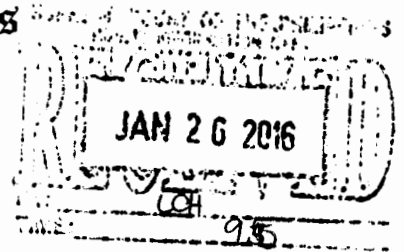




Republic of the Philippines
Supreme Court
Manila

EN BANC



ANTERO M. SISON, JR.,
Complainant,

A.C. No. 10910
[Formerly CBD Case No. 12-3594]

Present:

SERENO, *C.J.*,
CARPIO,
VELASCO, JR.,
LEONARDO-DE CASTRO,
BRION,
PERALTA,
BERSAMIN,
DEL CASTILLO,
VILLARAMA, JR.,
PEREZ,
MENDOZA,
REYES,
PERLAS-BERNABE,
LEONEN, and
JARDELEZA, *JJ.*

- versus -

ATTY. MANUEL N. CAMACHO,
Respondent.

Promulgated:
January 12, 2016

x -----
Manuel N. Camacho
-----x

DECISION

PER CURIAM:

In his verified affidavit-complaint,¹ dated September 17, 2012, filed before the Integrated Bar of the Philippines Commission on Bar Discipline (*IBP-CBD*), complainant Atty. Antero M. Sison, Jr. (*Atty. Sison*), president of Marsman-Drysdale Agribusiness Holdings Inc. (*MDAHI*), charged respondent Atty. Manuel Camacho (*Atty. Camacho*) with violation of the Code of Professional Responsibility (*CPR*). He accused Atty. Camacho of violating Rule 1.01, for dishonestly entering into a compromise agreement

¹ *Rollo*, pp. 2-8.

Manuel N. Camacho

without authorization, and Rule 16.01, for failure to render an accounting of funds which were supposed to be paid as additional docket fees.

Complainant's Position

Atty. Sison alleged that Atty. Camacho was the counsel of MDAHI in an insurance claim action against Paramount Life & General Insurance Corp. (*Paramount Insurance*), docketed as Civil Case No. 05-655, before the Regional Trial Court, Makati City, Branch 139 (*RTC*). The initial insurance claim of MDAHI against Paramount Insurance was ₱14,863,777.00.

On March 4, 2011, Atty. Camacho met with Atty. Enrique Dimaano (*Atty. Dimaano*), corporate secretary of MDAHI, and proposed to increase their claim to ₱64,412,534.18 by taking into account the interests imposed. Atty. Camacho, however, clarified that the increase in the claim would require additional docket fees in the amount of ₱1,288,260.00, as shown in his hand-written computation.² MDAHI agreed and granted the said amount to Atty. Dimaano which was evidenced by a Payment Request/Order Form.³ On **May 27, 2011**, Atty. Dimaano gave the money for docket fees to Atty. Camacho who promised to issue a receipt for the said amount, but never did.⁴

Atty. Sison later discovered that on **May 26, 2011**, the RTC had already rendered a decision⁵ in favor of MDAHI granting its insurance claim plus interests in the amount of approximately ₱65,000,000.00.

On August 11, 2011, Atty. Camacho sent a letter⁶ to MDAHI recommending a settlement with Paramount Insurance in Civil Case No. 05-655 in the amount of ₱15,000,000.00 allegedly to prevent a protracted appeal with the appellate court. MDAHI refused the offer of compromise and did not indicate its conforme on the letter of Atty. Camacho. Surprisingly, even without the written conformity of MDAHI, Atty. Camacho filed the Satisfaction of Judgment,⁷ dated August 15, 2011, before the RTC stating that the parties had entered into a compromise agreement.

² Id. at 9-10.

³ Id. at 10-12.

⁴ Id. at 31 and 208.

⁵ Id. at 13-27.

⁶ Id. at 28.

⁷ Id. at 29-30.

