

**PILAR M. NORMANDY, IN HER OWN BEHALF AND OF OTHERS
SI-MILARLY SITUATED, AS WELL AS OF THE WORLD WAR II
VETE-RANS ENTERPRISES, INC., & LORENZO B. CAMINS,
PLAINTIFFS-APPELLEES, VS...**

G.R. No. L-25407. August 29, 1969

Ponente: BARREDO, J.

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BARREDO, J.:

Appeal from the order of the Court of First Instance of Manila (Branch I), dated March 5, 1965, denying the motion of Ramon E. Saura, former First Receiver of the World War II Veterans Enterprises, Inc. (hereinafter re-ferred to merely as WARVETS), asking for reimbursement of the sum of P5, 236.00, representing the amount which he al-leggedly paid in advance as compensation to a clerk whose services he availed of while he was still a receiver.

On September 6, 1960, appellant was appointed receiver of the WARVETS by the lower court in Civil Case No. 34998[1] "generally to do and perform such acts respecting the pro-perty, assets and transactions" of the organization "as the court may authorize". Upon filing a bond in the sum of fifty thousand (P50, 000.00) pesos, he entered upon the dis-charge of his functions.

During his term, appellant went to Japan by authority of the lower court's order dated October 12, 1960 for the purpose of checking on the reported undervaluation of goods shipped to the WARVETS and of preparing the shipment of the goods which had not yet been committed. For expenses in-curred by him during this trip, which amounted to P9, 431.48, he was ordered reimbursed by the lower court on June 5, 1963.[2] The order authorizing reimbursement stated thus:

"x x x The order permits the claim for reimbursement as part of the receiver's compensation as such receiver. It does not prohibit the reimbursement of the expenses before the payment of the receiver's compen-sation, and it is only fair and just that at least the expenses which the receiver advanced, if found reason-able and necessary, be reimbursed as soon as the funds of the WARVETS per-mit."

Except for this reimbursed amount, appellant received no other fee or compensation from the WARVETS. In fact, for a continuous period of three (3) years, he performed his duties as receiver without receiving any compensation as such. Hence, on October 9, 1963, he filed a motion in the lower court to fix not only his compensation but also that of his co-receiver, Macario Ofilada.[3] In his motion, he prayed further for such amounts as attorney's fees and stenographer's fees as the court may allow. After an oppo-sition thereto had been duly interposed, the lower court issued an "Omnibus Order" on January 22, 1964, the second paragraph of which denied the motion of appellant. A re-consideration of the order of denial was immediately sought by appellant.

Without awaiting action on his motion for reconsider-ation, appellant filed another motion, on May 28, 1964, re-signing from his post as receiver and praying that the low-er court accept it and at the same time fix the amount of his fees and compensation as receiver.

On June 5, 1964, appellant was discharged as receiver and his compensation was fixed at P10,000.00. The order of the lower court approving his discharge reads as follows:

"Ramon E. Saura, first receiver, filed in his own behalf on May 28, 1964, his motion to withdraw as first receiver and for fixing of his compensation. There being no objection to this withdrawal, the same is hereby granted. Respecting his compensation, neither is there objection thereto. In fact, per joint motion filed on May 28, by defendants, except Filipinas Merchandising, which has been granted, they asked the withdrawal of their joint motion dated March 31, 1961, for the removal of Saura as receiver; and per manifestation of said defendants except Filipinas Merchandising dated May 28, they recommend P10, 000.00 as Saura's fee, which Jose and Susana Cochingyan are willing to advance for the account of WARVETS.

"WHEREFORE, Ramon E. Saura's withdrawal as receiver in this case is hereby approved, and his fee as such is hereby fixed at P10, 000.00, which Jose and Susana Cochingyan shall advance for the account of WARVETS."

Subsequently, one Atty. Anacleto Magno, on his own behalf, presented before the lower court a motion dated August 18, 1964, for the payment of attorney's fees to him in the amount of P10, 000.00 for his alleged services as legal counsel for the appellant when he was still a receiver. Appellant, himself, filed another motion for the payment and cancellation of his receiver's bond and for the reimbursement to him of the sum of P2, 030.00 which he paid out of his personal funds as premium for said bond from September 9, 1960 to September 9, 1964. On September 24, 1964, the lower court disposed of both motions in one order by allowing compensation to Atty. Magno in the reduced amount of P1, 000.00 and granting reimbursement to appellant in the whole sum prayed for by him as premium on his bond. In granting fee to the counsel of appellant, the lower court said:

"The motion, to the mind of the Court, is not well taken, because Ramon E. Saura is himself a lawyer and he did not have to retain legal counsel. If he did, the matter should be for his own account, particularly because it was a unilateral act on Saura's part to get Magno as his lawyer in the receivership.

