



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

AARON CHRISTOPHER P. G.R. No. 253026
MEJIA,

Petitioner,

Present:

-versus-

LEONEN, J., Chairperson,
LAZARO-JAVIER,
LOPEZ, M.,
LOPEZ, J., and
KHO, JR., JJ.

PEOPLE OF THE PHILIPPINES,
Respondent.

Promulgated:

DEC 06 2023

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DECISION

LEONEN, J.:

When a special law penalizes an act coupled with a specific intent, it is necessary for the prosecution to prove such intent as an essential element of the offense.

This Court resolves a Petition for Review assailing the Decision¹ and Resolution² of the Court of Appeals, which affirmed the Decision³ of the Regional Trial Court, convicting Aaron Christopher Mejia (Mejia) of violation of Section 55.1(d) of Republic Act No. 8791, or the General

¹ Rollo, pp. 23–43. The December 13, 2019 Decision in CA-G.R. CR No. 42488 was penned by Associate Justice Marlene B. Gonzales-Sison, and concurred in by Associate Justices Maria Elisa Sempio Diy and Geraldine C. Fiel-Macaraig of the Special Tenth Division, Court of Appeals, Manila.

² Id. at 44–46. The July 28, 2020 Resolution in CA-G.R. CR No. 42488 was penned by Associate Justice Marlene B. Gonzales-Sison, and concurred in by Associate Justices Maria Elisa Sempio Diy and Geraldine C. Fiel-Macaraig of the Former Special Tenth Division, Court of Appeals, Manila.

³ Id. at 47–63. The June 14, 2018 Decision in Crim. Case No. R-MKT-16-02682-CR was penned by Presiding Judge Encarnacion Jaja G. Moya of Branch 146, Regional Trial Court, Makati City.

Banking Law of 2000, in relation to Section 66 of the same act and Section 36 of Republic Act No. 7653, or The New Central Bank Act.

Mejia worked as an appraiser for BPI Family Savings Bank (BPI Family Savings). BPI Family Savings underwent an internal audit where it discovered a straw-buying scheme and a foreclosure-rescue scheme. Found to be involved in said schemes were several accounts, where Mejia acted as the appraiser.⁴

One of these accounts belonged to a certain Baby Irene Santos (Santos), which involved a housing loan for the acquisition of a house and lot located in Antipolo City.⁵

Before approving the loan, BPI Family Savings conducted a verification of Santos's income and the collateral she offered. For this purpose, it relied on the appraisal report prepared by Mejia, where the property was valued at PHP 22,815,328.00.⁶ This became the basis of the approved loan amount granted to Santos worth PHP 18,253,062.40, which is 80% of the appraised value.⁷

Santos failed to pay the loan, and the account became delinquent. Due to the resulting default, BPI Family Savings filed for extrajudicial foreclosure. During the public auction of the property, BPI Family Savings only bid the amount of PHP 10,333,000.00, which is the latest fair market value according to the appraisal made by an external appraiser, Royal Asia Appraisal Corporation (Royal Asia Appraiser). This value is less than the loan amount granted to Santos. As a result of the foreclosure, BPI Family Savings lost PHP 7,920,062.00.⁸

The valuation in Mejia's appraisal report was arrived at largely because he indicated that the main building had two storeys, with a total floor area of 843.52 square meters.⁹

However, according to the appraisal report of Royal Asia Appraiser, the main building was only a one-storey reinforced concrete-framed building. Despite the noted elevation, it was still considered a one-storey building but a split-level type, which means that there were three to four steps leading to the next level.¹⁰ A two-storey building usually has two full floor-to-ceiling

⁴ *Id.* at 25.

⁵ *Id.* at 25-26.

⁶ *Id.* at 26.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 29.

