



Republic of the Philippines
Supreme Court
Baguio City

THIRD DIVISION

JOSEFINA M. ONGCUANGCO
TRADING CORPORATION,
represented by JOSEFINA M.
ONGCUANGCO,

Complainant,

- versus -

A.M. No. RTJ-14-2402
(Formerly OCA IPI No. 12-3910-RTJ)

Present:

VELASCO, JR., J.,
Chairperson,
MENDOZA,*
REYES,
BERNABE, and**
JARDELEZA, JJ.

JUDGE RENATO D. PINLAC,
Regional Trial Court, Branch 57,
San Carlos City, Pangasinan,

Respondent.

Promulgated:

April 15, 2015

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DECISION

REYES, J.:

Before this Court is an administrative complaint¹ filed by Josefina M. Ongcuangco Trading Corporation (JMOTC), represented by Josefina M. Ongcuangco (Ongcuangco), against respondent Judge Renato D. Pinlac (Judge Pinlac) of the Regional Trial Court (RTC) of San Carlos City, Pangasinan, Branch 57, for violation of Section 8, paragraphs (6) and (7) of Rule 140 of the Rules of Court and Section 8, Canon 4 of the New Code of Judicial Conduct.

* Additional Member per Special Order No. 1966 dated March 30, 2015 *vice* Associate Justice Martin S. Villarama, Jr.

** Additional Member per Raffle dated November 17, 2014 *vice* Associate Justice Diosdado M. Peralta.

¹ *Rollo*, pp. 1-9.

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The Facts

In its complaint dated June 14, 2012, JMOTC averred that, sometime in 2002, Ongcuangco, its president and majority shareholder, filed with the Municipal Trial Court in Cities (MTCC) of Cabanatuan City several cases against Yolanda Lazaro (Lazaro) for violation of Batas Pambansa Bilang 22 (B.P. Blg. 22). The said cases were docketed as Criminal Case Nos. 79789-918 and were raffled to Branch 1 of the MTCC wherein Judge Pinlac was then the Presiding Judge.²

JMOTC claimed that during the course of the trial of the said cases, Judge Pinlac allegedly learned that Ongcuangco is engaged in the business of selling, marketing and distribution of animal feeds. That Judge Pinlac approached Ongcuangco, informing her that he has a hog farm in Pangasinan, and requested her to supply on credit his farm's animal feeds needs.³

That sometime in 2008, Judge Pinlac purchased on credit animal feeds from JMOTC, issuing eight post-dated checks⁴ in the aggregate amount of ₱2,203,400.00. The checks were dated August 15, 2008, September 30, 2008, October 30, 2008, November 30, 2008, December 30, 2008, January 30, 2009, May 30, 2009 and June 30, 2009.⁵

Upon Judge Pinlac's request, JMOTC did not deposit the said checks due to lack of funds. Judge Pinlac told JMOTC not to worry because he secured a loan from a bank, the proceeds of which will be utilized by him in paying of his debt. However, JMOTC learned that the loan has not been approved.⁶

On June 18, 2010, Judge Pinlac executed an acknowledgement⁷ for his unpaid obligations in the aggregate amount of ₱2,153,400.00 to be paid in installment as follows: (1) ₱300,000.00 on June 21, 2010; (2) ₱250,000.00 on August 31, 2010; (3) ₱250,000.00 on October 31, 2010; (4) ₱250,000.00 on December 31, 2010; (5) ₱250,000.00 on February 28, 2011; (6) ₱250,000.00 on April 30, 2011; (7) ₱250,000.00 on June 30, 2011; (8) ₱250,000.00 on August 31, 2011; and (9) ₱103,400.00 on October 31, 2011.

² Id. at 2-3.

³ Id. at 3.

⁴ Id. at 10-11.

⁵ Id. at 3-4.

⁶ Id. at 4-5.

⁷ Id. at 12.

However, Judge Pinlac failed to fulfill his undertakings. JMOTC, through counsel, sent Judge Pinlac demand letters on July 15, 2010⁸ and on September 28, 2011.⁹ JMOTC's demand letters went unheeded.

JMOTC averred that Judge Pinlac should be discharged from the service for taking advantage of his position, by availing of credit purchases from a litigant who has cases pending before his *sala*, and his deliberate failure to pay his debts for almost four years despite repeated demands.¹⁰

In his Comment,¹¹ Judge Pinlac belied JMOTC's claim that there was a pending case filed by JMOTC before the MTCC of Cabanatuan City, Branch 1, from 2002 to 2010 while he was the Presiding Judge therein.¹² He explained that the complainant in the present administrative complaint is JMOTC – a judicial entity that has a separate and distinct personality from its officers and stockholders. Accordingly, Judge Pinlac averred, it cannot be presumed that Ongcuangco, the complainant in the case before Branch 1 of the MTCC of Cabanatuan City is the same as JMOTC.

