



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated February 19, 2020 which reads as follows:*

**“G.R. No. 219909 – (Philippine Deposit Insurance Corporation v. Gilbert Dizon & Aileen Uy)**

Respondents Gilbert Dizon and Aileen Uy are the owners of a joint savings account (SA No. 5199-020878-5) with GMA Rural Bank of Cavite, Inc. which they opened sometime in October 2010.<sup>1</sup>

On February 3, 2011, the Bangko Sentral ng Pilipinas, through its Monetary Board issued a Resolution ordering the closure of GMA Bank and its receivership under petitioner Philippine Deposit Insurance Corporation (PDIC). Eventually, on September 29, 2011, the Monetary Board ordered GMA bank’s liquidation, with petitioner as liquidator.<sup>2</sup>

Due to GMA Bank’s closure, petitioners separately filed their claims for insurance with petitioner relative to SA No. 5199-020878-5.<sup>3</sup>

Petitioner denied the claims through letters both dated February 24, 2012,<sup>4</sup> viz:

Please be informed that based on verification/examination of available bank records, credits made to your account represent payment of BILLS PAYABLE expense. Said expense is an ordinary liability of the bank and does not fall within the meaning of deposit pursuant to Section 4 (f) of R.A. 3591, as amended (The PDIC Charter), which provides that:

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<sup>1</sup> *Rollo*, pp. 31-32.

<sup>2</sup> *Id.* at 32.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 61-62.

“...The term ‘deposit’ means the unpaid balance of money or its equivalent received by a bank in the usual course of business...”

x x x    x x x    x x x

Respondents submitted their requests for reconsideration.<sup>5</sup> Through Letter<sup>6</sup> dated July 11, 2012, petitioner required respondents to submit additional documents<sup>7</sup> to support their requests, otherwise, reconsideration is deemed to have been denied. Respondents, however, failed to submit the same.

### Court of Appeals’ Ruling

By Decision<sup>8</sup> dated February 11, 2015, the Court of Appeals ruled in favor of respondents and ordered petitioner to honor respondents’ claim for deposit insurance, *viz*:

**WHEREFORE**, premises considered, the petition is hereby **GRANTED**. The order of respondent PDIC, through the challenged Letters, is **NULLIFIED and SET ASIDE**. Accordingly, respondent PDIC is directed to pay and satisfy the insurance claims of petitioners relative to their GMA Bank Savings Account No. 5199-020878-5.

### SO ORDERED.

It held that respondents sufficiently established that they have an existing deposit - within the definition of the term under Section 4 (f) of RA 3591<sup>9</sup> - with GMA Bank at the time of its closure, and that

<sup>5</sup> *Id.* at 63-66.

<sup>6</sup> *Id.* at 67.

<sup>7</sup> For check deposit:

- Original and microfilm copy (front and back) of the negotiated check which funded the deposit; and
- Certification from the Bank where said check was deposited stating that the same was eventually encashed in favor of GMARBCI

For cash deposit:

- Original validated GMARBCI’s deposit slip or certified photocopy of official receipt or other documents showing inflow of funds to the bank; and
- Statement under oath of the former GMARBCI’s officer/employee stating the following:
  - I personally received the amount deposited for the above deposit account; and
  - In the event that payment is made to said account by PDIC, I will be held liable to any person who may be prejudiced by my representations, in addition to other liabilities, civil or criminal that may arise therefrom and further undertake to refund the amount paid including interested thereon, and indemnify PDIC of any losses or damages occasioned by such payment.

<sup>8</sup> Penned by Now Supreme Court Associate Justice Samuel H. Gaerlan and Associate Justices Normandie B. Pizarro and Zenaida T. Galapate-Laguilles; *rollo*, pp. 31-39.

<sup>9</sup> **Section 4.**

f. The term “deposit” means the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account, or issued in accordance with *Bangko Sentral* rules and regulations and other applicable laws, together with such other obligations of a bank, which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the bank: Provided, That any obligation

said deposit does not fall under any of the instances<sup>10</sup> where petitioner may validly refuse payment of a deposit insurance.<sup>11</sup>

Respondents presented their passbook for SA No. 5199-020878-5 showing that a deposit of One Million Five Hundred Thousand Pesos (₱1,500,000.00) was received by GMA Bank on October 4, 2010. The passbook also contained entries of the interests received by respondents on their deposit.<sup>12</sup> In contrast, petitioner's denial of respondents' claim for insurance was solely founded on four (4) promissory notes allegedly evidencing a loan transaction between the parties. Except for one,<sup>13</sup> the promissory notes lacked the signatures of the authorized signatories of GMA Bank.<sup>14</sup>

More, the entries in respondents' passbook enjoy the presumption of regularity for they were made in the regular course of GMA Bank's business. They are prima facie proof of what are stated therein – the date of the transactions, the amounts deposited or withdrawn, and the outstanding balances.<sup>15</sup> No evidence was presented to controvert the evidentiary weight of respondents' passbook.

