



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated January 26, 2021 which reads as follows:

“G.R. No. 224426 – (SPOUSES ARMANDO M. VILLACIN and MA. FLORENCE P. VILLACIN, *petitioners* v. OFELIA BARLAAN, *respondent*). – This is a petition for review on *certiorari*¹ under Rule 45 of the Rules of Court seeking to annul and set aside the Decision² dated May 13, 2015 and Resolution³ dated April 7, 2016 issued by the Court of Appeals (CA) in CA-GR. CR No. 02161. The CA Decision, affirmed by its Resolution, partially reversed the Decision⁴ dated September 12, 2012 and Order dated June 11, 2013⁵ of the Regional Trial Court (RTC) of Cebu City, Branch 9, in Criminal Case No. CBU-94571. The CA reversed the conviction of Armando M. Villacin and Ma. Florence P. Villacin (spouses Villacin) for violation of *Batas Pambansa* (B.P.) Blg. 22 but affirmed their civil liability for the value of the dishonored check. The instant appeal covers only the assailed order holding spouses Villacin civilly liable.

After a thorough review of the case, the petition is denied for failure to show any reversible error in the CA Decision and Resolution to warrant the exercise of this Court’s appellate jurisdiction.

¹ *Rollo*, pp. 4-27.

² *Id.* at 31-41; penned by Associate Justice Gabriel T. Ingles, with Associate Justices Marilyn B. Lagura-Yap and Jhosep Y. Lopez (now a Member of this Court).

³ *Id.* at 44-45; penned by Associate Justice Gabriel T. Ingles, with Associate Justices Marilyn B. Lagura-Yap and Gabriel T. Robeniol.

⁴ *Id.* at 110-112; penned by Presiding Judge Alexander N.V. Acosta.

⁵ *Id.* at 113-114.

The Facts

Spouses Villacin issued the Bank of Commerce Check No. 11342 dated September 20, 1998⁶ (BOC Check) in favor of Ofelia Barlaan (Barlaan) in the amount of ₱1,366,575.00 as payment for the money they borrowed from her. This amount covered Barlaan's deposit in Asian Lending Investors which spouses Villacin took without her consent, and the money she gave to them for a business project that did not materialize.⁷

Barlaan deposited the BOC Check to her account in Philippine National Bank (PNB) – Osmeña Branch but was surprised that it was dishonored. She attempted to deposit it again, but it was similarly dishonored for the reason “Drawn Against Insufficient Funds.” She thereafter sent a demand letter to spouses Villacin through registered mail which was received by their son, Michael Rio Villacin.⁸

Spouses Villacin failed to pay the BOC Check despite the demand letter sent by Barlaan. Barlaan was thus constrained to file a criminal complaint against them for violation of B.P. 22. An Information was eventually filed with the Municipal Trial Court in Cities (MTCC) of Cebu City, Branch 7, and the criminal case was docketed as Criminal Case No. 94643-R.⁹ The accusatory portion of the Information states:

That on or about the month of September 1998, and for sometime prior or subsequent thereto, in the City of Cebu, Philippines, and within the jurisdiction of this Honorable Court, the said accused, conniving, confederating together and mutually helping one another, knowing at the time of the issuance of the check, they do not have sufficient funds in or credit with the drawee bank for the payment of such check in full upon its presentment, with deliberate intent, with intent of gain and of causing damage did then and there issue, make or draw *Bank of Commerce Check No. 11342 dated September 29, 1998, in the amount of Php1,366,575.00 payable to Ofelia Barlaan*, which check was issued in payment of an obligation, but which check when presented with the bank for payment, the same was dishonored for the reason of “Drawn Against Insufficient Funds” and inspite (sic) notice dishonor and demands made to make good the check or replace the same with cash, accused failed and refused

⁶ Id. at 138.

⁷ Id. at 32.

⁸ Id.

⁹ Id.

and still fails and refuses to do so, to the damage and prejudice of said Ofelia Barlaan in the amount aforestated.