Judge Pinlac claimed that he did not personally transact the purchase on credit of animal feeds from JMOTC or from Ongcuangco. He explained that his hog farm was managed by Belinda Austria (Austria). That at one time, representatives from Legend Feeds made an offer to Austria to supply animal feeds at a lower price and payable upon harvest provided that they will be the exclusive supplier of feeds in the farm. Judge Pinlac authorized Austria to study the said offer and to close the deal if warranted.¹³

He claimed that he did not know then that Legend Feeds is a product that is being distributed by JMOTC. He only came to know that he transacted with JMOTC when the bill for his purchases was delivered to the farm and a request was made for the issuance of post-dated checks payable to JMOTC.¹⁴

He further denied having used his office to advance his private interest. He claimed that when he was still Presiding Judge of Branch 1 of the MTCC of Cabanatuan City, there was no pending case in his *sala* involving JMOTC. That when he was appointed to the RTC, the case filed by Ongcuangco against Lazaro was then still being tried before the MTCC of Cabanatuan City.¹⁵

⁸ Id. at 15-16.

⁹ Id. at 18-19.

¹⁰ Id. at 7.

¹¹ Id. at 29-33.

¹² Id. at 29.

¹³ Id. at 30.

¹⁴ Id.

¹⁵ Id. at 31-32.

Judge Pinlac also alleged that his failure to pay his debt was not willful. As a sign of his good faith, he claimed that he paid ₱50,000.00 to Legend Feeds on March 31, 2009, which was received by Arnold Galang (Galang).¹⁶ On August 13, 2009, Judge Pinlac again paid ₱50,000.00 to Legend Feeds, which was received by a certain Dulce Royo (Royo).¹⁷ He further alleged that he issued to JMOTC a manager's check dated October 4, 2012 in the amount of ₱400,000.00 as partial payment for his loan obligation.¹⁸

Judge Pinlac claimed that his failure to pay his debt was due to the losses suffered by his hog farm, which eventually ceased operations when the hogs suffered from a disease caused by the substandard quality of the animal feeds he purchased from JMOTC.¹⁹

On July 31, 2013, the Court issued a Resolution,²⁰ which referred the case to the Presiding Justice of the Court of Appeals (CA), to be raffled among the Justices thereat, for investigation, report and recommendation. On December 3, 2013, the case was raffled to CA Associate Justice Fernanda Lampas Peralta (Investigating Justice).

Findings of the Investigating Justice

On October 20, 2014, the Investigating Justice issued her Report and Recommendation.²¹ The Investigating Justice found no evidence to support JMOTC's allegation that Judge Pinlac took advantage of his office as the then Presiding Judge of Branch 1 of the MTCC of Cabanatuan City in securing the purchase of animal feeds on credit from JMOTC.²²

Nevertheless, the Investigating Justice found that Judge Pinlac should be held administratively liable for his willful failure to pay his debt to JMOTC. The Investigating Justice pointed out that Judge Pinlac never denied that he indeed issued the said post-dated checks to JMOTC as payment for the purchase on credit of animal feeds. That he executed an acknowledgment of his debt and undertook to pay the same in installment on specified dates. However, the Investigating Justice averred, Judge Pinlac still failed to pay his debt to JMOTC despite repeated demands therefor.

¹⁶ Id. at 36.

¹⁷ Id. at 37.

¹⁸ Id. at 38.

¹⁹ Id. at 31.

²⁰ Id. at 45.

²¹ Id. at 1058-1075.

²² Id. at 1070.

Accordingly, the Investigating Justice recommended that:

Accordingly, the undersigned Investigating Justice finds that there as willful failure on the part of the respondent to pay a just debt. The partial payment made by respondent and his offer to pay in kind, which were done only after the filing of the administrative case, may serve to mitigate his liability.

Therefore, it is respectfully recommended that respondent be suspended from office for three (3) months without salary and other benefits, for violation of Section 8, Rule 140, Rules of Court and the New Code of Judicial Conduct, with warning that further commission of administrative offenses shall merit more severe sanctions.

With respect to the civil liability of respondent pertaining to his unpaid obligation, the undersigned respectfully defers to the determination thereof in the separate civil case filed by petitioner against respondent.²³

Issue

Essentially, the issue for the Court's resolution is whether Judge Pinlac should be held administratively liable for violation of Section 8, paragraphs (6) and (7) of Rule 140 of the Rules of Court and Sections 8 and 13, Canon 4 of the New Code of Conduct for the Philippine Judiciary.