By Resolution<sup>16</sup> dated July 22, 2015, petitioner's motion for reconsideration was denied.

### The Present Petition

Petitioner now seeks affirmative relief from the Court and prays that the assailed dispositions of the Court of Appeals be reversed.

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of a bank which is payable at the office of the bank located outside of the Philippines shall not be a deposit for any of the purposes of this Act or included as part of the total deposits or of insured deposit: Provided, further, That, subject to the approval of the Board of Directors, any insured bank which is incorporated under the laws of the Philippines which maintains a branch outside the Philippines may elect to include for insurance its deposit obligations payable only at such branch.

<sup>10</sup> The Corporation shall not pay deposit insurance for the following accounts or transactions, whether denominated, documented, recorded or booked as deposit by the bank:

1. Investment products such as bonds and securities, trust accounts, and other similar instruments;
2. Deposit accounts or transactions which are unfunded, or that are fictitious or fraudulent;
3. Deposit accounts or transactions constituting, and/or emanating from, unsafe and unsound banking practice/s, as determined by the Corporation, in consultation with the BSP, after due notice and hearing, and publication of a cease and desist order issued by the Corporation against such deposit accounts or transactions; and
4. Deposits that are determined to be the proceeds of an unlawful activity as defined under **Republic Act 9160**, as amended.

<sup>11</sup> *Rollo*, p. 36.

<sup>12</sup> *Id.* at 60.

<sup>13</sup> Promissory Note No. 2363; *rollo*, p. 57.

<sup>14</sup> *Id.* at 36.

<sup>15</sup> *Id.* at 37.

<sup>16</sup> *Id.* at 48.

Petitioner essentially argues that upon examination, it was discovered that respondents' joint savings account originated from "bills payable" due to petitioners. Thus, it must be considered as an ordinary obligation of the liquidated bank and not a deposit subject to deposit insurance. To entitle a deposit to payment of deposit insurance, the bank should receive money or its equivalent in the usual course of business. Here, GMA Bank borrowed ₱1,500,000.00 from respondents which was rolled over several times as evidenced by Promissory Note Nos. 2470, 2363 and 2467, with maturity dates July 5, 2010, August 4, 2010 and September 3, 2010, respectively. Upon maturity of the last promissory note (Promissory Note No. 4918 with maturity date October 4, 2010), GMA Bank, instead of paying its loan obligation, opened respondents' SA No. 5199-020878-5 with a balance of ₱1,500,000.00. Therefore, respondents' savings account is not a bank deposit but supposedly GMA Bank's payment of its loan to respondents. BSP Report of Examination shows that as of December 31, 2009 or less than a year prior to opening of SA No. 5199-020878-5, GMA Bank was already facing serious capital deficiency problems. Therefore, at the time SA No. 5199-020878-5 was opened, the same was unfunded.<sup>17</sup>

On the other hand, respondents basically riposte that on October 4, 2010, they made an initial deposit of ₱1,500,000.00 with GMA Bank as evidenced by their passbook for SA No. 5199-020878-5.<sup>18</sup> They opened their deposit with valuable consideration and GMA Bank received the same in the regular course of its business.

Whether GMA Bank used respondents' money for other purposes is immaterial to the claim for deposit insurance because respondents never had any knowledge of the inappropriate use of their deposit nor consented to or authorized such inappropriate use. The additional documents PDIC directed them to submit to support their insurance claim were impossible to obtain. Inasmuch as GMA Bank is now under the PDIC's own control, the latter has the documents it needs to determine the legitimacy of respondents' claim. Lastly, PDIC did not reveal the manner by which it purportedly verified respondents' saving account records, the documents examined and the justification for its conclusion that the joint savings account was a bills payable expense of GMA Bank.

