

Title: Mabini Colleges, Inc. vs. Atty. Jose D. Pajarillo

Facts:

- Background Factions (1995):** Mabini Colleges, Inc. had two opposing factions on its Board of Trustees - the Adeva Group and the Lukban Group.
- Appointment as Secretary (1996):** The respondent, Atty. Jose D. Pajarillo, was appointed as the corporate secretary of the complainant with monthly compensation.
- Loan Authorization (March 29, 1999):** Adeva Group authorized certain executives to apply for a loan in favor of the complainant from the Rural Bank of Paracale (RBP).
- Opposition to Loan Application (May 12, 1999):** The Lukban Group protested the loan application citing financial difficulties and improper trustee appointments by Adeva Group.
- Assurance of Financial Capacity (May 14, 1999):** Respondent assured RBP of the complainant's financial capacity to repay the loan.
- Loan Grant (July 13, 1999):** RBP approved a P200,000 loan, secured by a real estate mortgage from the complainant.
- SEC Order (September 27, 1999):** SEC nullified trustee appointments by Adeva Group, which was communicated to RBP.
- RBP Counseled by Respondent (October 19, 1999):** RBP referred the SEC Order to its legal counsel, which was the respondent, unbeknownst to the complainant.
- Increased Loan & Foreclosure (2000-2002):** The loan was increased to P400,000, and RBP moved to foreclose the mortgage.
- Legal Action (May 28, 2002):** Complainant filed for annulment of mortgage against RBP, with respondent appearing as RBP's counsel.
- Disbarment Complaint (September 2, 2011):** Complainant filed a disbarment case against the respondent for conflict of interest and lack of candor and fairness.
- Defense:** Respondent argued against the validity of the complainant's representation in the disbarment case, denied any conflict of interest, and claimed the documents were public and involved no confidential information.

13. **IBP Findings (February 14, 2013):** Investigating Commissioner found respondent guilty and recommended suspension from law practice.

14. **IBP Resolutions (2013-2014):** The IBP Board of Governors affirmed the Investigating Commissioner's recommendations and denied the respondent's motion for reconsideration.

Issues:

1. **Conflict of Interest:** Whether the respondent violated Canon 15, Rule 15.03 by representing conflicting interests.
2. **Representation of Conflicting Interests:** Whether the respondent represented interests that were inconsistent with those of his former client.
3. **Candor and Loyalty:** Whether the respondent maintained candor and loyalty as required by professional responsibility codes.

Court's Decision:

1. **Conflict of Interest - Resolved in Affirmative:**
 - The Court affirmed that the respondent indeed represented conflicting interests, violating Canon 15, Rule 15.03.
 - By appearing as RBP's counsel, he opposed the complainant, a former client, without written consent or disclosure of facts.
2. **Representation of Interests - Resolved in Affirmative:**
 - The respondent's action of defending RBP unduly opposed the interests of Mabini Colleges, whom he was supposed to represent or at least, maintain neutrality due to previous engagements.
3. **Violation of Professional Responsibility:**
 - By failing to disclose his dual role and failing to secure consent before representing conflicting interests, he breached his duty of fidelity and loyalty.

Doctrine:

- **Prohibition on Conflicting Interests:** A lawyer cannot represent opposing interests without full disclosure and consent (Canon 15, Rule 15.03).
- **Preservation of Client Confidence and Loyalty:** Essential to the administration of

justice, requiring avoidance of any fidelity breach or appearance of disloyalty.

****Class Notes:****

- ****Conflict of Interest:**** Examines whether a lawyer's roles or obligations in multiple representations create a situation where he/she must argue against one's interest for another client.
- ****Canon 15, Rule 15.03:**** Disallows representation of conflicting interests absent written consent after full disclosure.
- ****Professional Ethics:**** Requires full disclosure, candor, and fairness in all professional conduct.

****Historical Background:****

- ****Legal Framework Post-EDSA:**** The case situates itself in an era where heightened emphasis on diplomatic transparency and ethical conduct for legal professionals was promoted following the EDSA People Power Revolution, reflecting the country's shift towards reinforcing legal ethics and professional responsibility codes for lawyers.