CONTRARY TO LAW.¹⁰

Spouses Villacin, assisted by counsel, pleaded not guilty during their arraignment. Trial on the merits ensued.¹¹

MTCC Ruling

The MTCC rendered its Judgment¹² dated October 21, 2011 convicting spouses Villacin of violation of B.P. 22 and holding them civilly liable to pay the BOC Check:¹³

WHEREFORE, the COURT finds both accused, ARMANDO VILLACIN and MA. FLORENCE VILLACIN, GUILTY beyond reasonable doubt of violating Batas Pambansa Bilang 22 as defined and penalized under Sec. 1 of Batas Pambansa Blg. 22 and hereby sentences both accused to pay jointly and severally the following:

- a) ***One Million Three Hundred Sixty[-]Six Five Hundred Seventy Five (Php1,366,575.00) Pesos, representing the total value of the check;***
- b) ***A fine of Two Hundred Thousand (Php200,000.00) PESOS or subsidiary imprisonment of thirty (30) days in case of insolvency[:] and***
- c) ***Ten Thousand (Php10,000.00) Pesos as attorney's fees.***

SO ORDERED.¹⁴ (Emphasis in the original)

The MTCC noted that spouses Villacin's contention that the BOC Check was already paid is not tenable sans proof of payment thereof."¹⁵

Aggrieved, spouses Villacin appealed the MTCC Decision to the RTC. The appeal was docketed as Criminal Case No. CBU-94571.

¹⁰ Id. at 33-34.

¹¹ Id. at 33.

¹² Id. at 115-118.

¹³ Id. at 118.

¹⁴ Id. at 118.

¹⁵ Id. at 117.

RTC Ruling

The RTC issued its Decision dated September 12, 2012¹⁶ denying spouses Villacin's appeal and affirming their conviction for violation of B.P. 22 and civil liability to pay the amount of the BOC Check:

WHEREFORE, premises considered, the instant appeal is hereby DISMISSED and the Decision ,dated, (sic) October 2, 2012 by the Municipal Trial Court (MTC), Branch 7, Cebu City is AFFIRMED with a modification, that is, the accused-appellants are hereby ordered to pay jointly and severally to the private complainant in addition to the fine imposed, the amount of One Million Three Hundred Sixty Six Thousand, Five Hundred Seventy Five (PhP1,366,575.00) Pesos, representing the value of the check that is yet unpaid, with interest thereon at 12% per annum from November 25, 1998 until the amount is fully paid, and to pay the cost of these suits.

SO ORDERED.¹⁷

The RTC held that based on spouses Villacin's own letters to Barlaan, they have admitted their indebtedness under the dishonored BOC check and their failure to pay and settle it:

In addition, the admission of the accused of their indebtedness to the private complainant; their request for a period of time to settle their obligation and their plea to the private complainant not to deposit the check as they will change it with a new one plus the interest due, as shown in the three (3) letters dated, September 19, 1998; October 6, 1998; and October 15, 1998 (Exh. "WW"; "XX"; and "UU") prepared and signed by accused Armando Villacin, clearly established that the check subject matter of the instant case has not yet been paid and settled by the accused, thus, the same belies the claim of the accused that they have already settled and paid the subject check.¹⁸

Spouses Villacin filed a Motion for Reconsideration¹⁹ of the RTC Decision but was denied through the RTC Order dated June 11, 2013.²⁰

¹⁶ Id. at 110-112.

¹⁷ Id. at 112.

¹⁸ Id. at 111.

¹⁹ Id. at 119-133.

²⁰ Id. at 113-114.

Spouses Villacin appealed the RTC Decision and Order to the CA.

CA Ruling

The CA issued its now assailed Decision dated May 13, 2015²¹ which partially granted spouses Villacin's appeal. The CA reversed spouses Villacin's conviction for violation of B.P. 22 on the ground that there was no valid receipt by them of the Notice of Dishonor sent through registered mail. However, it held that their acquittal did not absolve them from their civil liability to pay the dishonored BOC Check. The dispositive portion of the CA Decision reads:

WHEREFORE, the petition is hereby PARTIALLY GRANTED. The petitioners' conviction for the crime of Batas Pambansa Bilang 22 is hereby REVERSED and SET ASIDE for lack of proof beyond reasonable doubt. The petitioners' civil liability adjudged by the Regional Trial Court of Cebu City Branch 9 in its Decision dated September 12, 2012 in Criminal Case No. CBU-94571 is hereby AFFIRMED.