"Nevertheless, the Court is not unaware that Atty. Magno did in fact work for Saura, for the former appeared in Court and signed pleadings for Saura as receiver.

"Wherefore, in fairness to Atty. Magno, it is hereby ordered that he be paid '1,000.00 from the funds under receivership. If he is not satisfied with this amount, he can go after Saura."

Barely two months after the issuance of the last-mentioned order, or on November 18, 1964, appellant filed another motion for reimbursement, this time for the amount he allegedly paid as compensation of a clerk whom he employed when he was still a receiver for the period September 9, 1960 to May 28, 1964, inclusive, at the rate of P120.00 a month, or the total sum of P5, 236.00. Appellant alleged that in view of the voluminous paper and legal work which he had to attend to as receiver, it was necessary for him to engage the service of a typist-stenographer, one Melchor C. Ordoño, who doubled as messenger, filing clerk, utility clerk and records clerk.

On March 5, 1965, although no party registered any objection to appellant's last motion for reimbursement, the lower court denied it in the appealed order, reasoning thus:

"The record shows that the Court had previously ordered the payment of P10, 000.00 as compensation for Ramon E. Saura for his services as first receiver in this case. Therefore, whatever amount he now seeks in addition thereto would be improper. Moreover, he is now estopped from claiming any further amount as compensation for alleged clerical services employed by him as such receiver without prior approval or authority of this Court."

The lone contention of appellant in this appeal is that the lower court committed an error in holding that he is not

entitled to reimbursement of the salaries paid by him to his clerk as receiver of the WARVETS. None of the other parties filed any brief.

A receiver is a representative of the court appointed for the purpose of preserving and conserving the property in litigation and prevent its possible destruction or dissipation, if it were left, in the possession of any of the parties. The receiver is not the representative of any of the parties but of all of them to the end that their in-terests may be equally protected with the least possible inconvenience and expense. It is inherent in the office of a receiver not only that he should act at all times with the diligence and prudence of a good father of a family but should also not incur any obligation or expenditure without leave of the court and it is the responsibility of the court to supervise the receiver and see to it that he ad-heres to the above standard of his trust and limits the expenses of the receivership to the minimum. For these rea-sons, it is generally the receivership court that is in a better position to determine whether a particular expendi-ture is reasonable and justified or not and its ruling thereon may not be disturbed by this Court.

It is true that in the case at bar, the motion in question of the receiver was not opposed by any of the parties. It is to be observed, however, that the records show that the court a quo had previously allowed or ap-proved reimbursements to the receiver of expenditures made by him in connection with the performance of his duties, more particularly, for a trip made to Japan and for the fees of a lawyer who had allegedly assisted him, notwith-standing, he is a lawyer himself. Besides, the court a quo fixed the total compensation to the appellant receiver at P10, 000.00 for his services as such and said amount, from all appearances, is agreeable to everyone, including appel-lant.

The receivership court's reasons for withholding approval of the reimbursement in question are precisely because "whatever amount he (the receiver) now seeks in addition thereto (P10, 000) would be improper. Moreover, he is now estopped from claiming any further amount as compensation for alleged clerical services employed by-him as such receiver without prior approval or authority of this Court." We find these reasons to be cogent enough in the premises, specially because appellant's alleged employment of a clerk was made without prior leave of court. In these circumstances, it cannot be said that the court a quo abused its discretion, much less gravely.

WHEREFORE, the order appealed from is affirmed, with costs against appellant.

Concepcion, C.J., Dizon, Makalintal, Zaldivar, Sanchez, Castro and Capistrano, JJ., concur.

Fernando, J., did not take part.

Teehanke, J., took no part.