Jeffrey Sison-Dimaano

On August 18, 2011, Atty. Sison met with Atty. Camacho to clarify the events that transpired.⁸ He asked Atty. Camacho whether he paid the amount of ₱1,288,260.00 as additional dockets fees, and the latter replied that he simply gave it to the clerk of court as the payment period had lapsed.

Disappointed with the actions of Atty. Camacho, Atty. Sison sent a letter,⁹ dated August 24, 2011, stating that he was alarmed that the former would accept a disadvantageous compromise; that it was against company policy to bribe any government official with respect to the ₱1,288,260.00 given to the clerk of court; and that MDAHI would only pay ₱200,000.00 to Atty. Camacho as attorney's fees.

Respondent's Position

In his verified answer,¹⁰ dated October 30, 2012, Atty. Camacho denied all the allegations against him. He stressed that he had the authority to enter into the compromise agreement. Moreover, the alleged docket fees given to him by MDAHI formed part of his attorney's fees.

He further stated in his position paper¹¹ that the judgment debt was paid and accepted by MDAHI without any objection, as duly evidenced by an acknowledgment receipt.¹² Thus, there was no irregularity in the compromise agreement.

With respect to the amount handed to him, Atty. Camacho averred that he filed a Motion to Compel Plaintiff to Pay Attorney's Fee on September 13, 2011 before the RTC. The Court granted the said motion in its April 12, 2012 Order¹³ stating that the amount of ₱1,288,260.00 was considered as part of his attorney's fees.

On July 6, 2012, the RTC issued an Order¹⁴ resolving the motion for reconsideration filed by both parties in favor of Atty. Camacho. In the said order, the RTC opined that only ₱300,000.00 was previously paid to Atty. Camacho¹⁵ as attorney's fees. Based on the foregoing, Atty. Camacho

⁸ Id. at 4.

⁹ Id. at 31-32.

¹⁰ Id. at 80-92.

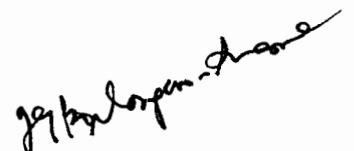
¹¹ Id. at 164-170.

¹² Id. at 146.

¹³ Id. at 193-195.

¹⁴ Id. at 196-201.

¹⁵ In the parties' agreement, dated June 30, 2005, MDAHI agreed to pay Atty. Camacho a contingency attorney's fee of 20% of the judgment award less the ₱300,000.00 acceptance fee previously paid. See id. at 165 and 190.



asserted that the amount of ₱1,288,260.00 which he received, truly formed part of his unpaid attorney's fees. He stressed that the said RTC order had attained finality and constituted *res judicata* on the present administrative case. He added that MDAHI disregarded the RTC order as it filed an estafa case against him concerning the amount of ₱1,288,260.00.

Report and Recommendation

After the mandatory conference on January 24, 2013 and upon a thorough evaluation of the evidence presented by the parties in their respective position papers, the IBP-CBD submitted its Report and Recommendation,¹⁶ dated April 1, 2013 finding Atty. Camacho to have violated the provisions of Rule 1.01 and Rule 16.01 of the CPR and recommending the imposition of the penalty of one (1) year suspension from the practice of law against him. In its Resolution No. XX-2013-474,¹⁷ dated April 16, 2013, the Board of Governors of the Integrated Bar of the Philippines (*Board*) adopted the said report and recommendation of Investigating Commissioner Eldrid C. Antiquiera.

Aggrieved, Atty. Camacho filed a motion for reconsideration¹⁸ before the Board reiterating that the compromise agreement was valid because MDAHI did not reject the same and that the amount of ₱1,288,260.00 formed part of his attorney's fees.

In his Comment/Opposition,¹⁹ Atty. Sison countered that Atty. Camacho never denied that he filed the satisfaction of judgment without the written authority of MDAHI and that there was a pending estafa case against him before the Regional Trial Court, Makati City, Branch 146, docketed as Criminal Case No. 13-1688, regarding the ₱1,288,260.00 handed to him.