SO ORDERED.²²

The CA reiterated the RTC finding that there was no evidence on record to support spouses Villacin's claim that paid the BOC Check aside from their own self-serving list of debts and payments:

The petitioners' contention that they had already paid the check subject matter of this case is **not supported by the evidence on record**, especially since the petitioners failed to present the checks purportedly issued by Texta Industries, Inc. as replacement for the petitioners' dishonored check. The accounting of the private complainant's collectible *vis-a-vis* the payments purportedly made by petitioners submitted before the trial court and now presented before us in this petition are of **little or no value for being self-serving and unsupported by other documentary evidence** besides the purported listing of debts and payments.²³ (Emphasis and underscoring supplied)

²¹ Id. at 31-41.

²² Id. at 40-41.

²³ Id. at 40.

Spouses Villacin sought reconsideration of the CA Decision but was denied through the CA Resolution dated April 7, 2016.²⁴

Hence, the instant petition.

Barlaan filed a Comment²⁵ to the petition, to which spouses Villacin filed a Reply.²⁶

Issue

The sole issue in this case is whether or not the CA committed reversible error in holding spouses Villacin civilly liable to Barlaan for the amount of the dishonored BOC Check.

Ruling of the Court

Spouses Villacin in their petition merely reiterated the arguments they raised in the lower courts that they paid and settled their obligation under the BOC Check through legal compensation/set off. A new argument belatedly interposed on appeal is that they should not be held liable for the BOC Check as mere corporate officers of Texta Industries Inc. (Texta).

Spouses Villacin primarily claimed that the BOC Check was recalled and replaced by the PNB Check dated July 30, 1998 in the amount of ₱1,000,000.00 issued by Mr. Chen Jung (Jung), a foreign investor who purchased 40% of Texta shareholdings. The recall of the BOC Check was allegedly necessitated by the election of new members of the Board of Directors and officers of Texta, and the appointment of new bank signatories resulting from Jung's investment. Hence, the obligation evidenced by the BOC Check was already extinguished when Barlaan accepted and encashed the PNB Check. However, it is their claim that despite encashment, Barlaan refused to return the BOC Check.²⁷

²⁴ Id. at 44-45.

²⁵ Id. at 399-414.

²⁶ Id. at 435-455.

²⁷ Id. at 448-454.

They further alleged that their indebtedness to Barlaan was settled through previous payments made to her on March 31, 1998 and June 30, 1998, and the legal compensation of the amount Barlaan owed them for the board and lodging expenses of her two sons who stayed in their house in Cebu City during their schooling days. Consequently, it was in fact Barlaan who was indebted to them on account of their overpayment. This was summarized in the Account Reconciliation on Barlaan Statement²⁸ prepared by spouses Villacin quoted as follows:

SUMMARY OF PAYMENTS MADE BY SPS. ARMANDO AND MA. FLORENCE VILLACIN TO OFELIA BARLAAN AS A SETTLEMENT TO TEXTA INDUSTRIES INC. CHECK NO. 000001342 IN THE AMOUNT OF P1,365,575.00 AS OF JULY 20, 1998

MARCH 31, 1998 – Paid the loan of Ofelia B. in Asian Lending	₱ 485,700.00
JUNE 30, 1998 – Paid UCPB check no. 0005210404	₱ 200,000.00
JULY 20, 1998 – Paid Ofelia B. the check of Mr. Chen	₱ 1,000,000.00
OVERPAYMENT BEFORE OFFSETTING	₱ 1,685,700.00
Offsetting of O. Barlaan's payables to the VILLACINS for Board and Lodging of her two sons.	₱ 420,000.00
TOTAL OVERPAYMENT	₱ 2,105,700.00²⁹

The petition is denied.