[1] This is a case filed on January 23, 1958 by Pilar Nor-mandy, in her own behalf and of others similarly situa-ted as well as of the WARVETS against the defendants Calixto Duque, Claro P. Lizardo, Florencio Selga, Al-berto Ramos, Manuel Buenafe and the Filipinas Merchan-dising Corporation, to set aside the contracts of Octo-ber 22 and November 25, 1957 entered into between the latter corporation and the WARVETS. Allowed as inter-venors were the spouses Susana and Jose Cochingyan, Sr. Lorenzo B. Camins, who was later joined in as party-plaintiff, petitioned for the appointment of a receiver, which petition was granted by the lower court after finding facts sufficient to warrant said appointment, to wit:

"From an examination of the records, it appears that at its meeting on August 1957, the Cabinet approved the proposal of the World War II Veterans Enterprises, Inc. to undertake the procurement and sale of specific items of reparation goods from Japan, valued at \$8,000,000.00, in order to gene-rate trust funds for the benefit of veterans, war widows and orphans as contemplated in the Repara-tions Agreement between the Philippines and Japan and as provided for in Republic Act No. 1789. Thus, on November 4, 1957, the World War II Veterans Enterprises,

Inc. entered into a Joint Account Agreement (Annex D) with the spouses Susana and Jose Cochingyan, Sr., doing business under the name and style of the Catholic Church Mart, where by the latter was given the right to dispose of the reparation goods aforementioned of the total value of \$8,000,000.00, with marginal profits of 40% on non-unclassified goods and 60% on unclassified items in favor of the former.

"Likewise, and at almost the same time, that is, on October 22, and November 25, 1957, the aforementioned World War II Veterans Enterprises, Inc. entered into the two contracts in question (Annexes E and F) with the Filipinas Merchandising Corporation whereby the latter was allowed to negotiate the sale and distribution of the same reparation goods valued at \$2,000,000.00 and \$6,000,000.00 with marginal profits of 15% and 20% respectively, in favor of the former.

"By reason of these overlapping contracts, Susana and Jose Cochingyan, Sr. filed a specific performance suit against the World War II Veterans Enterprises, Inc. being Civil Case No. 34392 of this Court, with damages. However, this case was subsequently dismissed after the World War II Veterans Enterprises, Inc., the Filipinas Merchandising Corporation, and Susana and Jose Cochingyan, Sr. executed on February 2, 1959, a Memorandum of Settlement and Deed of Assignment whereby the Filipinas Merchandising Corporation, for a consideration, assigned to and relinquished in favor of the Cochingyans all its rights and privileges under its two contracts aforesaid (Annexes E and F), and whereby the World War II Veterans Enterprises, Inc. agreed to receive greatly reduced marginal profits, from the Cochingyans, of 20% and 25% on non-unclassified and unclassified items respectively. Thus, as a result of the confusion that resulted in the execution of these various contracts, the ultimate beneficiaries, namely, the veterans, war widows and orphans, would suffer losses equivalent to a decrease or reduction in expected profits, from 40% and 60% assigned under the contract with the Cochingyans of November 4, 1957 (Annex D) to 20% and 25% under the Memorandum of Settlement dated February 2, 1959, or roughly P3,400,000.00 to P6,600,000.00.

"It cannot be said that the original profits of 40% and 60% assigned under the contract with the Cochingyans of November 4, 1957 (Annex D), would be hard to realize, for it is common knowledge that imported goods command very high prices much above their procurement costs, and because the Cochingyans would not have sacrificed time, energy and expenses in filing their performance suit, Civil Case No. 34392 of this Court, against the World War II Veterans Enterprises, Inc. had they not been sure that they could easily obtain those percentage gains and at the same time make a safe margin of profits for themselves. As things now stand, the interest of the beneficiaries cannot be amply protected by the World War II Veterans Enterprises, Inc. which naturally feels bound to support its commitment under the Memorandum of Settlement aforementioned.

"For the above reasons, the Court considers the petition for the appointment of a receiver to be well founded, and the same is, therefore, hereby granted."

[2] The order authorizing appellant's trip provides:

"If the receiver shall undertake the said trip, it shall be at his own expense without prejudice to his claiming reimbursement of such expenses as may be found necessary and reasonable by the Court as part of his compensation as such receiver." (See p. 10, Record on Appeal.)

[3] Macario Ofilada was appointed as Second Receiver of the WARVETS by this Court on April 29, 1961, in G. R. No. L-18359 entitled "Calixto Duque, et al. vs. Court of First Instance, et al."; See p. 8, Record on Appeal.

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