

RUTHIE LIM-SANTIAGO, COMPLAINANT, VS. ATTY. CARLOS B. SAGUCIO, RESPONDENT

A.C. NO. 6705. March 31, 2006

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/a-c-no-6705/>

CARPIO, J.:

The Case

This is a disbarment complaint against Atty. Carlos B. Sagucio for violating Rule 15.03 of the Code of Professional Responsibility and for defying the prohibition against private practice of law while working as government prosecutor.

The Facts

Ruthie Lim-Santiago ("complainant") is the daughter of Alfonso Lim and Special Administratrix of his estate.[1] Alfonso Lim is a stockholder and the former President of Taggat Industries, Inc.[2]

Atty. Carlos B. Sagucio ("respondent") was the former Personnel Manager and Retained Counsel of Taggat Industries, Inc.[3] until his appointment as Assistant Provincial Prosecutor of Tuguegarao, Cagayan in 1992.[4]

Taggat Industries, Inc. ("Taggat") is a domestic corporation engaged in the operation of timber concessions from the government. The Presidential Commission on Good Government sequestered it sometime in 1986,[5] and its operations ceased in 1997.[6]

Sometime in July 1997, 21 employees of Taggat ("Taggat employees") filed a criminal complaint entitled "Jesus Tagorda, Jr. et al. v. Ruthie Lim-Santiago," docketed as I.S. No. 97-240 ("criminal complaint").[7] Taggat employees alleged that complainant, who took over the management and control of Taggat after the death of her father, withheld payment of their salaries and wages without valid cause from 1 April 1996 to 15 July 1997.[8]

Respondent, as Assistant Provincial Prosecutor, was assigned to conduct the preliminary investigation.[9] He resolved the criminal complaint by recommending the filing of 651 Informations[10] for violation of Article 288[11] in relation to Article 116[12] of the Labor Code of the Philippines.[13]

Complainant now charges respondent with the following violations:

1. Rule 15.03 of the Code of Professional Responsibility

Complainant contends that respondent is guilty of representing conflicting interests. Respondent, being the former Personnel Manager and Retained Counsel of Taggat, knew the operations of Taggat very well. Respondent should have inhibited himself from hearing, investigating and deciding the case filed by Taggat employees.[14] Furthermore, complainant claims that respondent instigated the filing of the cases and even harassed and threatened Taggat employees to accede and sign an affidavit to support the complaint.[15]

2. Engaging in the private practice of law while working as a government prosecutor

Complainant also contends that respondent is guilty of engaging in the private practice of law while working as a government prosecutor. Complainant presented evidence to prove that respondent received P10,000 as retainer's fee for the months of January and February 1995,[16] another P10,000 for the months of April and May 1995,[17]and P5,000 for the month of April 1996.[18]

Complainant seeks the disbarment of respondent for violating Rule 15.03 of the Code of Professional Responsibility and for defying the prohibition against private practice of law while working as government prosecutor.

Respondent refutes complainant's allegations and counters that complainant was merely aggrieved by the resolution of the criminal complaint which was adverse and contrary to her expectation.[19]

Respondent claims that when the criminal complaint was filed, respondent had resigned from Taggat for more than five years.[20] Respondent asserts that he no longer owed his undivided loyalty to Taggat.[21] Respondent argues that it was his sworn duty to conduct the necessary preliminary investigation.[22] Respondent contends that complainant failed to establish lack of impartiality when he performed his duty.[23] Respondent points out that complainant did not file a motion to inhibit respondent from hearing the criminal complaint[24] but instead complainant voluntarily executed and filed her counter-affidavit without mental reservation.[25]

Respondent states that complainant's reason in not filing a motion to inhibit was her impression that respondent would exonerate her from the charges filed as gleaned from complainant's statement during the hearing conducted on 12 February 1999:

x x x

Q. (Atty. Dabu). What do you mean you didn't think he would do it, Madam Witness?

A. Because he is supposed to be my father's friend and he was working with my Dad and he was supposed to be trusted by my father. And he came to me and told me he gonna help me. x x x.[26]

Respondent also asserts that no conflicting interests exist because he was not representing Taggat employees or complainant. Respondent claims he was merely performing his official duty as Assistant Provincial Prosecutor.[27] Respondent argues that complainant failed to establish that respondent's act was tainted with personal interest, malice and bad faith.[28]

