

**EFREN JAVIER AND PEDRO JAVIER, COMPLAINANTS, VS. JUDGE SALVADOR P. DE GUZMAN, JR., RESPONDENT.***A.M. No. RTJ-89-380. December 19, 1990*Read online (full-text search, related cases, audio case brief): <https://batas.org/library/b64078ecef0f/>**PER CURIAM:**

Disbarment proceedings on the ground of "dishonorable conduct" were instituted on 8 August 1989 before the Committee on Bar Discipline of the Integrated Bar by complainants Efren Javier (son) and Pedro Javier (father) against respondent Salvador P. de Guzman, Jr., as a member of the Bar and as Presiding Judge of the Regional Trial Court, Makati, Metro Manila. However, pursuant to Supreme Court Circular No. 3-89, dated 9 February 1989, requiring that complaints filed in the IBP against Justices and Judges of the lower Courts be promptly referred to the Supreme Court for appropriate action, the Complaint was eventually transmitted to this Court.

After the Comment by Respondent Judge and the Reply by Complainants were filed, the Court referred the case to Mme. Justice Lorna L. de la Fuente of the Court of Appeals for investigation, report and recommendation.

The Report and Recommendation was submitted to the Court on 20 September 1990.

Complainants allege that, on 7 December 1987, Efren Javier, and his mother, Lolita Javier, borrowed P200,000.00 from Respondent Judge with interest orally agreed upon at ten per cent (10%) monthly. They tendered to the latter UCPB Check No. BNE 012872, dated 7 January 1988, in the amount of P220,000.00. The drawer of the check was actually Donato Belen, a brother-in-law of Efren, as the Javiers had no personal checking account. The following day, Respondent required them to sign a Memorandum of Agreement, which they did. Two of the conditions imposed were interest at the rate of twenty per cent (20%) per month, compounded monthly, and should they fail to pay the loan and its interest upon maturity on 7 January 1988 and the check is deposited and dishonored, an appropriate charge for violation of Batas Pambansa Blg. 22 may be filed at Respondent's option. When the Javiers defaulted on due date because of business reverses, partial payments in the total amount of P177,000.00 were made to Respondent between 6 January 1988 and 16 June 1988. Meanwhile, the check, which was deposited by Respondent on 14 April 1988, was dishonored by the drawee bank.

On 8 September 1988, Respondent instituted suit for a "Sum of Money and Damages with Prayer for the Issuance of a Writ of Preliminary Attachment" in the Regional Trial Court of Makati, Metro Manila, against the spouses Pedro and Lolita Javier, and their son, Efren, for the recovery of the "sum of P220,000.00 with 20% interest/penalty a month compounded monthly from January 7, 1988 until fully paid," computed at P622,871.67 (Annex B, Complaint). Judgment on the pleadings was rendered on 3 February 1989 ordering the Javiers to pay Respondent Judge the "sum of P608,871.67 with 20% interest/penalty a month compounded monthly beginning September 8, 1988 until fully paid" and the "sum equal to 10% of the amounts due and recoverable as reimbursement of attorney's fees and litigation expenses" (Order, RTC Rollo, p. 107). In the meantime, an Order granting execution pending appeal was issued by the Trial Court on 14 April 1989 (Ibid., pp. 216-217). The Javiers appealed to the Court of Appeals where the case still pend.

Still later, Respondent filed in Manila two (2) criminal complaints, the first, for violation of B.P. Blg. 22 against

Efren, who, however, was acquitted, and the second, for Estafa against Complainants and Lolita Javier, which complaint was dismissed (Rollo, p. 194).

On 21 March 1989, Respondent further filed an administrative charge against Complainant father, Pedro, with the Bureau of Internal Revenue where the latter was employed. Earlier, an administrative charge against Pedro had also been filed with the Civil Service Commission on 3 March 1989 accusing Pedro in both instances, of having committed estafa against him and his wife, of dishonesty and of conduct unbecoming of a government official.

Feeling harassed, Complainants filed this administrative charge against Respondent Judge on four counts of "dishonorable conduct," as follows:

1. Respondent had loaned money to Complainants at usurious interest as can be gleaned from the fact that after receiving P177,000.00 in installments, he still seeks to recover the amount of P622,817.67;
2. Respondent took advantage of his position as Regional Trial Court Judge of Makati, Metro Manila, by filing a collection case against Complainants and Lolita Javier before the same Court and making false and fraudulent manifestations that Complainants had failed to pay any amount as of 8 September 1988;
3. Respondent resorted to harassment by filing a criminal complaint for violation of B.P. Blg. 22 against Complainant, Efren, despite knowledge that the latter was not the drawer of the UCPB check; and
4. Respondent failed to reveal the true facts of the case, in violation of Articles 182 and 183 of the Revised Penal Code penalizing "False testimony," when he filed the administrative charges with the Bureau of Internal Revenue and the Civil Service Commission against Complainant Pedro notwithstanding knowledge of the fact that Pedro was not involved in the transaction in question.

