

IN THE MATTER OF THE COMPLAINT FOR DISBARMENT OF ATTORNEY POTENCIANO A. PALANCA, WILLIAM C. PFLEIDER, COMPLAINANT, VS. POTENCIANO A. PALANCA, RESPONDENT.

Adm. Case No. 927. September 28, 1970

Ponente: RUIZ CASTRO, J.

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RUIZ CASTRO, J.:

The respondent Atty. Potenciano A. Palanca was for some-time the legal counsel of the complainant William Pfeider. According to the complainant, he retained the legal services of Palanca from January 1966, whereas the latter insists that the attorney-client relationship between them began as early as in 1960.

At all events, the relations between the two must have attained such a high level of mutual trust that on October 10, 1968, Pfeider and his wife leased to Palanca a 1,328-hectare agricultural land in Hinobaan, Negros Occidental, known as the Hacienda Asia, for a period of ten years. In their contract, the parties agreed, among others, that a specified portion of the lease rentals would be paid to Pfeider, and the remainder would be delivered by Palanca to Pfeider's listed creditors.

The arrangement worked smoothly until October 14, 1969 when the rupture came with the filing by Pfeider of a civil suit (civil case 9187 of the CFI of Negros Occidental) against Palanca for rescission of the contract of lease on the ground of alleged default in the payment of rentals. In his answer to the complaint, Palanca averred full satisfaction of his rental liabilities, and therefore contended that the lease should continue. He also charged that he had already been dispossessed of the hacienda by Pfeider and the latter's goons at gunpoint and consequently had suffered tremendous financial losses.

With this history in perspective, we shall now consider the administrative charges of gross misconduct in office brought by Pfeider against Palanca. The indictment consists of four counts.

First count. In regard to a criminal case for estafa filed in December 1965 by one Gregorio Uy Matiao against Pfeider, the latter instructed Palanca to offer in settlement the sum of P10,000, payable in installments, to Uy Matiao for the dismissal of the case. After sometime, Palanca reported to Pfeider that the offer had been rejected. Finally, in October 1969, Palanca supposedly informed Pfeider that he had succeeded in negotiating the dismissal of the estafa case by leaving the sum of P5,000 with the Dumaguete City Court where the action was then pending. Sometime in December 1969, however, Pfeider was the object of a warrant of arrest in connection with the same estafa case. It turned out, charged the complainant Pfeider, that Palanca had not deposited the sum of P5,000 with the Dumaguete City Court, let alone communicated to Uy Matiao his earlier offer of settlement.

We have closely examined all the pleadings filed by the parties in this case and the annexes thereto, and it is our view that the first charge is devoid of merit. In support of his claim of alleged assurance made by Palanca that the estafa case had already been terminated, Pfeider relies on certain letters written to him by Palanca. Our own reading of these letters, however, belies his claim. They contain nothing which might reasonably induce the complainant to believe that the criminal action against him had been finally settled by his attorney. On the

contrary, the letters merely report a continuing attempt on the part of Palanca to secure a fair bargain for Pfleider. The letter-report of October 10, 1969, invoked by the complainant, states in no uncertain terms that "I am bargaining this [referring to the estafa case] even for P8,000.00 and I think they will agree. I'll finalize this and pay Tingyan on Tuesday. I have already left in Dumaguete P5,000.00 to show them the color of our money and I will bring the balance when I go there Tuesday."

Nothing in the above letter indicates that Palanca had depo-sited the sum of P5,000 with the Dumaguete City Court. What he did state is that he had left that sum in that City to enable their adversaries to see "the color of our money." In this connection, the veracity of the certification by Felicisimo T. Hilay, Dumaguete branch manager of RCPI, that he (Hilay) had been holding the sum of P5,000 during the early part of October in trust for Pfleider and his lawyer, has not been assailed by Pfleider.

If Pfleider was the object of a warrant of arrest in December 1969, no substantial blame can be laid at the door of the respondent Palanca inasmuch as the latter's services were implicitly terminated by Pfleider when the latter sued his lawyer in October of the same year. While the object of the suit is the rescission of the contract of lease between the parties, the conflict of interest which pits one against the other became incompatible with that mutual confidence and trust essential to every lawyer-client relation. Moreover, Pfleider fails to dispute Palanca's claim that on October 26, 1969, Pfleider refused to acknowledge receipt of a certain letter and several motions for withdrawal, including Palanca's withdrawal as counsel in the estafa case.

Second count. Palanca had fraudulently charged the sum of P5,000 (which he supposedly had left with the City Court in Dumaguete) to his rental account with Pfleider as part payment of the lease rentals of the Hacienda Asia. Third count. In the same statement of account, Palanca falsely represented having paid, for the account of Pfleider, one Samuel Guintos the sum of P866.50 when the latter would swear that he had received only the sum of P86.50.

These two charges are anchored upon the same "Statement of Disbursements" submitted by Palanca to Pfleider. It is our view that this statement is but a memorandum or report of the expenses which Palanca considered as chargeable to the account of Pfleider. By its very tentative nature, it is subject to the examination and subsequent approval or disapproval of Pfleider, any and every error which it contains may be brought to the attention of Palanca for rectification or adjustment. Viewed in relation to the contract of lease between Pfleider and Palanca, this "statement" is but one aspect of the prestation required of Palanca by the contract. Whatever breach he might have committed in regard to this prestation would be but a civil or contractual wrong which does not affect his office as a member of the Bar.

Final count. It is charged that the list of creditors which Pfleider had "confidentially" supplied Palanca for the purpose of carrying out the terms of payment contained in the lease contract was disclosed by Palanca, in violation of their lawyer-client relation, to parties whose interests are adverse to those of Pfleider.

As Pfleider himself, however, states "in the execution of the terms of the aforesaid lease contract between the parties, complainant furnished respondent with a confidential list of his creditors." This should indicate that Pfleider delivered the list of his creditors to Palanca not because of the professional relation then existing between them, but on account of the lease agreement. A violation therefore of the confidence that accompanied the delivery of that list would partake more of a private and civil wrong than of a breach of the fidelity owing from a lawyer to his client. Moreover, Pfleider fails to controvert Palanca's claim that there is no such thing as a "confidential" list of creditors and that the list of creditors referred to by Pfleider is the same list which forms part of the pleadings in civil case 9187 (the action for rescission of the lease contract) now pending between the complainant and the respondent lawyer, and therefore is embraced within the category of public records open to

the perusal of persons pro-perly interested therein.

In sum, we are satisfied, and we so hold, that nothing in Pfeider's written complaint for disbarment against Palanca and in his reply to Palanca's answer supports a prima facie finding of such misconduct in office by Palanca as would warrant further proceedings in this case.

ACCORDINGLY, the complaint is hereby dismissed.

Reyes, J.B.L., Acting C.J., Dizon, Makalintal, Fernando, Teehankee, Barredo, Villamor, and Makasiar, JJ., concur.

Zaldivar, J., took no part.

Concepcion, C.J., on official leave.

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