Respondent denies complainant's allegations that he instigated the filing of the cases, threatened and harassed Taggat employees. Respondent claims that this accusation is bereft of proof because complainant failed to mention the names of the employees or present them for cross-examination.[29]

Respondent does not dispute his receipt, after his appointment as government prosecutor, of retainer fees from complainant but claims that it

was only on a case-to-case basis and it ceased in 1996.[30] Respondent contends that the fees were paid for his consultancy services and not for representation. Respondent submits that consultation is not the same as representation and that rendering consultancy services is not prohibited.[31]Respondent, in his Reply-Memorandum, states:

x x x [I]f ever Taggat paid him certain amounts, these were paid voluntarily by Taggat without the respondent's asking, intended as token consultancy fees on a case-to-case basis and not as or for retainer fees. These payments do not at all show or translate as a specie of 'conflict of interest'. Moreover, these consultations had no relation to, or connection with, the above-mentioned labor complaints filed by former Taggat employees.[32]

Respondent insists that complainant's evidence failed to prove that when the criminal complaint was filed with the Office of the Provincial Prosecutor of Cagayan, respondent was still the retained counsel or legal consultant.[33]

While this disbarment case was pending, the Resolution and Order issued by respondent to file 651 Informations against complainant was reversed and set aside by Regional State Prosecutor of Cagayan Rodolfo B. Cadelina last 4 January 1999.[34] Hence, the criminal complaint was dismissed.[35]

The IBP's Report and Recommendation

The Integrated Bar of the Philippines' Investigating Commissioner Ma. Carmina M. Alejandro-Abbas ("IBP Commissioner Abbas") heard the case[36] and allowed the parties to submit their respective memoranda.[37] Due to IBP Commissioner Abbas' resignation, the case was reassigned to Commissioner Dennis A.B. Funa ("IBP Commissioner Funa").[38]

After the parties filed their memoranda and motion to resolve the case, the IBP Board of Governors issued Resolution No. XVI-2004-479 ("IBP Resolution") dated 4 November 2004 adopting with modification[39] IBP Commissioner Funa's Report and Recommendation ("Report") finding respondent guilty of conflict of interests, failure to safeguard a former client's interest, and violating the prohibition against the private practice of law while being a government prosecutor. The IBP Board of Governors recommended the imposition of a penalty of three years suspension from the practice of law. The Report reads:

Now the issue here is whether being a former lawyer of Taggat conflicts with his role as Assistant Provincial Prosecutor in deciding I.S. No. 97-240. A determination of this issue will require the test of whether the matter in I.S. No. 97-240 will conflict with his former position of Personnel Manager and Legal Counsel of Taggat.

I.S. No. 97-240 was filed for "Violation of Labor Code" (see Resolution of the Provincial Prosecutors Office, Annex "B" of Complaint). Herein Complainant, Ruthie Lim-Santiago, was being accused as having the "management and control" of Taggat (p. 2, Resolution of the Prov. Pros. Office, supra).

Clearly, as a former Personnel Manager and Legal Counsel of Taggat, herein Respondent undoubtedly handled the personnel and labor concerns of Taggat. Respondent, undoubtedly dealt with and related with the employees of Taggat. Therefore, Respondent undoubtedly dealt with and related with complainants in I.S. No. 97-240. The issues, therefore, in I.S. No. 97-240, are very much familiar with Respondent. While the issues of unpaid salaries pertain to the periods 1996-1997, the mechanics and personalities in that case are very much familiar with Respondent.

A lawyer owes something to a former client. Herein Respondent owes to Taggat, a former client, the duty to "maintain inviolate the client's confidence or to refrain from doing anything which will injuriously affect him in any matter in which he previously represented him" (Natam v. Capule, 91 Phil. 640; p. 231, Agpalo, Legal Ethics, 4th ed.)