¹⁰ *Id.* at 28.

heights. Thus, according to Royal Asia Appraiser, the total floor area of the main building was only 265 square meters.¹¹

BPI Family Savings's Appraisal Unit likewise conducted a valuation of the property, and the result showed that the floor area of the main building was only 244.81 square meters.¹²

There were also differences in the measurements of the garage, mini-store, restroom near the pool, bodega, and swimming pool. Below is a table comparing the measurements and valuations arrived at by the three appraisals:¹³

| Property | Mejia's appraisal | Royal Asia Appraiser | BPI Family Savings's Appraisal Unit |
|------------------------|----------------------|----------------------|-------------------------------------|
| Main building | 843.52 sqm | 265 sqm | 244.81 sqm |
| Garage | - | 64 sqm | 57.99 sqm |
| Mini-store | - | 20 sqm | - |
| Restroom near pool | - | 6 sqm | - |
| Bodega | - | - | 19.62 sqm |
| Swimming pool | 90 sqm | 45 sqm | 60 sqm |
| Number of storeys | 2 | 1 | 1 |
| TOTAL VALUATION | PHP 22,815,328.00 | PHP 10,333,000.00 | PHP 8,668,197.30 |

Mejia was charged of violating Section 55.1(d) of the General Banking Law of 2000, in relation to Section 66 of the same act and Section 36 of Republic Act No. 7653, or The New Central Bank Act. The Information against him read:

That on or about March 25, 2013, in the City of Makati, Philippines, accused, being then employed with complainant Bank of the Philippine Islands – Family Savings Bank as an in-house property appraiser, did then and there wilfully and unlawfully overvalue the appraisal of a property consisting of house and lot with swimming pool located at Lot 47 L-2-Q Maya Maya cor. Sunbird Drive, Victoria Valley Subdivision, Antipolo City, by reporting that the total appraised value of the property is P22,815,328 when in fact its appraised value is only P10,333,000, for the purpose of influencing the approval of the loan application of a certain Baby Irene S. Santos with the complainant and in fact complainant approved the latter's loan amounting to P18,253,062.40, in violation of the aforecited laws.

CONTRARY TO LAW.¹⁴

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* at 29–30.

¹⁴ *Id.* at 47.

For his defense, Mejia claimed that he characterized the building as “split-type, or having one and a half floors,” since some rooms may be accessed by going up several steps as they were elevated from the ground level.¹⁵ However, BPI Family Savings’s internal software did not recognize “1.5” as a valid number for floors, so he indicated “2” instead.¹⁶ He also said that his supervisor approved his appraisal report.¹⁷

The Regional Trial Court convicted Mejia after finding that he overvalued the property subject of the housing loan, after comparing his appraisal with those of Royal Asia Appraiser and BPI Family Savings’s Appraisal Unit.¹⁸ It ruled that although there were several factors that affected the grant of the loan, it was obvious that the grant of the loan was largely because of Mejia’s overvaluation of the property used as security.¹⁹

It also rejected Mejia’s explanation for considering the split-type building as a two-storey one. It faulted him for not clarifying in the remarks portion of his appraisal report that he only put in “2” because the software did not accept an input of “1.5,” knowing fully well that this figure will affect the valuation of the building.²⁰ Thus, it found that Mejia’s action had a direct effect on influencing the bank in accepting the property offered as security, which ultimately led to the approval of the loan application.²¹

According to the Regional Trial Court, this was a violation of the General Banking Law. Being a special law, it ruled that the acts prohibited under this law are *mala prohibita*, and therefore good faith or lack of criminal intent are not defenses.²² The dispositive portion of the Regional Trial Court’s Decision read:

WHEREFORE, in view of all the foregoing, the court finds the accused AARON CHRISTOPHER P. MEJIA GUILTY beyond reasonable doubt for violation of Section 55.1(d) of the General Banking Law of 2000 (R.A. 8791) and the court sentences him to suffer imprisonment with the indeterminate penalty of two (2) years [and] (1) day as minimum to three (3) years and one (1) day as maximum.

SO ORDERED.²³

¹⁵ *Id.* at 31.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.* at 61.

¹⁹ *Id.* at 61–62.

²⁰ *Id.*

²¹ *Id.*

²² *Id.* at 62.

²³ *Id.* at 62–63.