In his Comment, Respondent denied that he lent any money to the Javiers alleging that it was his wife who had asked her first cousin, Mrs. Hedy Laca, to make available the amount of P200,000.00. The real lender, therefore, was the latter. When the Javiers failed to repay the loan, they were compelled to pay back the amount to Mrs. Laca. Respondent, therefore, became the creditor of the Javiers "by force of circumstances."

Respondent also stressed that the rate of interest of twenty per cent (20%) per month, compounded monthly, was not usurious for the reason that said rate was designed more as a penalty in order to force the Javiers to pay back the loan as soon as possible. He contends that under the circumstances, the filing of several complaints against the Javiers was the more "civilized thing to do." And as to the filing of the case in Makati, he reasons out that it was upon prior consultation with the Executive Judge.

With regard to the administrative charges, which he had filed against Complainant Pedro, Respondent maintains that the latter was not really an innocent party to the whole transaction, but the "prime mover."

With "dishonorable conduct" defined by the Investigating Justice and by the parties as conduct not in keeping with any of the rules embodied in the Code of Professional Responsibility for lawyers and the Code of Judicial Ethics, Justice de la Fuente concluded that there were valid grounds to sustain the first three (3) charges, for the commission of which Respondent Judge was recommended to be reprimanded, with warning of a severer penalty in case of repetition. The fourth charge was recommended to be dismissed (Report, p. 4).

Anent the first charge, that is, whether or not Respondent was, in fact, the lender and had charged a usurious rate of interest, the Investigating Justice found that Respondent's disclaimer cannot prevail over the Agreement between the parties, which clearly point to the Respondent as the lender. He is mentioned in said Agreement as the "Third Party," the "First Party" being Lolita Javier, and the "Second Party" being Efren. The UCPB postdated check was also made out in Respondent's name. The foregoing refutes Respondent contention that he became the

lender only "by force of circumstances" after the Javiers had failed to repay their indebtedness. Further, it was Respondent who made collections on the loan and it was to him that payments were made. Additionally, it was Respondent who filed the civil case for collection of the loan as well as the administrative cases against complainant Pedro.

As to the usurious rate of interest, while that issue was considered by Justice de la Fuente as irrelevant since the Usury Law is now legally inexistent pursuant to Central Bank Circular No. 905 and the interest now legally chargeable depends upon the agreement of lender and borrower (*Liam Law v. Olympic Sawmill Co.*, G. R. No. L-30771, May 28, 1984, 129 SCRA 439), she found that the interest charged on the loan was exorbitant. To quote:

"The Memorandum of Agreement (pls. see fifth whereas clause) stipulates that for the period from December 7, 1987, when the sum of P200,000.00 was lent to the Javiers, to December 22, 1987, on which date the loan fell due 'with extension up to January 7, 1988' -- or for a period of from 15 to 30 days -- the interest shall be 'at the rate of Ten Percent (10%) for the period of time', in other words, the interest rate is 10% a month. This explains why the postdated check required under the Agreement to be issued by Efren Javier to respondent is for P220,000.00, the additional P20,000.00 being the amount earned on the sum of P200,000.00 over a period of, at most, 30 days. Then, as further stipulated in the Agreement (par. 2), if the loan and interest due thereon shall not have been paid by January 7, 1988, the Javiers shall pay to respondent 'a sum equal to Twenty Percent (20%) a month compounded monthly over the initial principal plus the initial interest on the total sum of P220,000.00, until the full amount is paid.' The result of this stipulation is that despite the fact, established by the evidence and admitted by respondent, that as of June 16, 1988 the total payments made by the Javiers on the loan of P200,000.00 had amounted to P177,000.00 -- or only P23,000.00 short of P200,000.00, the amount originally invested by respondent -- he sought to collect in his suit filed in September 1988 against the Javiers -- the relatively and staggeringly huge amount of P622,871.67 (pls. see Motion for Judgment on the Pleadings, CC No. 88-1872, Annex C to Complaint, p. 12 Record). The foregoing figures speak for themselves; they show clearly the exorbitance and shocking harshness of the imposition in question.

Nor can such unconscionability be excused on the ground, as respondent interposes, that the 20% interest compounded monthly is intended not as interest but as penalty. However it may be termed, the fact remains that the said amount is being collected by respondent as a charge for the use of his money by the Javiers, and this charge is blatantly out of proportion to the amount of the money which respondent loaned to the Javiers."

Our review of the evidence shows that the foregoing conclusions are warranted.

