

RAMONCITO AND JULIANA LUARCA, VS. COMPLAINANTS, JUDGE IRENEO B. MOLATO, MUNICIPAL TRIAL COURT, BONGABONG, ORIENTAL MINDORO, RESPONDENT.

A.M. No. MTJ-08-1711. April 23, 2012

Ponente: ABAD, J.

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ABAD, J.:

These cases talk about the need for a judge to distance himself from the operation of a business.

The Facts and the Case

In two separate complaints,[1] spouses Ramoncito and Juliana Luarca (the Luarcas) and Jenny Agbay charged Judge Ireneo B. Molato of the Municipal Trial Court of Bongabong, Oriental Mindoro, with conduct unbecoming a member of the judiciary. They alleged that Judge Molato and his wife, Nilalina, enticed them to invest money in Lucky Socorro Investor and Credit Corporation (Lucky Corporation) of which Nilalina was president. The Luarcas invested P2.3M in that company,[2] P1M[3] of which they coursed through Judge Molato as evidenced by a temporary receipt that he issued. Agbay invested P700,000.00.[4] These investments were to earn interest of 2.5% per month.[5]

The Luarcas claim that they got the monthly interest promised them but only up to 2003 when Lucky Corporation started missing on its obligations.[6] Agbay claims that it did not give her interest on her entire investment but only on a P200,000.00 portion of it.[7]

On October 5, 2003 the Luarcas asked Lucky Corporation to return their P2,749,550.00 investments with the corresponding interests. Agbay earlier made the same demand on May 23, 2003 with respect to her investments of P1,021,000.00. But Judge Molato and his wife failed to comply. The Luarcas and Agbay were instead compelled to take land titles as collaterals for what were owed them. Still Judge Molato and his wife did not settle their financial obligations.

Answering the complaints, Judge Molato said that he never enticed the complainants to invest money in Lucky Corporation nor compelled them to accept land titles instead of money when they wanted to pull out their investments from Lucky Corporation. He had no involvement in the operations of that company. If at all, it was merely that his wife happened to be its president. Complainants should have gone after the corporation rather than after him since it was the one responsible for their investments. Further, since the complaints were essentially claims for sums of money, they are improperly lodged before the Office of the Court Administrator (OCA).[8]

On August 27, 2008 the Supreme Court consolidated the two complaints, re-docketed them as regular administrative matters, and referred them to the Executive Judge of the Regional Trial Court of Oriental Mindoro for investigation, report, and recommendation.[9]

In his letter-report[10] of January 15, 2009, Judge Recto A. Calabocal, the investigating Executive Judge, says in his report that Judge Molato did not use his office to lure the complainants into investing in Lucky Corporation.

They did on their own volition. But while Judge Molato denied having any connection with Lucky Corporation, the evidence presented, particularly the August 1, 2001 resolution of Lucky Corporation, shows that it had once authorized him to withdraw its deposits from the named bank. Judge Calabocal recommends that Judge Molato be directed to distance himself from Lucky Corporation and to be more circumspect in dealing with its clients in order to maintain the integrity of the judicial service.

Asked for comment and recommendation,[11] on November 13, 2009 the OCA submitted a memorandum,[12] stating that the evidence on record fully supports Judge Calabocal's report and recommendation, prompting it to adopt the same. The OCA would however, have Judge Molato held administratively liable for conduct unbecoming a judge for violating Section 10 (c), Canon 4 of A.M. 03-05-01-SC, or the New Code of Judicial Conduct for the Philippine Judiciary; and Paragraph b (24) of Section 46, Chapter 7, Title I, Subtitle (A) [Civil Service Commission], Book V of Executive Order 292, or the Administrative Code of 1987 for engaging in private business without the written permission of the Supreme Court. Finding this to be Judge Molato's second offense for conduct unbecoming a judge and no mitigating circumstance attended the commission of the offense, the OCA said that a fine of P5,000.00 is appropriate.[13]

Questions Presented

The questions presented in these cases are:

1. Whether or not Judge Molato was, apart from being the husband of Lucky Corporation's president, involved in its affairs; and
2. In the affirmative, what shall the nature of his administrative liability be?

Rulings of the Court

There is no evidence in these cases that Judge Molato engaged in a private business, unduly mixing it up with his official work as judge. Complainants were themselves unsure of the nature of Judge Molato's involvement in Lucky Corporation. They seem to connect him to it by the mere fact that the president of that corporation happens to be his wife.