Mejia moved for reconsideration, but the Regional Trial Court denied his Motion. Hence, he appealed his conviction to the Court of Appeals.²⁴

The Court of Appeals dismissed Mejia's appeal. However, it disagreed with the Regional Trial Court's characterization of the punishable act as *malum prohibitum*. The Court of Appeals said that, while the General Banking Law is a special law, the provision under which Mejia was convicted does not automatically make a person criminally liable for any act of overvaluing. The law also requires that the same was done "for the purpose of influencing in any way the action of the bank."²⁵ Therefore, according to the Court of Appeals, the prohibited act is considered as *malum in se*.²⁶

Nevertheless, the Court of Appeals affirmed Mejia's conviction, finding sufficient evidence to establish his intent to influence BPI Family Savings to approve the loan application.²⁷ The Court of Appeals said that this was due to Mejia's misrepresentation that the building had two storeys despite knowing that it was merely split-type, which led to the inflation of the total floor area.²⁸

Quoting parts of Mejia's testimony during trial, the Court of Appeals found that "there were areas that [Mejia] accounted for twice on the assumption that the building had multiple floors. When [Jaybel] Castillon [(BPI Family Savings's Real Estate Appraisal Review Officer and Appraisal Section Head)] inspected the property, he noted that the elevated portion where the bedrooms were located was only one meter from the ground."²⁹ The spaces under the rooms which were only one meter off the ground should not have been considered as part of the total floor area of the building.³⁰

The Court of Appeals did not believe Mejia's explanation as to why he indicated "2" in the field asking how many storeys the building had. Agreeing with the Regional Trial Court, the appellate court found that Mejia's failure to disclose such an important information in the remarks portion of his appraisal report showed that he intended to influence the bank's decision regarding the loan application.³¹

The dispositive portion of the Court of Appeals Decision read:

²⁴ *Id.* at 34.

²⁵ *Id.* at 39.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at 40.

²⁹ *Id.* at 41.

³⁰ *Id.* at 41-42.

³¹ *Id.* at 42.

WHEREFORE, premises considered, the appeal is **DENIED**. The June 14, 2018 Decision of the Regional Trial Court, Branch 146, Makati City in Criminal Case No. R-MKT-16-02682-CR is **AFFIRMED**.

SO ORDERED.³²

Hence the present Petition was filed.

While agreeing that the offense is *malum in se*, petitioner argues that the Court of Appeals erred in ruling that all the elements of the offense are present.³³ More particularly, petitioner claims that it was not proven beyond reasonable doubt that he “acted with criminal intent to influence the private complainant in the approval of Santos’s loan application when [p]etitioner prepared and submitted his appraisal report.”³⁴

Petitioner maintains that no evidence was presented to show that he deliberately overvalued the property to influence the decision of BPI Family Savings with regard to the approval of the loan application. He says that it was the Court of Appeals that “supplied the missing element by declaring that (1) the intention to influence [BPI Family Savings] . . . is evident from the inflated floor area of the main building [and] (2) Petitioner misrepresented that the subject property had two storeys despite knowing that it was merely split-type[.]”³⁵

Moreover, petitioner insists that he acted in good faith when he prepared and submitted his appraisal report. He merely acted in the course of and within the scope of his job when he appraised the property. He recalls that the account was randomly assigned to him, and within one day of assignment, he conducted the onsite inspection. Three days later, he had already completed and submitted his report.³⁶ He also says that he submitted photographs of the property which could be used to verify the data he put in his report.³⁷

Petitioner likewise argues that he was justified to input “2” instead of “1.5” to indicate the number of storeys since the software used did not recognize fractions. If he had insisted on putting “1.5,” the report would not have produced any valuation since the software would not recognize the value.³⁸

³² *Id.*

³³ *Id.* at 11.

³⁴ *Id.* at 10.

³⁵ *Id.* at 12.

³⁶ *Id.* at 16.

³⁷ *Id.*

³⁸ *Id.* at 17.