As to the second charge - that Respondent took advantage of his position as Makati Regional Trial Court Judge by filing the collection case against Complainants in said Court - we quote with approval Justice de la Fuente's observations thereon:

" x x x The civil case was filed by respondent with the Makati RTC on September 8, 1988; and respondent admits that he was 'detailed indefinitely to Branch 142 of the same Court on June 30, 1988 and assumed office thereat on July 5, 1988.' Instead of filing the suit in Quezon City where the Javiers reside or in Manila where respondent resides, respondent -- taking advantage of what he calls the waiver of venue stipulation in the Memorandum of Agreement (which states that 'in case of litigation, venue shall be any court in Metro Manila, at the option of the Third Party,' i.e., the respondent) -- chose to file the case in Makati.

"True, considering the abovesited stipulation, it might be said that respondent was acting in the legal exercise of the option granted to him in the Agreement. Nonetheless, the undersigned submits that in thus acting, respondent had fallen short of what is expected of him as a Judge and officer of the court among whose duties it is to see to it that public confidence in the honor, dignity, integrity and independence of the judiciary is not eroded, pursuant to Canons 3 and 25 of the Canons of Judicial Ethics, *supra*. It is reasonably to be expected, considering the peculiar Filipino psyche, personality and culture -- of which a Judge like respondent is

presumably aware -- that the public, particularly respondent's adversary in this case, would naturally be apprehensive that respondent might exert influence to favor himself, to the detriment of his said adversary. And so it turned out, this was precisely the substance of complainant's second charge. Indeed, instead of promoting public confidence in the dignity, honor, integrity and independence of the Judiciary, as every Judge is urged to do by the Canons just cited, respondent's aforesaid behavior produced the opposite result."

The third charge concerns Respondent's alleged act of harassment in continuing with the criminal prosecution of complainant, Efren, for violation of Batas Pambansa Blg. 22 despite his having been informed that Efren was not the owner and drawer of the check, and, therefore, is not the proper person to be charged. On this score, the Investigating Justice found, and with which we agree:

"x x x Even discounting the weight of complainant's said evidence, it bears emphasis that while the case was still under investigation before the Fiscal's Office, respondent had, as he himself admits, already been informed that it was not Efren Javier who had signed the postdated check. Thus, it was, under the aforesaid Canons, respondent's bounden duty -- as a Judge whose personal behavior should at all times, even in his everyday life, be beyond reproach so as to promote public confidence in the dignity, honor, integrity and independence of the judiciary (Canon 3, s-upra), who should endeavor always to prevent the erosion of such public confidence 'by irresponsible or improper conduct' -- to disregard his personal animosity towards the Javiers and to see to the forthright dismissal of the case. He failed to comply with this duty when he instead saw to the continuation of the prosecution of the case until it reached the Regional Trial Court and up to its termination thereat (with the acquittal of Efren)."

The fourth charge - that of having filed with the BIR and the Civil Service Commission administrative charges against Complainant Pedro, notwithstanding Respondent's knowledge of the fact that Pedro had no participation whatsoever in the loan transaction in question - was found by Justice de la Fuente to be unsubstantiated. We find no reason to differ.

"x x x It is true that it appears from the Memorandum of Agreement that Pedro Javier is not a party nor a signatory thereof; nonetheless, it also appears that his wife Lolita Javier is that 'First Party,' and his son Efren Javier is the 'Second Party' thereof. There was reason for respondent to believe that Pedro Javier was not an 'innocent' party and had in reality a 'behind-the-scenes' participation in the transaction. For as respondent believably relates it, Pedro Javier 'was the prime mover who, on December 5, 1987 invited respondent and Mrs. De Guzman for dinner and wanted the respondent to join in the venture.' Besides, in view of the closeness of 'the Filipino family ties which usually extend to financial matters, similarly, while it was respondent himself who had been expressly named the 'Third Party' in the loan agreement, it was respondent's wife who, although not at all mentioned as a party to the same Agreement, took it upon herself to locate the funds with which to finance the loan given to the Javiers. And considering that respondent had the feeling, groundless or not, that the Javiers had, so to speak, put one over on the de Guzmans when the former did not pay to respondent the amount which he wished to collect on the loan, respondent naturally felt aggrieved or wronged by Pedro Javier, and this he undoubtedly thought could be righted by the filing of the administrative charges against him (Pedro Javier). As the undersigned sees it, this -- and not malice or desire to harass -- is the motivation for respondent's filing of said charges."

Except for the act complained of in the last charge, Respondent Judge's actuations, indeed, show reproachable and improper conduct. He denied that he was the lender when, in fact, he was, as concluded by Justice de la Fuente.