Respondent argues that as Assistant Provincial Prosecutor, he does not represent any client or any interest except justice. It should not be forgotten, however, that a lawyer has an immutable duty to a former client with respect to matters that he previously handled for that former client. In this case, matters relating to personnel, labor policies, and labor relations that he previously handled as Personnel Manager and Legal Counsel of Taggat. I.S. No. 97-240 was for "Violation of the Labor Code." Here lies the conflict. Perhaps it would have been different had I.S. No. 97-240 not been labor-related, or if Respondent had not been a Personnel Manager concurrently as Legal Counsel. But as it is, I.S. No. 97-240 is labor-related and Respondent was a former Personnel Manager of Taggat.

x x x x

While Respondent ceased his relations with Taggat in 1992 and the unpaid salaries being sought in I.S. No.

97-240 were of the years 1996 and 1997, the employees and management involved are the very personalities he dealt with as Personnel Manager and Legal Counsel of Taggat. Respondent dealt with these persons in his fiduciary relations with Taggat. Moreover, he was an employee of the corporation and part of its management.

x x x x

As to the propriety of receiving "Retainer Fees" or "consultancy fees" from herein Complainant while being an Assistant Provincial Prosecutor, and for rendering legal consultancy work while being an Assistant Provincial Prosecutor, this matter had long been settled. Government prosecutors are prohibited to engage in the private practice of law (see Legal and Judicial Ethics, Ernesto Pineda, 1994 ed., p. 20; *People v. Villanueva*, 14 SCRA 109; *Aquino v. Blanco* 70 Phil. 647). The act of being a legal consultant is a practice of law. To engage in the practice of law is to do any of those acts that are characteristic of the legal profession (*In re: David*, 93 Phil. 461). It covers any activity, in or out of court, which required the application of law, legal principles, practice or procedures and calls for legal knowledge, training and experience (*PLA v. Agrava*, 105 Phil. 173; *People v. Villanueva*, 14 SCRA 111; *Cayetano v. Monsod*, 201 SCRA 210).

Respondent clearly violated this prohibition.

As for the secondary accusations of harassing certain employees of Taggat and instigating the filing of criminal complaints, we find the evidence insufficient.

Accordingly, Respondent should be found guilty of conflict of interest, failure to safeguard a former client's interest, and violating the prohibition against the private practice of law while being a government prosecutor.[40]

The IBP Board of Governors forwarded the Report to the Court as provided under Section 12(b), Rule 139-B[41] of the Rules of Court.

The Ruling of the Court

The Court exonerates respondent from the charge of violation of Rule 15.03 of the Code of Professional Responsibility ("Code"). However, the Court finds respondent liable for violation of Rule 1.01, Canon 1 of the Code of Professional Responsibility against unlawful conduct.[42] Respondent committed unlawful conduct when he violated Section 7(b)(2) of the Code of Conduct and Ethical Standards for Public Officials and Employees or Republic Act No. 6713 ("RA 6713").

Canon 6 provides that the Code "shall apply to lawyers in government service in the discharge of their official duties." [43] A government lawyer is thus bound by the prohibition "not [to] represent conflicting interests." [44] However, this rule is subject to certain limitations. The prohibition to represent conflicting interests does not apply when no conflict of interest exists, when a written consent of all concerned is given after a full disclosure of the facts or when no true attorney-client relationship exists.[45] Moreover, considering the serious consequence of the disbarment or suspension of a member of the Bar, clear preponderant evidence is necessary to justify the imposition of the administrative penalty.[46]

Respondent is also mandated under Rule 1.01 of Canon 1 not to engage in "unlawful x x x conduct." Unlawful conduct includes violation of the statutory prohibition on a government employee to "engage in the private practice of [his] profession unless authorized by the Constitution or law, provided, that such practice will not conflict or tend to conflict with [his] official functions." [47]

Complainant's evidence failed to substantiate the claim that respondent represented conflicting interests

In *Quiambao v. Bamba*, [48] the Court enumerated various tests to determine conflict of interests. One test of

inconsistency of interests is whether the lawyer will be asked to use against his former client any confidential information acquired through their connection or previous employment.[49] In essence, what a lawyer owes his former client is to maintain inviolate the client's confidence or to refrain from doing anything which will injuriously affect him in any matter in which he previously represented him.[50]

In the present case, we find no conflict of interests when respondent handled the preliminary investigation of the criminal complaint filed by Taggat employees in 1997. The issue in the criminal complaint pertains to non-payment of wages that occurred from 1 April 1996 to 15 July 1997. Clearly, respondent was no longer connected with Taggat during that period since he resigned sometime in 1992.