Ruling of the Court

After a thorough perusal of the respective allegations of the parties and the circumstances of this case, the Court modifies the findings and recommendations of the Investigating Justice.

The claim that Judge Pinlac used the prestige of his office to obtain the loan from JMOTC is unsubstantiated.

Sections 8 and 13, Canon 4 of the New Code of Judicial Conduct for the Philippine Judiciary provides that:

Sec. 8. Judges shall not use or lend the prestige of the judicial office to advance their private interests, or those of a member of their family or of anyone else, nor shall they convey or permit others to convey the impression that anyone is in a special position improperly to influence them in the performance of judicial duties.

²³

Id. at 1075.

Sec. 13. Judges and members of their families shall neither ask for nor accept, any gift, bequest, loan or favor in relation to anything done or to be done or omitted to be done by him or her in connection with the performance of official duties.

Parenthetically, pursuant to the foregoing provisions, in order for a Judge to be held liable under Sections 8 and 13, Canon 4 of the New Code of Judicial Conduct for the Philippine Judiciary, there must be evidence first that would establish that private interests were advanced using the prestige of judicial office or that the acceptance, *inter alia*, of loans or favors was made in exchange for anything to be done or omitted to be done by the Judge in connection with the performance of official duties.

“Administrative charges against members of the judiciary must be supported at least by substantial evidence or such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.”²⁴ “More importantly, in administrative proceedings, the complainant has the burden of proving by substantial evidence the allegations in his complaint. In the absence of evidence to the contrary, the presumption that the respondent has regularly performed his duties will prevail.”²⁵

The Court finds that JMOTC failed to adduce substantial evidence that would establish that Judge Pinlac used the prestige of his office in negotiating the purchase on credit of animal feeds from JMOTC or that the loan accommodation was extended to Judge Pinlac in exchange for anything to be done or omitted to be done by him in connection with his judicial functions. Verily, other than self-serving testimonies of its witnesses, JMOTC failed to present any other evidence that would prove its claim.

On this score, the disquisition of the Investigating Justice is *apropos*, thus:

Nonetheless, there is a dearth of evidence to support complainant’s affirmative allegation that respondent took advantage of his position as MTCC Judge when the initial negotiations of the purchase for the animal feeds took place. Respondent claims that during the negotiations for purchase of the feeds sometime in 2007, he was not aware that Josefina M. Ongcuangco was one of the incorporators of JMO Trading Corporation. Notably, in the criminal cases, the private prosecutor proposed for admission and the defense admitted that “Josefina M. Ongcuangco (also referred to as Josephine Ongcuangco)” is the owner of JO Agricultural Supply with office at Sanciangco Street, Cabanatuan City. JMO Trading Corporation was not mentioned at all as one of the corporations owned by Josefina M. Ongcuangco.

²⁴ *Gutierrez v. Judge Belen*, 578 Phil. 393, 402 (2008).

²⁵ *Atty. Fernandez v. CA Justices Verzola, Villarama, Jr., and Guariña III*, 480 Phil. 1, 7 (2004).

There is also no clear indication in the pertinent records of the criminal cases that complainant was unduly favored by the respondent when the latter started to purchase animal feeds in 2007. At the time, the prosecution had already rested its case. Neither is there any showing in the records that respondent acted with manifest partiality or bias against complainant from 2008 onwards, when respondent failed to pay his obligation. At the time, the defense was presenting evidence and the prosecution was given opportunity to cross examine the defense witnesses.²⁶ (Citations omitted)

Judge Pinlac cannot be held liable for violation of Section 8(7) of Rule 140 of the Rules of Court.

Concomitantly, the Court finds that Judge Pinlac cannot be held administratively liable for violation of Section 8(7) of Rule 140 of the Rules of Court for obtaining a loan from JMOTC. Under Section 8(7) of Rule 140 of the Rules of Court, borrowing money or property from lawyers and litigants in a case pending before the court is considered a serious charge for which a Judge may be administratively sanctioned.

The proscription against borrowing money or property from lawyers and litigants in a case pending before the court is imposed on Judges to avoid the impression that the Judge would rule in favor of a litigant because the former is indebted to the latter.²⁷ In order for the said proscription to operate, it should first be established that the Judge knows that the person or entity from whom he or she is borrowing money or property is actually a lawyer or litigant in a case pending before his or her *sala*.