The CA committed no reversible error in affirming the rulings of the RTC and MTCC that spouses Villacin remained civilly liable for the dishonored BOC Check. It cannot be denied based on the evidence on record that spouses Villacin are civilly liable to Barlaan for the BOC Check. They cannot avoid this liability by making self-serving and unsubstantiated claims of payment or hiding behind the corporate fiction of Texta.

²⁸ Id. at 136.

²⁹ Id. at 137.

**Spouses Villacin Admitted Their
Indebtedness and Failure to Pay the
Dishonored BOC Check.**

Spouses Villacin in their Letter³⁰ dated September 19, 1998 to Barlaan admitted their indebtedness to her under the BOC Check and even requested for an extension of time to settle it in exchange for the payment of interest:

MR. PRIMO & OFELIA BARLAAN
Camiguin, Philippines

Dear Mr. and Mrs. Barlaan:

In view of the delay of remittances for the funding of our Bank of Commerce check # 11342 in the amount of One million three hundred sixty[-]six thousand five hundred seventy five pesos (P1,366,575.00) dated September 20, 1998, **we would like to extend the due date to October 20, 1998 and pay the corresponding interest thereof.**

In this regard, **please do not deposit the check as we will change it with a new check plus the interest due.**

Thank you very much.

Respectfully yours,

(signed)

Mr. Armando Villacin³¹

Another admission was made in spouses Villacin's subsequent Letter³² dated October 6, 1998 to Barlaan where they guaranteed that the repayment of Barlaan's account would be their top priority:

³⁰ Id. at 423.

³¹ Id. Emphasis and underscoring supplied.

³² Id. at 424.

Mrs. OFELIA BARLAAN
Kugita, Mambajao
Camiguin, Island

Dear Mrs. Barlaan,

We again would like to request as we have conveyed to you in our last letter dated September 29, 1998 **that we be given time to put in place the funds in our accounts** as we are still in the process of rehabilitating and reorganizing our companies[.]

A new set of officers has been elected and new signatories will be put in place.

You may have noted that we have put aside the legal issues on this transaction and have acceded to your request in all humility, we therefore will again appeal to you for your kind consideration and merit our request with your favorable response as we value more the relationship we have built through the years.

Rest assured your account is in our top priority to be liquidated.

Thank you.

Respectfully yours,

(signed)
ARMANDO M. VILLACIN³³

A third admission was made by spouses Villacin in their Letter³⁴ dated 15 October 1998 where they explicitly recognized their “obligation” to Barlaan and promised to settle this account as soon as funds will be in place:

Mrs. OFELIA BARLAAN
Kugita, Mambajao
Camiguin, Island

Dear Mrs. Barlaan,

We write you again **to ask you for your kind consideration on our obligation to you.**

³³ Id. Emphasis and underscoring supplied.

³⁴ Id. at 425.

Our financial advisors, has conveyed to us that our direct funder has approved our request and will remit the funds in a months time (sic) as soon as all the documents are signed.

We hope to settle our account with you as soon as the funds will be in place.

We really need your help this time. You promise us that in case we need help we can count on you.

Thank you.

Respectfully yours,

(signed)
ARMANDO M. VILLACIN³⁵

These letters are clear proof that spouses Villacin admitted their indebtedness to Barlaan under the BOC Check and that they have not yet settled or paid this. They are legally bound by their admissions and cannot renege on their obligation absent any compelling and justifiable reasons.

Spouses Villacin Failed to Sufficiently Prove That They Settled Their Indebtedness for the Dishonored BOC Check.

It is axiomatic that the party who pleads payment as a defense has the burden to prove it. A mere allegation of payment is not evidence, and the person who alleges it must prove it with the requisite quantum of evidence.³⁶ Parties must also rely on the strength of their own evidence and not upon the weakness of the other party's.³⁷

In this case, spouses Villacin's claims and evidence presented to prove their alleged payment to Barlaan cannot be given credence.

³⁵ Id. Emphasis and underscoring supplied.

³⁶ *Tan v. Hosana*, 780 Phil. 258, 267 (2016).

