

JOSE G. MEJIA AND EMILIA N. ABRERA, COMPLAINANTS, VS. FRANCISCO S. REYES, RESPONDENT.

Adm. Case No. 378. March 30, 1962

Ponente: PADILLA, J.

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PADILLA, J.:

This is a disbarment proceedings against attorney Francisco S. Reyes for malpractice.

On 27 September 1947 Francisco S. Reyes, a practicing lawyer, was appointed bank attorney and notary for the Baguio Branch of the Philippine National Bank (Exhibit H), as follows:

Atty. Francisco S. Reyes
Baguio City, Mt. Province
(Thru: The Manager, Phil. Nat. Bank
Baguio Branch)

Sir:

Please be advised that you are hereby appointed as Bank Attorney and Notary Public of our Baguio Branch, effective September 19, 1947, and as such you are to perform the following:

- 1) To ratify documents covering bank transactions;
- 2) To represent the Bank in cases filed in the local courts when, in the opinion of the Government Corporate Counsel, there is a necessity for an attorney for the purpose; and
- 3) To give legal advice on ordinary routinary matters to our Branch Manager thereat and sign collection letters when so requested by the latter.

It is understood that you shall receive no regular compensation from the Bank but that you will be allowed to collect fees authorized by the Notarial Law when ratifying documents and 5% of the amount of judgment in cases where your appearance for the Bank is requested, if and when actually collected, which fees, however, may be changed as circumstances may warrant. Furthermore, it is also understood that under this appointment, you are not entitled to any other form of compensation or privileges accorded to regularly appointed employees of this Bank.

Yours very truly,

(Sgd.) V. Carmona
President

I AGREE:

(Sgd.) Francisco S. Reyes

In June 1955 while still holding such position his professional services were engaged by Jose G. Mejia and Emilia

N. Abrera, residents of Baguio City, to bring an action in court against the Philippine National Bank and the Rehabilitation Finance Corporation (now the Development Bank of the Philippines) as successor-in-interest of the defunct Agricultural and Industrial Bank for the cancellation of a mortgage on a parcel of land situate in Baguio City recorded on their certificate of title No. 2499 (civil No. 532). On 28 June 1955 a complaint, signed by attorney Francisco S. Reyes for the law firm of Reyes and Cabato, was filed in the Court of First Instance of Baguio against the two banks, praying that the sum in Japanese war notes of P2,693.53 paid on 27 October 1944 by Jose G. Mejia and Emilia N. Abrera to the Agricultural and Industrial Bank and received by the Philippine National Bank, Baguio Branch, to pay the balance of a real estate mortgage loan, be credited by the Rehabilitation Finance Corporation as successor-in-interest of the defunct Agricultural and Industrial Bank and that the mortgage annotated on transfer certificate of title No. 2499 be cancelled (Exhibit A). After trial, on 4 August 1956 the Court rendered judgment declaring valid the payment in Japanese war notes of P2,693.53 on 27 October 1944 but crediting only the sum of P67.34, Philippine currency, the equivalent value of P2,693.53 under the Ballentyne Schedule (Exhibit 8). On 31 August 1956 the Reyes and Cabato law firm filed a motion for reconsideration (Exhibit 9) and the Philippine National Bank on 5 September 1956 (Exhibit 10), to which on 15 September 1956 the former filed a written objection (Exhibit 11). On 15 September 1956 the Court denied both motions for reconsideration (Exhibit 12). No appeal was taken by either party.

In this administrative proceedings, the complainants Jose G. Mejia and Emilia N. Abrera allege that they had desired to take an appeal from the judgment rendered by the Court of First Instance of Baguio but did not, upon the respondent's advice; that thereafter for the first time they learned that the respondent was counsel and notary public of the Baguio Branch of the Philippine National Bank; that his representing them against the Philippine National Bank, in whose Baguio Branch he was bank attorney and notary public, without revealing to them such connection with the Bank, constitutes malpractice; and pray this Court to disbar him.

In his answer filed on 2 March 1959 respondent Francisco S. Reyes avers that after a conference among the complainants, attorney Federico L. Cabato and himself they agreed not to appeal the judgment rendered by the Court and, instead, to take advantage of the provisions of Republic Act No. 1286 that condoned interests accruing on debts to the Government provided that the principal was paid on or before 31 December 1956; that all the time he was handling their case the complainants knew his professional connection with the Baguio Branch of the Philippine National Bank; that he worked hard with attorney Cabato on their case, for which he was paid by them a meager sum of P90 as attorney's fees; that he is not guilty of malpractice, because he was not a retainer lawyer of the Philippine National Bank but represented it only in collection cases where he was paid 5% of any amount collected; that the malpractice charge is just to harass, embarrass and force him to pay the complainants' debt to the Rehabilitation Finance Corporation; and prays that the complaint be dismissed.

On 4 March 1959 the Court referred the administrative case to the City Attorney of Baguio for investigation, report and recommendation. After conducting the investigation during which the parties presented their evidence, on 23 March 1960, Sixto A. Domondon, City Attorney of Baguio, rendered a report finding the respondent guilty of malpractice and recommending reprimand.

Lawyers are prohibited from representing conflicting interests in a case (*Cantor vs. Ducusin*, 57 Phil., 23 and *In re: De la Rosa*, 27 Phil., 258). The respondent's act of appearing and acting as counsel for the complainants Jose G. Mejia and Emilia N. Abrera in the civil case against the Philippine National Bank, that had appointed him bank attorney and notary public, constitutes malpractice. However, it does not appear satisfactorily proven that during the pendency of their case the complainants did not know of the respondent's connection with the bank as attorney and notary public. On the other hand, it appears that notwithstanding the letter dated 21 July 1955 written by Mr. L. D. Herrera, manager of the Baguio Branch, quoting a part of a previous letter sent to him (Herrera) by

attorney Ramon B. de los Reyes, chief legal counsel of the Philippine National Bank, stating that—

We note that the complaint is signed by our Bank Attorney and Notary Public, Atty. Francisco S. Reyes, in behalf of the Law Office of Reyes and Cabato. Needless to say, it is unethical for Atty. Reyes, who is presently the attorney of the Bank, to represent the plaintiffs here whose interests are diametrically opposed to those of the Bank. As this is certainly embarrassing both for Atty. Reyes and for the Bank, it is requested that you please take this matter with Atty. Reyes with the end in view of advising him to desist from representing the plaintiffs in this case, otherwise, we will be compelled, much to our regret, to recommend severance of his official connection with this Bank.

which shows that the Philippine National Bank knew that the respondent was appearing as counsel for the complainants, yet it did not revoke or cancel his appointment as bank attorney and notary public; that in the civil case the respondent did not appear as counsel for the Bank which was represented by attorneys Ramon B. de los Reyes and Nemesio P. Libunao; that no appeal was taken from the judgment rendered by the Court of First Instance of Baguio, because the complainants had chosen to pay the principal of their loan on or before 31 December 1956 in order that the interests therein be condoned as provided for in Republic Act No. 1286 (Exhibits 13 to 17); and that the respondent was deeply devoted to his duties as counsel for the complainants and collected a very small attorney's fees of P90, the malpractice committed by the respondent is not so serious. He is just admonished and warned not to repeat it.

Bengzon, C.J., Bautista Angelo, Labrador, Barrera, Paredes, Dizon, and De Leon, JJ., concur.

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