While he had every right to protect his investment, and while the contract of loan entered into between him and the Javiers was legal per se. Respondent rendered it unconscionable by imposing a penalty of twenty per cent (20%) interest per month compounded monthly. It strikes us, too, that Respondent was equivocal as to the repayments that were made to him by the Javiers. In his Verified Complaint before the Trial Court, he averred failure to repay (Annex B, Complaint). However, in the computation attached to his Motion for Judgment on the

Pleadings (Annex C, *ibid.*), he made mention of “alleged payments being accepted by (him) at face value” and included them in the determination of the balance due.

Respondent also brought suit to collect the staggering sum of P622,871.67 despite payments by the debtors of approximately P177,000.00 of the original P200,000.00 loan. Although not illegal under the terms of the Memorandum of Agreement, as in fact, the Trial Court had ruled in Respondent's favor, it does not necessary follow that it was moral and fair. Respondent is not a hard-boiled and callous businessman. He is a Judge.

A Judge's official conduct should be free from the appearance of impropriety, and his personal behavior, not only upon the bench and in the performance of judicial duties, but also in his everyday life, should be beyond reproach (Canons of Judicial Ethics, Canon 3, which was applicable at the time of the transaction in 1987; emphasis supplied). This was reiterated in the Code of Judicial Conduct, Canon 2 and Rule 2.01 which provides that a Judge should so behave at all times as to promote public confidence in the integrity and impartiality of the Judiciary.

This is premised on the truism that a Judge's official life cannot simply be detached or separated from his personal existence and that upon a Judge's attributes depend the public perception of the Judiciary. Thus:

"Public confidence in the Judiciary is eroded by irresponsible or improper conduct of judges. A judge must avoid all impropriety and the appearance thereof. Being the subject of constant public scrutiny, a judge should freely and willingly accept restrictions on conduct that might be viewed as burdensome by the ordinary citizen.

A judge should personify judicial integrity and exemplify honest public service. The personal behavior of a judge, both in the performance of official duties and in private life should be above suspicion." (Commentaries on Canon 2.01).

So exacting are the standards of judicial deportment that a Judge is even enjoined from making investments in any enterprise that is likely to be involved in litigation.

"A judge shall refrain from financial and business dealings that tend to reflect adversely on the court's impartiality, interfere with the proper performance of judicial activities, or increase involvement with lawyers or persons likely to come before the Court. A judge should so manage investments and other financial interests as to minimize the number of cases giving grounds for disqualification" (Code of Judicial Conduct, Rule 5.02).

The rationale for the rule applies with equal vigor in this case.

While Respondent Judge may have had reasons of convenience for filing his collection suit in Makati where he sits as one of the Trial Judges, a sense of propriety should have impelled him to desist. In the eyes of the public, it arouses suspicion, rightly or wrongly, that advantage is being taken of one's position and that a Judge's adversary is sure to get a raw deal. As it turned out, Respondent Judge, in his official stationery, upbraided the Sheriff who enforced the Writ of Preliminary Attachment for not having taken into custody all the items he had levied upon and "asked" him to do so "within forty eight hours" (Exhibit J, Complaint, p. 44). In this regard, Respondent had exposed the Bench to possible charges of exertion of undue pressure and influence.

The continued prosecution of the criminal charge for violation of Batas Pambansa Blg. 22 against Complainant Efren, despite subsequent knowledge that the latter was not the drawer of the check but his brother-in-law, although Efren had filled out the check himself, again exhibits reproachable conduct. Respondent could have moved for the dismissal of the case, considering his professional responsibility not to encourage, for any motive or interest, any suit or proceeding (Rule 1.03, Code of Professional Responsibility).

His explanation that the making and the issuance of a check without sufficient funds constitute separate offenses so that he could proceed even against Efren, exhibits "splitting of hairs" and a misuse of Court processes in order

to promote one's own interests. As it was, the criminal charge was dismissed.

All told traces of animosity and harassment on the part of Respondent Judge are all too evident, in sharp contrast to what a Judge should be - the embodiment of what is judicious, proper and fair.

WHEREFORE, finding Respondent Judge Salvador P. de Guzman, Jr. guilty on three (3) counts of irresponsible, improper and dishonorable conduct in disregard of the Code of Judicial Ethics, he is hereby SEVERELY CENSURED, with a stern warning that a repetition of the said acts or similar acts in the future shall receive graver sanctions.

Let this Decision be spread upon the personal records of Respondent Judge.

**SO ORDERED.**

Fernan, C.J., Narvasa, Melencio-Herrera, Gutierrez, Jr., Cruz, Paras, Gancayco, Padilla, Bidin, Sarmiento, Grino-Aquino, Medialdea, and Regalado, JJ., concur.  
Feliciano, J., on leave.

**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.