

Title: Presidential Commission on Good Government vs. Sandiganbayan, Lucio C. Tan, et al.

Facts:

The case originated from the financial difficulties encountered by the General Bank and Trust Company (GENBANK) in 1976, leading to its declared insolvency and subsequent liquidation by the Central Bank of the Philippines. The Lucio Tan group acquired GENBANK following a public bidding. After the EDSA I revolution in 1986, the Presidential Commission on Good Government (PCGG) was established to recover alleged ill-gotten wealth, which included initiating a complaint against Lucio Tan and associated individuals and corporations (respondents) for reversion, reconveyance, restitution, accounting, and damages.

Respondents filed petitions with the Supreme Court to nullify sequestration writs issued by the PCGG, which were referred to the Sandiganbayan. Former Solicitor General Estelito P. Mendoza represented respondents in these cases. In 1991, the PCGG filed motions to disqualify Mendoza as counsel for respondents, alleging his conflict of interest due to his prior involvement in the liquidation of GENBANK. The Sandiganbayan, however, denied these motions.

The PCGG brought the issue to the Supreme Court via a petition for certiorari and prohibition under Rule 65, claiming the Sandiganbayan committed grave abuse of discretion by denying the motions for disqualification based on Rule 6.03 of the Code of Professional Responsibility.

Issues:

1. Whether Rule 6.03 of the Code of Professional Responsibility applies to respondent Mendoza.
2. Interpretation and application of the term “matter” within the context of Rule 6.03.
3. Definition and scope of “intervention” by a government lawyer under the same rule.
4. How the historical background of legal ethical standards informs the application of Rule 6.03.

Court’s Decision:

The Supreme Court denied the PCGG’s petition. It held that the advice given by Mendoza on the procedure for liquidating GENBANK did not constitute a “matter” contemplated by Rule 6.03 since it involved merely advising on statutory procedures rather than intervening in a specific transaction or case. Furthermore, the subsequent representation of respondents by

Mendoza was unrelated to the liquidation “matter” and, hence, did not violate the rule. The Court also highlighted the lack of adverse interest and the potential harm to government service recruitment and former government lawyers’ professional freedom as reasons against an extensive interpretation of the rule.

Doctrine:

Rule 6.03 prohibits a former government lawyer from accepting employment in connection with a matter in which they intervened while in service. For the rule to apply, the lawyer’s intervention must be substantial and the matter in their post-service employment must be substantially related to the matter they intervened in during their government service.

Class Notes:

- Rule 6.03 of the Code of Professional Responsibility applies when a former government lawyer represents a client in a matter substantially related to one they had intervened in while in service.
- “Intervention” requires substantial involvement in the matter, beyond merely advising on procedural aspects.
- The doctrine of res judicata was considered but found inapplicable due to the specifics of procedural history and the finality of prior related rulings.

Historical Background:

The case illuminates the ongoing efforts to balance legal ethical standards with ensuring competent representation for the government and former government lawyers’ rights. It reflects the challenges in delineating the boundaries of conflict of interest for lawyers transitioning from government to private practice.