³⁷ *Sps. Ramos v. Obispo*, 705 Phil. 221, 229 (2013); *Go Tong Electrical Supply Co., Inc. v. BPI Family Savings Bank, Inc.*, 762 Phil. 89, 101 (2015).

It must be emphasized that the BOC Check dated September 20, 1998 was issued to Barlaan in August 1998. This fact was not refuted by spouses Villacin and was the subject of Barlaan's testimony during her direct examination on July 24, 2002, quoted as follows:

ATTY DACUMOS (Continuing)

Q Now, Ms. Barlaan, I call your attention to August 1998, do you recall of any unusual incident or transaction that transpired on that month?

A Yes, they issued a check to me dated September 20, 1998 in the amount of P1,366,575.00.

Q And do you know the reason why the check was issued to you?

A The check was made as payment for the money they borrowed.

Q I show to you the Bank of Commerce Check No. 0000011342 dated September 20, 1998 payable to the order of Ofelia Barlaan in the amount of P1,366,575.00, is this the check you are referring to?

A Yes, sir.³⁸

This fact alone makes spouses Villacin's argument that they made previous payments to Barlaan to cover the BOC Check highly doubtful. It is illogical to claim that payments made by spouses Villacin on 31 March 1998 and 30 June 1998, and even the PNB Check on 30 July 1998, were intended to pay for the BOC Check which was issued on a later date in August 1998. If these payments were truly intended to pay off the debt covered by the BOC Check, then the BOC Check would not have been issued to begin with.

The CA thus correctly held in its Resolution that the previous payments made by spouses Villacin were for separate and unrelated transactions and are irrelevant to the BOC Check:

Petitioners belabor the loan payments supposedly made by them on March 1998 for the account of the private complainant Ofelia Barlaan with Asian Lending as well as the unpaid board and lodging for the private complainants' sons stay with the petitioners from the years 1992 to 1996. However, these are totally separate and unrelated to the transaction which precipitated the issuance of the check subject matter of this case and are therefore irrelevant.³⁹ (Emphasis and underscoring supplied)

³⁸ *Rollo*, p. 409.

³⁹ *Id.* at 45.

Moreover, spouses Villacin's claim that the PNB Check issued by Jung settled their debt covered by the BOC Check is without merit.

As held by the CA, spouses Villacin failed to present sufficient evidence of the PNB Check. Not even a copy of the PNB Check was presented by them in evidence. There was also no proof adduced on the circumstances or transactions surrounding the issuance of the PNB Check. In the absence of such evidence, there is no basis for the Court to consider or give evidentiary value to the PNB Check, much less conclude that it paid for the debt covered by the BOC Check. Spouses Villacin's claim of payment through the PNB Check is therefore a self-serving and unsubstantiated allegation that deserves scant consideration.⁴⁰

The Court further stresses that spouses Villacin's own evidence belies their claim that the PNB Check intended to replace and pay for the BOC Check. Firstly, as previously established, the PNB Check dated **July 30, 1998** was issued *before* the issuance of the BOC Check in **August 1998**. It is unbelievable that the PNB Check would be issued to replace the BOC Check which was not yet even in existence.

Secondly, spouses Villacin alleged that the BOC Check was recalled and replaced because of the change in authorized Texta bank signatories. This argument is untenable and also negated by spouses Villacin's own evidence.

Spouses Villacin offered in evidence the Texta Board Resolution No. 98-004 dated October 3, 1998 proving that the change of its directors and officers occurred during the Regular Meeting of the Board of Directors on October 3, 1998. It was also only through the Texta Memo dated October 3, 1998 that an order was made to recall all checks and have these replaced. The pertinent Texta Memo states:

TO : ALL CONCERNED
FROM : The Office of the Corporate Secretary of
Texta Industries, Inc.
DATE : October 3, 1998
SUBJECT : As Stated

⁴⁰ Id. at 40.

Enclosed is a copy of the Board Resolution confirming the elections of the new Board Members and Corporate Officers, the acceptance of the retirement of Ma. Florence Villacin as President and the **recall of signatory status of Ma. Florence Villacin** as a consequences (sic). In view of the above, **we are recalling all checks issued by her for replacement of new checks** bearing the signatures of new authorized signatories.