In order to charge respondent for representing conflicting interests, evidence must be presented to prove that respondent used against Taggat, his former client, any confidential information acquired through his previous employment. The only established participation respondent had with respect to the criminal complaint is that he was the one who conducted the preliminary investigation. On that basis alone, it does not necessarily follow that respondent used any confidential information from his previous employment with complainant or Taggat in resolving the criminal complaint.

The fact alone that respondent was the former Personnel Manager and Retained Counsel of Taggat and the case he resolved as government prosecutor was labor-related is not a sufficient basis to charge respondent for representing conflicting interests. A lawyer's immutable duty to a former client does not cover transactions that occurred beyond the lawyer's employment with the client. The intent of the law is to impose upon the lawyer the duty to protect the client's interests only on matters that he previously handled for the former client and not for matters that arose after the lawyer-client relationship has terminated.

Further, complainant failed to present a single iota of evidence to prove her allegations. Thus, respondent is not guilty of violating Rule 15.03 of the Code.

Respondent engaged in the private practice of law while working as a government prosecutor

The Court has defined the practice of law broadly as —

x x x any activity, in or out of court, which requires the application of law, legal procedure, knowledge, training and experience. "To engage in the practice of law is to perform those acts which are characteristics of the profession. Generally, to practice law is to give notice or render any kind of service, which device or service requires the use in any degree of legal knowledge or skill." [51]

"Private practice of law" contemplates a succession of acts of the same nature habitually or customarily holding one's self to the public as a lawyer.[52]

Respondent argues that he only rendered consultancy services to Taggat intermittently and he was not a retained counsel of Taggat from 1995 to 1996 as alleged. This argument is without merit because the law does not distinguish between consultancy services and retainer agreement. For as long as respondent performed acts that are usually rendered by lawyers with the use of their legal knowledge, the same falls within the ambit of the term "practice of law."

Nonetheless, respondent admitted that he rendered his legal services to complainant while working as a government prosecutor. Even the receipts he signed stated that the payments by Taggat were for "Retainer's fee." [53] Thus, as correctly pointed out by complainant, respondent clearly violated the prohibition in RA 6713.

However, violations of RA 6713 are not subject to disciplinary action under the Code of Professional Responsibility unless the violations also constitute infractions of specific provisions of the Code of Professional

Responsibility. Certainly, the IBP has no jurisdiction to investigate violations of RA 6713 — the Code of Conduct and Ethical Standards for Public Officials and Employees — unless the acts involved also transgress provisions of the Code of Professional Responsibility.

Here, respondent's violation of RA 6713 also constitutes a violation of Rule 1.01 of Canon 1, which mandates that "[a] lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct." Respondent's admission that he received from Taggat fees for legal services while serving as a government prosecutor is an unlawful conduct, which constitutes a violation of Rule 1.01.

Respondent admitted that complainant also charged him with unlawful conduct when respondent stated in his Demurrer to Evidence:

In this instant case, the complainant prays that the respondent be permanently and indefinitely suspended or disbarred from the practice of the law profession and his name removed from the Roll of Attorneys on the following grounds:

x x x x

d) that respondent manifested gross misconduct and gross violation of his oath of office and in his dealings with the public.[54]

On the Appropriate Penalty on Respondent

The appropriate penalty on an errant lawyer depends on the exercise of sound judicial discretion based on the surrounding facts.[55]

Under Civil Service Law and rules, the penalty for government employees engaging in unauthorized private practice of profession is suspension for six months and one day to one year.[56] We find this penalty appropriate for respondent's violation in this case of Rule 1.01, Canon 1 of the Code of Professional Responsibility.

WHEREFORE, we find respondent Atty. Carlos B. Sagucio GUILTY of violation of Rule 1.01, Canon 1 of the Code of Professional Responsibility. Accordingly, we SUSPEND respondent Atty. Carlos B. Sagucio from the practice of law for SIX MONTHS effective upon finality of this Decision.

Let copies of this Decision be furnished the Office of the Bar Confidant to be appended to respondent's personal record as an attorney, the Integrated Bar of the Philippines, the Department of Justice, and all courts in the country for their information and guidance.

SO ORDERED.