It is true that Ongcuangco, in her personal capacity, instituted several criminal cases for violation of B.P. Blg. 22 against Lazaro in 2001 and that the same was raffled to Branch 1 of the MTCC of Cabanatuan City wherein Judge Pinlac was the Presiding Judge. However, in 2007, Judge Pinlac transacted with JMOTC – a corporation that has a personality separate and distinct from its officers and stockholders – for the purchase on credit of animal feeds.

Further, during the initial negotiations for the purchase of animal feeds, the representatives of JMOTC introduced themselves to Austria, the manager of Judge Pinlac's hog farm, as representatives of Legend Feeds. It was only during the initial delivery that Judge Pinlac, through the invoice receipt, was apprised that Legend Feeds was actually JMOTC.

²⁶ *Rollo*, pp. 1070-1071.

²⁷ *See Burias v. Judge Valencia*, 600 Phil. 70, 77 (2009).

In view of the foregoing, it would be unjust to administratively penalize Judge Pinlac for obtaining a loan from JMOTC notwithstanding that the latter is not a litigant in any pending case in his *sala*. Moreover, JMOTC failed to adduce substantial evidence that would establish that Judge Pinlac knew that Ongcuangco, who is a litigant in several criminal cases then pending before his *sala*, is the majority shareholder of either Legend Feeds or JMOTC.

Judge Pinlac's failure to pay his debt to JMOTC cannot be characterized as willful.

Section 8(6) of Rule 140 of the Rules of Court categorizes a Judge's willful failure to pay a just debt as a serious charge. The Investigating Justice characterized Judge Pinlac's failure to pay his debt to JMOTC on his purchase of animal feeds on credit as willful, thus warranting administrative sanction, explaining that:

Clearly, respondent's claim that his non-payment was not willful, is readily negated by the facts that (i) he executed and issued the post-dated checks but subsequently requested complainant not to deposit the same on their maturity dates, (ii) he executed an acknowledgment of debt and undertaking to pay but he did not pay the installments on the due dates specified thereon, and (iii) he did not heed the written demands of complainant for payment of his obligation. Whether or not it was respondent himself who personally initiated the transaction with complainant, or it was B[e]linda Austria, his employee in the farm who transacted with the complainant, does not detract from the fact that respondent purchased the animal feeds on credit and was not able to pay the same in full.²⁸

The Court does not agree.

The mere failure of a Judge to pay a loan he obtained on the due date despite written demands cannot be instantly characterized as willful. The term "willful" means voluntary and intentional.²⁹ Thus, a Judge's failure to pay a just debt, as would constitute a serious charge under Section 8(6) of Rule 140 of the Rules of Court, must not only be voluntary, but also intentional, *i.e.*, that the Judge no longer has any intention to satisfy his obligation.

²⁸ *Rollo*, p. 1070.

²⁹ Black's Law Dictionary, 8th Ed., p. 1630.

In *Gargar de Julio v. Judge Vega*,³⁰ the Court meted administrative sanctions against a Judge for his willful failure to pay his debt. In *Gargar de Julio*, an ejectment case was filed against Judge Vega and his wife. After lengthy trial due to the dilatory maneuvers resorted to by Judge Vega, the court decided against Judge Vega and his wife, ordering them to pay rent. However, instead of complying with the court's order, even after the decision had become final, Judge Vega still contested the amount that was due from him. In ruling that Judge Vega was administratively liable for willful failure to pay just debt, the Court opined that:

The facts of this case limn an unflattering picture of a judge who, by abuse of his legal expertise and through dilatory maneuvers, managed to evade and delay the payment of a just debt.

Willful failure to pay a just debt is a serious offense under Rule 140 of the Rules of Court, as amended by the resolution of this Court dated July 25, 1974. **The amount involved (₱4,500[.00]) is not big. He could easily have paid it, but it appears that he was bent on frustrating the complainant's best efforts to obtain satisfaction of her lawful claim, apparently for no other reason than to annoy and oppress her for having haled him and his wife into court. While an ejectment case is supposed to be summary in nature, respondent Judge, through dilatory tactics, stretched the trial over a period of ten (10) years, and dragged the case all the way from the municipal court to the Court of Appeals. After the decision had become final, he delayed payment for two more years.** He came across only after the complainant, in exasperation, had filed this administrative charge against him.

There is no doubt in the mind of this Court that respondent judge's conduct toward the complainant was oppressive and unbecoming a member of the judiciary. He used his position and his legal knowledge to welsh on a just debt and to harass his creditor. His example erodes public faith in the capacity of courts to administer justice. He violated Rule 2.01, Canon 2 of the Code of Judicial Conduct which requires that "a judge should so behave at all times as to promote public confidence in the integrity and impartiality of the judiciary."³¹ (Emphasis ours)

In *Gargar de Julio*, the Court noted that Judge Vega abused his legal expertise by resorting to various dilatory tactics in order to frustrate an otherwise valid claim against him. The circumstances adverted to by the Court in *Gargar de Julio* show that the failure of Judge Vega to pay his debt was not only voluntary, but also intentional.