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Lastly, petitioner also says that his report was actually approved by his immediate supervisor.³⁹

In its Comment, respondent Republic of the Philippines, through the Office of the Solicitor General, argues that violation of Section 55.1(d) of the General Banking Law is *malum prohibitum*, making proof of criminal intent unnecessary and good faith not available as a defense.⁴⁰ Mere violation of the provision makes the act punishable under the law.⁴¹

According to respondent, the prosecution has sufficiently established that petitioner violated Section 55.1(d) of the General Banking Law when he appraised the property at PHP 22,815,328.00, when the property was only valued by two independent appraisers, Royal Asia Appraiser and BPI Family Savings's Appraisal Unit, at PHP 10,333,000.00 and PHP 8,668,197.30, respectively. Petitioner's overvaluation of the collateral property was beyond double its value.⁴²

Moreover, petitioner's omission to note that the building was only 1.5 storeys high and not two storeys as he indicated only contributed to his act of overvaluing the property.⁴³

Even if criminal intent were necessary, respondent contends that this was sufficiently proven by the prosecution. It says that this can be inferred from the following: "the loan amount to be granted by [BPI Family Savings] was largely dependent on the valuation of the property offered as security; (2) the grossly inflated valuation made by the petitioner in contrast to those made by Royal Asia [Appraiser] and [BPI Family Savings]'s Appraisal Unit; (3) reporting that the property involved has two floors although the elevated portion thereof was only one meter above the ground and such space would not substantially add to the size of the building; and (4) petitioner's omission to include a notation that the property was a split-type building [to] let [BPI Family Savings] or his supervisor make the necessary correction[.]"⁴⁴

Finally, respondent argues that proof of petitioner's motive to influence BPI Family Savings was not necessary.⁴⁵

The issue to be resolved is whether petitioner Aaron Christopher P. Mejia is guilty of violating Section 55.1(d) of the General Banking Law, given his valuation of the property used as security for a housing loan application.

³⁹ *Id.*

⁴⁰ *Id.* at 195.

⁴¹ *Id.* at 197.

⁴² *Id.* at 198.

⁴³ *Id.* at 199.

⁴⁴ *Id.*

⁴⁵ *Id.* at 200-201.

We affirm the Court of Appeals Decision.

Section 55.1(d) of Republic Act No. 8791, or the General Banking Law of 2000, provides:

SECTION 55. *Prohibited Transactions.* —

55.1. No director, officer, employee, or agent of any bank shall —

....

(d) Overvalue or aid in overvaluing any security for the purpose of influencing in any way the actions of the bank or any bank[.]

The General Banking Law is a special law. While prohibited acts contained in special laws are generally considered *mala prohibita* and do not require proof of intent, this is not an absolute rule. What is controlling is the text of the law penalizing an act and whether the text makes a specific intent an essential element.

In *Bongalon v. People*,⁴⁶ this Court ruled that child abuse penalized under Republic Act No. 7610—a special law—requires a specific intent to “debase the intrinsic worth and dignity” of the child. This is considered an essential element of the offense, since Section 3(b)(2) of the said law defines child abuse as “any act by deeds or words which debases, degrades or demeans the intrinsic worth and dignity of a child as a human being.”⁴⁷

Moreover, the Information in *Bongalon* specifically alleged that the accused’s acts were committed to “demean the intrinsic worth and dignity” of the child victim, but specific intent was not proven beyond reasonable doubt.⁴⁸ Thus, the Court did not find Bongalon guilty of child abuse, but only of slight physical injuries, absent this specific intent required under the law.

In the same vein, the prohibited act for which petitioner is charged also requires specific intent. The provision states that the act of overvaluing property offered as security must be coupled with “the purpose of influencing in any way the actions of the bank or any bank.”⁴⁹ Thus, the Court of Appeals correctly ruled that not every act of overvaluation of property results in criminal liability. The specific intent to persuade a lending bank’s decision is an essential element that must be proven.

⁴⁶ 707 Phil. 11 (2013) [Per J. Bersamin, First Division].

⁴⁷ *Id.* at 20–21.

⁴⁸ *Id.* at 14–15, 20–21.

⁴⁹ Republic Act No. 8791 (2000), sec. 55.1(d).