Panganiban, C.J., Puno, Quisumbing, Ynares-Santiago, Sandoval-Gutierrez, Austria-Martinez, Corona, Carpio Morales, Callejo, Sr., Azcuna, Tinga, Chico-Nazario, and Garcia, JJ., concur.

[1] Rollo, p. 153.

[2] Id. at 128-129.

[3] Id. at 10.

[4] Id. at 1, 240.

[5] Id. at 240.

[6] Id.

[7] Id. at 21.

[8] Id. at 22.

[9] Id. at 75.

[10] 21 Taggat employees filed their Affidavits alleging that complainant failed to pay them 31 quincenas of their salaries and wages, thus 651 Informations were recommended for filing.

[11] Article 288 of the Labor Code of the Philippines provides: "Penalties. — Except as otherwise provided in this Code, or unless the acts complained of hinges on a question of interpretation or implementation of ambiguous provisions of an existing collective bargaining agreement, any violation of the provisions of this Code declared to be unlawful or penal in nature shall be punished with a fine of not less than One Thousand Pesos (P1,000.00) nor more than Ten Thousand Pesos (P10,000.00), or imprisonment of not less than three months nor more than three years, or both such fine and imprisonment at the discretion of the court. x x x."

[12] Article 116 of the Labor Code of the Philippines provides: "Withholding of wages and kickbacks prohibited. — It shall be unlawful for any person directly or indirectly, to withhold any amount from the wages of a worker or induce him to give up any part of his wages by force, stealth, intimidation, threat or by any other means whatsoever without the worker's consent."

[13] Rollo, p. 82.

[14] Id. at 2.

[15] Id. at 3.

[16] Id. at 110-111.

[17] Id. at 112-113.

[18] Id. at 114.

[19] Id. at 243.

[20] Id. at 242.

[21] Id. at 244.

[22] Id.

[23] Id. at 243.

[24] Id. at 245.

[25] Id. at 244.

[26] Id. at 246, 483.

[27] Id. at 247.

[28] Id.

[29] Id. at 249.

[30] Id. at 247-248.

[31] Id. at 350.

[32] Id.

[33] Id. at 248.

[34] Id. at 155-157.

[35] Id.

[36] Id. at 84-89, 99-103, 232, 237-239, 268, 273, 276-279, 282-284, 294-296, 299-300.

[37] Id. at 330-331.

[38] Id. at 362.

[39] The IBP Commissioner imposed a penalty of three months suspension from the practice of law.

[40] Rollo, pp. 549-554.

[41] Section 12(b), Rule 139-B of the Rules of Court provides:

SEC. 12. Review and decision by the Board of Governors. —

x x x x

(b) If the Board, by the vote of a majority of its total membership, determines that the respondent should be suspended from the practice of law or disbarred, it shall issue a resolution setting forth its findings and recommendations which, together with the whole record of the case, shall forthwith be transmitted to the Supreme Court for final action.

[42] Rule 1.01, Canon 1 of the Code of Professional Responsibility provides:

Rule 1.01. — A lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct.

[43] Code of Professional Responsibility, Canon 6.

[44] Code of Professional Responsibility, Rule 15.03.

[45] R. Agpalo, Comments On The Code Of Professional Responsibility And The Code Of Judicial Conduct 165 (2001 ed.)

[46] *Berbano v. Barcelona*, A.C. No. 6084, 3 September 2003, 410 SCRA 258.

[47] RA 6713, Section 7(b)(2).

[48] A.C. No. 6708, 25 August 2005, 468 SCRA 1.

[49] Id. at 10-11.

[50] *Pormento, Sr. v. Pontevedra*, A.C. No. 5128, 31 March 2005, 454 SCRA 167, 178.

[51] *Cayetano v. Monsod*, G.R. No. 100113, 3 September 1991, 201 SCRA 210, 214.

[52] *Borja, Sr. v. Sulyap, Inc.*, 447 Phil. 750, 759 (2003).

[53] Exhs. "B," "B-2," "B-3," rollo, pp. 110-114.

[54] Id. at 241-242.

[55] *Endaya v. Oca*, A.C. No. 3967, 3 September 2003, 410 SCRA 244, 255.

[56]Omnibus Rules Implementing Book V of Executive Order No. 292 and Other Pertinent Civil Service Laws as mandated by Section 12 of RA 6713.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.