Accordingly, before a Judge may be held administratively liable for willful failure to pay his debts, the complainant must present substantial evidence that would show that the respondent no longer intends to fulfil his

³⁰ 276 Phil. 343 (1991).

³¹ Id. at 345-346.

obligation. There must be circumstances that would support the conclusion that the respondent no longer has any intention to pay his debt.

Contrary to the Investigating Justice's finding, the circumstances of this case show that Judge Pinlac had every intention to pay his debt to JMOTC. Judge Pinlac's inability to pay his debt to JMOTC was due to the losses suffered by his hog farm, which eventually ceased operations. Nevertheless, Judge Pinlac made partial payments to JMOTC as follows: (1) □50,000.00 on March 31, 2009, which was received by Galang; (2) □50,000.00 on August 13, 2009, which was received by Royo; and (3) □400,000.00 given by way of a manager's check dated October 4, 2012. Judge Pinlac even offered two residential parcels of land to JMOTC as payment for his obligation, which, however, was refused by Ongcuangco.³² As such, Judge Pinlac may have been unable to pay his debt to JMOTC, but such inability cannot be characterized as willful. The foregoing circumstances indubitably show that Judge Pinlac had no intention to abscond from his obligation to JMOTC.

Judge Pinlac is, however, guilty of impropriety for failure to pay his debt to JMOTC.

“Propriety and appearance of impropriety are essential to the performance of all the activities of a judge.”³³ “Thus, Judges are enjoined to avoid impropriety and the appearance of impropriety in all of their activities.”³⁴ In *Rosauro v. Judge Kallos*,³⁵ the Court held that the mere inability of a Judge to pay a loan constitutes impropriety, *viz*:

A judge may obtain a loan if no law prohibits such loan. Respondent Judge does not deny obtaining a loan from complainant on 28 March 1998, payable in two months. Respondent Judge does not also controvert Justice Valdez's finding that this loan remains unpaid. **For this, we find respondent Judge liable for impropriety, absent any proof that he willfully refused to pay the loan despite demands from complainant.**³⁶ (Citations omitted and emphasis ours)

Judge Pinlac does not deny having obtained a loan from JMOTC on his purchases of animal feeds and that the same has yet to be fully satisfied. Thus, there being no evidence that would establish that Judge Pinlac's failure to pay his debt was intentional, he could only be held liable for

³² *Rollo*, p. 589.

³³ New Code of Judicial Conduct for the Philippine Judiciary, Canon 4.

³⁴ *Id.*, Section 1.

³⁵ 517 Phil. 366 (2006).

³⁶ *Id.* at 377.

impropriety. Impropriety constitutes a light charge,³⁷ which, under Section 11(C) of Rule 140 of the Rules of Court, carries with it the sanction of: (1) a fine of not less than ₱1,000.00 but not exceeding ₱10,000.00 and/or; (2) Censure; (3) Reprimand; and (4) Admonition with warning.

In *Rosauro*, the Court imposed upon the respondent judge the penalty of fine of ₱10,000.00 for non-payment of loan. Similarly, in *Beltran v. Judge Rafer*,³⁸ where the respondent judge issued a commercial check as reimbursement for the downpayment in an aborted sale, which when encashed was dishonored for insufficiency of funds or closure of account, the Court likewise found the respondent judge guilty of impropriety and imposed upon him the penalty of fine of ₱10,000.00. The Court deems it proper to impose the same penalty on Judge Pinlac considering the amount of his unpaid obligation to JMOTC.


WHEREFORE, in consideration of the foregoing disquisitions, respondent Judge Renato D. Pinlac of the Regional Trial Court of San Carlos City, Pangasinan, Branch 57 is found **GUILTY** of **IMPROPRIETY** and is hereby **FINED** in the amount of Ten Thousand Pesos (₱10,000.00) and **WARNED** that a repetition of the same or similar act shall be dealt with more severely.

SO ORDERED.



BIENVENIDO L. REYES
Associate Justice

WE CONCUR:




PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

³⁷ See *Gandeza, Jr. v. Tabin*, A.M. No. MTJ-09-1736, July 25, 2011, 654 SCRA 268, 275, citing *Rosauro v. Judge Kallos*, supra note 35, at 378.

³⁸ 504 Phil. 536 (2005).


JOSE CATRAL MENDOZA
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice