to return, the same;

"2) that there be misappropriation or conversion of such money or property by the offender, or denial on his part of such receipt;

"3) that such misappropriation or conversion or denial is to the prejudice of another;

"4) that there is a demand made by the offended party on the offender.

"xxx xxx xxx.

"All the foregoing elements are present in this case. The dump truck, a personal property was received by the accused who was under obligation to pay rentals as agreed upon and to return the said equipment upon the termination of the lease period. Accused did not return the equipment to the offended party as accused subleased it to a certain Mr. Gorospe, although accused has no authority to sub-lease the equipment to a third person. Granting therefore that Manuel Manahan, Jr. has no intention of defrauding the owner of the truck, accused certainly committed abuse of confidence when he sub-leased the equipment without the knowledge and consent of the owner. In sub-leasing the truck to Mr. Gorospe, accused assumed the right to dispose of it as if it is his (Viada, 446) thereby committing conversion.' (p. 3, Appealed Decision)

"The appropriation or conversion of money or property received, to the prejudice of the owner thereof, is the essence of estafa through misappropriation. The words 'convert' and 'misappropriate' connote an act of using or disposing of another's property as if it were one's own, or of devoting it to a purpose or use different from that agreed upon. (Saddul, Jr. vs. Court of Appeals, 192 SCRA 277).

"Appellant's contention that one element of estafa, that is, misappropriation or conversion, is not present in the case at bar, is untenable. It must be recalled that under the lease agreement entered into by and between complainant and appellant, any breach of the lease by the latter as lessee would entitle the lessor, upon demand, to the return and possession of the vehicle in question (Exh. 'A', p. 175, Records). Admittedly, appellant failed to pay the stipulated monthly rentals. Despite IFC's demand for the return of the vehicle and the decision rendered in its (IFC's) favor in Civil Case No. 26078, appellant, had failed to give the equipment back its rightful owner. From that time on, appellant Manahan could already be considered to have committed the crime of estafa. His allegation that he could not return the chattel because it had been taken by certain persons, namely, Mr. Gorospe and Capt. Espino, fails to persuade. He received IFC's demand letter on July 6, 1981 (p. 157, Records). The judgment in Civil Case No. 26078 confirming said corporation's right to ownership and possession of the subject leased equipment was rendered on April 3, 1978 (p. 191, *ibid.*).