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<sup>17</sup> *Id.* at 18.

<sup>18</sup> *Id.* at 65.

**Issue**

Did the Court of Appeals err in ruling that respondents are entitled to deposit insurance?

**Ruling**

We **DENY** the petition.

Section 4 of Republic Act No. 3591, otherwise known as the PDIC Charter, defines deposit as the unpaid balance of money or its equivalent received by a bank in the usual course of business and for which it has given or is obliged to give credit to a commercial, checking, savings, time or thrift account, or issued in accordance with *Bangko Sentral* rules and regulations and other applicable laws, together with such other obligations of a bank, which, consistent with banking usage and practices, the Board of Directors shall determine and prescribe by regulations to be deposit liabilities of the bank.<sup>19</sup>

Here, records show that respondents deposited with GMA Bank ₱1,500,000.00 under SA No. 5199-020878-5 as evidenced by a passbook which respondents submitted to PDIC in support of their claim for deposit insurance.

*Land Bank of the Philippines v. Oñate*<sup>20</sup> enunciates that entries in the passbook are *prima facie* proof of what are stated therein – the dates of the transactions, the amounts deposited or withdrawn, and the outstanding balances. It is therefore, incumbent upon PDIC to prove that the deposit account in issue was irregularly made *i.e.* the savings account being unfunded or the creation of the savings account was without any consideration. This, PDIC failed to do.

In *Philippine Deposit Insurance Corporation v. Court of Appeals*,<sup>21</sup> the Court decreed that the fact that no actual money in bills and/or coins was handed by respondents to the insured bank does not mean that the transactions on the new Golden Time Deposits (GTDs) did not involve money and that there was no consideration therefor. Too, PDIC's failure to overcome the presumption that the GTDs were made in the regular course of business entitled respondents to deposit insurance, thus:

For the outstanding balance of respondents' 71 GTDs in Manila Banking Corporation (MBC) prior to May 26, 1987 in the

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<sup>19</sup> Section 4, RA 3591.

<sup>20</sup> 724 Phil. 564, 591-592 (2014).

<sup>21</sup> 450 Phil. 233, 241-242 (2003).

amount of ₱1,115,889.15 as earlier mentioned was *re-deposited* by respondents under 28 new GTDs. Admittedly, MBC had ₱2,841,711.90 cash on hand — more than double the outstanding balance of respondents' 71 GTDs — at the start of the banking day on May 25, 1987. Since respondent Jose Abad was at MBC soon after it opened at 9:00 a.m. of that day, petitioner should not presume that MBC had no cash to cover the new GTDs of respondents and conclude that there was no consideration for said GTDs. Petitioner having failed to overcome the presumption that the ordinary course of business was followed, this Court finds that the 28 new GTDs were deposited "in the usual course of business" of MBC.

As liquidator of GMA Bank, PDIC has access to all documents relative to the bank's business and transactions, including pertinent bank records of the alleged loan and payment-through-deposit transactions between respondents and GMA Bank. It should have presented credible documents that GMA Bank did not, in fact, receive any amount for the opening of respondents' savings account to justify denial of their claim for deposit insurance.

Too, PDIC did not, as it could not, deny that the passbook submitted by respondents is an authentic and legitimate document. The opening of the said savings account enjoys the presumption that the same was opened in the ordinary course of business, hence, must be paid.

All told, the Court of Appeals did not err in directing PDIC to pay respondents' claim for deposit insurance relative to SA No. 5199-020878-5.

**SO ORDERED."**

Very truly yours,

  
**LIBRADA C. BUENA**  
Division Clerk of Court *ft 2/12*

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OFFICE OF THE GOVERNMENT  
CORPORATE COUNSEL  
Counsel for Petitioner  
3<sup>rd</sup> Floor, MWSS Administration Building  
Katipunan Avenue, 1108 Quezon City

OFFICE OF THE GENERAL COUNSEL  
PHILIPPINE DEPOSIT INSURANCE  
CORPORATION  
Collaborating Counsel for Petitioner  
SSS Building, Ayala Avenue  
corner V.A Rufino Street, 1200 Makati City

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Manila  
(CA-G.R. SP No. 126606)

LOZADA & TIBLANI LAW OFFICES  
Counsel for Respondents  
Unit B- 12<sup>th</sup> Floor, The World Centre Building  
330 Sen. Gil Puyat Avenue  
1200 Makati City

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