Petitioner argues that there was no evidence presented to prove this intent. He claims that it was only the Court of Appeals which supplied this when it concluded that the intent was apparent simply because of the difference in measurements as compared to the two other appraisal reports.⁵⁰

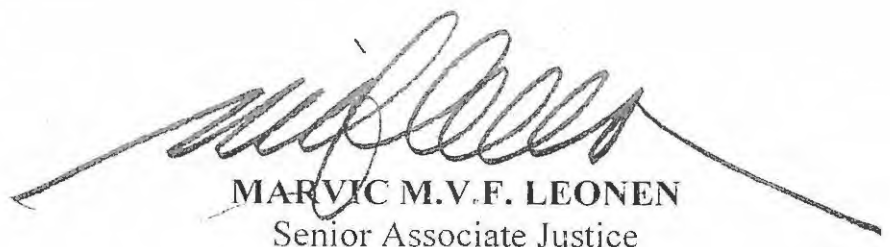
However, a review of the Court of Appeals Decision reveals that this is not the case. Several factors beyond the mere difference in measurements were considered; for one, the Court of Appeals noted the extent to which these numbers differed. The measurements found in the two other appraisal reports were more than thrice of that used by petitioner.

Moreover, petitioner's overinflated measurements can be attributed to his characterization of the property as a two-storey building when in fact it is not. He attempts to explain this by saying that the software they use does not recognize "1.5" for its field on the number of storeys, which would have been the more exact description of the property. However, this only shows he was aware that the measurements appearing on his appraisal report were inaccurate.

As noted by the Regional Trial Court and the Court of Appeals, if he indeed acted in good faith as he claims, he would have at least indicated in the remarks section of his report that the main building was a split-type and that the figures generated by the software might not have reflected the actual measurements of the property. As an appraiser, he knew fully well that his appraisal of the property would have a direct effect on the bank's decision in approving the loan. It could not have been a mere inadvertent omission on his part, since the resulting numbers were glaringly different from the actual measurements of the property.

ACCORDINGLY, the Petition for Review is **DENIED**. The December 13, 2019 Decision and July 28, 2020 Resolution of the Court of Appeals in CA-G.R. CR No. 42488 are **AFFIRMED**. Petitioner Aaron Christopher P. Mejia is found **GUILTY** beyond reasonable doubt of violation of Section 55.1(d) of the General Banking Law of 2000. He is sentenced to suffer imprisonment with an indeterminate penalty of two (2) years and one (1) day as minimum to three (3) years and one (1) day as maximum.

SO ORDERED.



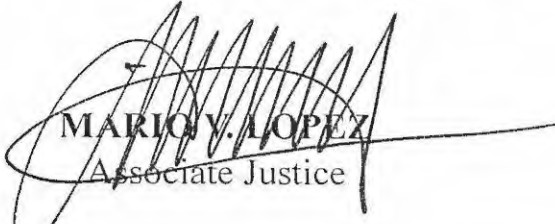
MARVIC M.V.F. LEONEN
Senior Associate Justice

⁵⁰ *Rollo*, p. 14.

WE CONCUR:




AMY C. LAZARO-JAVIER
Associate Justice



MARIQ V. LOPEZ
Associate Justice



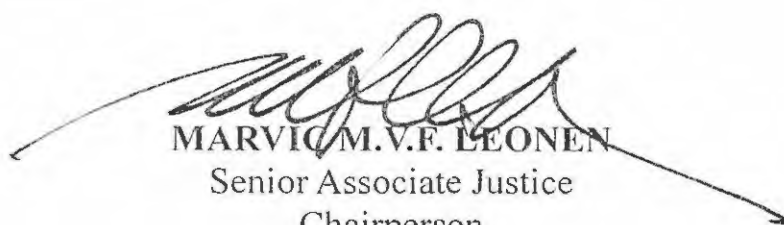
JHOSEP Y. LOPEZ
Associate Justice



ANTONIO T. KHO, JR.
Associate Justice

ATTESTATION

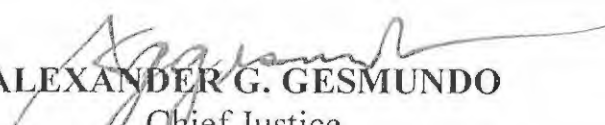
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ALEXANDER G. GESMUNDO
Chief Justice