For your information.

Thank you.⁴¹

This glaringly contradicts spouses Villacin's claim that the PNB Check was issued to replace the BOC Check. This would have been impossible since the PNB Check dated **July 30, 1998** was issued **before** the order to recall checks by Texta on **October 3, 1998**. The PNB Check could not have possibly been intended to replace the BOC Check because there was no call yet for the recall and replacement of checks at the time of its issuance.

It cannot be denied from the foregoing that spouses Villacin failed to present sufficient evidence that they have settled their indebtedness under the BOC Check.

Legal Compensation/Set-off Is Not Proper.

Legal compensation has been defined as a mode of extinguishing obligations between two persons in their capacity as principals and mutual debtors and creditors of each other with respect to equally liquidated and demandable obligations to which no retention or controversy has been timely commenced and communicated by third parties.⁴²

The requisites of legal compensation are enumerated under Article 1279 of the Civil Code, to wit:

Art. 1279. In order that compensation may be proper, it is necessary:

⁴¹ Id. at 134.

⁴² *Union Bank of the Philippines v. DBP*, 725 Phil. 94, 106 (2014).

- (1) That each one of the obligors be bound principally, and that he be at the same time a principal creditor of the other;
- (2) That both debts consist in a sum of money, or if the things due are consumable, they be of the same kind, and also of the same quality if the latter has been stated;
- (3) That the two debts be due;
- (4) That they be liquidated and demandable;
- (5) That over neither of them there be any retention or controversy, commenced by third persons and communicated in due time to the debtor.

A debt is deemed liquidated when its existence and amount is determined with finality.⁴³ If all the requisites under Article 1279 are present, legal compensation takes effect by operation of law and extinguishes both debts.⁴⁴ However, legal compensation pleaded as a defense must be sufficiently alleged and proved before a debtor can claim its benefits.⁴⁵

As applied in this case, there can be no legal compensation because of the absence of the first and fourth requisites. On the first requisite, it cannot be said that spouses Villacin and Barlaan are mutual creditors and debtors. Spouses Villacin are debtors of Barlaan as evidenced by the BOC Check. However, Barlaan cannot be considered a debtor of Spouses Villacin because no “debts” were sufficiently proven. There is no evidence that spouses Villacin’s previous payments to Barlaan on March 31, 1998 and June 30, 1998, or the PNB Check, made the latter indebted to them. If at all, this lack of evidence leads to the conclusion that these payments covered separate, unrelated, and closed transactions. There is no liability on the part of Barlaan to legally offset against spouses Villacin’s debt under the BOC Check.

The fourth requisite is also absent since spouses Villacin’s claim against Barlaan for the board and lodging expenses of her children are not liquidated and demandable. The claim for expenses of ₱420,000.00 is a self-determined amount by spouses Villacin and is not legally binding on Barlaan. At most, this amount represents a

⁴³ *First United Constructors Corp. v. Bayanihan Automotive Corp.*, 724 Phil. 264, 275 (2014).

⁴⁴ CIVIL CODE, Article 1290.

⁴⁵ *Philippine Trust Company v. Sps. Roxas*, 771 Phil. 98, 108 (2015).

claim that spouses Villacin can attempt to collect from Barlaan through a civil action. This is not the liquidated and demandable debt which the law intended to be subject of legal compensation.

All told, spouses Villacin failed to sufficiently prove their defense of payment to absolve them of their civil liability for the dishonored BOC Check. The CA Decision and Resolution affirming their civil liability is consequently affirmed.


WHEREFORE, premises considered, the petition is **DENIED**. The Decision dated May 13, 2015 and Resolution dated April 7, 2016 of the Court of Appeals in CA-G.R. CR No. 02161 are hereby **AFFIRMED**. A legal interest of six percent (6%) *per annum* is imposed on the total judgment award from the finality of this Resolution until its full satisfaction.

SO ORDERED.”

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court 
203-B

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JLP