It is unmistakable from complainants' testimonies that Judge Molato never used the fact of his being a judge to entice them into putting money into Lucky Corporation. Juliana Luarca said that she had decided to invest in that company even before she met the judge.[14] She and her husband in fact admitted that they met Judge Molato for the first time when they went to Nilalina's residence to give their P1M investment.[15] They were the ones who requested the judge to receive the money after they learned that his wife, Nilalina, was not around to personally receive it.[16]

Agbay, on the other hand, said that her previous good experience with Victory Investor and Lending Corporation, a company that Nilalina also managed, made her decide to likewise invest money into Lucky Corporation.[17]

Further, as it turned out, complainants' previous claim that Judge Molato forced them to accept land titles as security for the repayment of their investments had turned out to be false. They eventually admitted that it was Nilalina who made them accept those land titles. [18]

Section 4 of the Code of Conduct and Ethical Standards for Public Officials and Employees[19] lays down the norms of conduct which every public official and employee shall observe in the discharge and execution of their official duties, specifically providing that they shall at all times respect the rights of others, and refrain from doing acts contrary to law, good morals, good customs, public policy, public order, and public interest. Thus, any conduct contrary to these standards would qualify as conduct unbecoming of a government employee.[20]

Absent any showing that Judge Molato defrauded complainants of their money or committed acts that detract from the dignity of his position, the mere fact that the corporation of which his wife was the president had difficulties meeting its obligations does not per se make him lacking in moral integrity and of questionable character as would make him liable for conduct unbecoming a judge.

Of course, there is evidence that the corporation's Board of Directors issued Resolution 1-2000[21] that authorized Judge Molato and three other persons to serve as the company's alternate bank signatories, with their signatures appearing on the document. But complainants presented no evidence that Judge Molato in fact performed such function for Lucky Corporation. The complainants presented no company withdrawal slips or checks where his signature appears. No evidence has been adduced that he was a stockholder of that corporation, proof that he engaged in private business without the Supreme Court's consent, or served as one of its corporate or line officers.

Still, Judge Molato is to be reprimanded for agreeing to serve as one of Lucky Corporation's alternate bank signatories even if he may not have performed such service for the corporation. He has no business agreeing to the performance of such service. His offense constitutes a violation of Administrative Circular 5 which in essence prohibits public officials from performing or agreeing to perform functions or services outside of their official functions for the reason that the entire time of the officials and employees of the judiciary shall be devoted to their official work to ensure the efficient and speedy administration of justice.[22]

WHEREFORE, the Court finds respondent Judge Ireneo B. Molato of the Municipal Trial Court, Bongabong, Oriental Mindoro, GUILTY of violation of Administrative Circular 5, dated October 4, 1988, and REPRIMANDS him for it. He is also warned that a repetition of the same or similar acts will be dealt with more severely. Let this Decision be noted in the personal record of the respondent. No costs.

SO ORDERED.

Velasco, Jr., (Chairperson), Peralta, Mendoza, and Perlas-Bernabe, JJ., concur.

[*] Sometimes referred to as Judge Irineo B. Molato.

[1] Rollo (A.M. MTJ-08-1711), pp. 1-3; rollo (A.M. MTJ-08-1716), pp. 17-18.

[2] Rollo (A.M. MTJ-08-1711), pp. 4, 5, 32.

[3] Id. at 7.

[4] Rollo (A.M. MTJ-08-1716), pp. 4-7.

[5] Rollo (A.M. MTJ-08-1711), pp. 4, 5, 32; rollo (A.M. MTJ-08-1716), pp. 4-7.

[6] Rollo (A.M. MTJ-08-1716), pp. 91-92.

[7] Id. at 108.

[8] Rollo (A.M. MTJ-08-1711), pp. 88-89; rollo (A.M. MTJ-08-1716), pp. 55-56.

[9] Rollo (A.M. MTJ-08-1716), p. 68.

[10] Id. at 72-74.

[11] Id. at 115.

[12] Id. at 116-119.

[13] Id. at 118-119.

[14] Id. at 91

[15] Id. at 92.

[16] Supra note 14.

[17] Id. at 85, 99-100.

[18] Id. at 105, 110.

[19] Republic Act 6713.

[20] *Romero v. Villarosa, Jr.*, A.M. No. P-11-2913, April 12, 2011, 648 SCRA 32, 41; *Government Service Insurance System (GSIS) v. Mayordomo*, G.R. No. 191218, May 31, 2011, 649 SCRA 667, 681.

[21] *Rollo* (A.M. MTJ-08-1716), p. 19.

[22] *Go v. Remotigue*, A.M. No. P-05-1969, June 12, 2008, 554 SCRA 242, 250-251.

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