In its Resolution No. XXI-2014-532,²⁰ dated August 10, 2014, the Board adopted the report and recommendation²¹ of National Director Dominic C.M. Solis. The Board partially granted the motion for reconsideration and dismissed, without prejudice, the charge regarding the failure to account for the money, because it was premature to act on such issue due to the pending criminal case against the Atty. Camacho. Accordingly, the penalty of one (1) year suspension imposed was lowered to six (6) months suspension from the practice of law.

¹⁶ Id. at 229-231.

¹⁷ Id. at 228.

¹⁸ Id. at 232-234.

¹⁹ Id. at 248-251.

²⁰ Id. at 262.

²¹ Id. at 263-268.

Handwritten signature: J. P. Lopez - Done

Hence, the case was elevated to the Court.

The Court's Ruling

The Court finds that Atty. Camacho violated Rules 1.01 and 16.01 of the CPR.

Entering into a compromise agreement without written authority of the client

Those in the legal profession must always conduct themselves with honesty and integrity in all their dealings. Members of the Bar took their oath to conduct themselves according to the best of their knowledge and discretion with all good fidelity as well to the courts as to their clients and to delay no man for money or malice. These mandates apply especially to dealings of lawyers with their clients considering the highly fiduciary nature of their relationship.²²

In the practice of law, lawyers constantly formulate compromise agreements for the benefit of their clients. Article 1878 of the Civil Code provides that "[s]pecial powers of attorney are necessary in the following cases: xxx (3) To compromise, to submit questions to arbitration, to renounce the right to appeal from a judgment, to waive objections to the venue of an action or to abandon a prescription already acquired xxx."

In line with the fiduciary duty of the Members of the Bar, Section 23, Rule 138 of the Rules of Court specifies a stringent requirement with respect to compromise agreements, to wit:

Sec. 23. Authority of attorneys to bind clients. - Attorneys have authority to bind their clients in any case by any agreement in relation thereto made in writing, and in taking appeals, and in all matters of ordinary judicial procedure. **But they cannot, without special authority, compromise their client's litigation, or receive anything in discharge of a client's claim but the full amount in cash.**

[Emphasis and Underscoring Supplied]

²² Luna v. Galarrita, A.C. No. 10662, July 7, 2015.

J. P. Lopez - Stone

In the case at bench, the RTC decision, dated May 26, 2011, awarded MDAHI approximately ₱65,000,000.00. When Paramount Insurance offered a compromise settlement in the amount of ₱15,000,000.00, it was clear as daylight that MDAHI never consented to the said offer. As can be gleaned from Atty. Camacho's letter, MDAHI did not sign the conforme regarding the compromise agreement.²³

Glaringly, despite the lack of a written special authority, Atty. Camacho agreed to a lower judgment award on behalf of his client and filed a satisfaction of judgment before the RTC. The said pleading also failed to bear the conformity of his client.²⁴ Although MDAHI subsequently received the payment of ₱15M from Paramount Insurance, it does not erase Atty. Camacho's transgression in reaching the compromise agreement without the prior consent of his client.

For entering into a compromise agreement without the written authority of his client, Atty. Camacho violated Rule 1.01 of the CPR, which states that "[a] lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct." Members of the Bar must always conduct themselves in a way that promotes public confidence in the integrity of the legal profession.²⁵

*Failing to account for
the money of the client*

Atty. Camacho was also charged with violation of Rule 16.01 of the CPR, which provides for a lawyer's duty to "account for all money or property collected or received for or from the client."

Here, Atty. Sison alleged that MDAHI gave Atty. Camacho the amount of ₱1,288,260.00 as payment of additional docket fees but the latter failed to apply the same for its intended purpose. In contrast, Atty. Camacho invoked the July 6, 2012 Order of the RTC which declared the MDAHI allegation as unsubstantiated, and claimed that the said amount formed part of his attorney's fees. The Board, on the other hand, opined that it was still premature to decide such issue because there was a pending estafa case, docketed as Criminal Case No. 13-1688, filed by MDAHI against Atty. Camacho involving the same amount of ₱1,288,260.00.

²³ *Rollo*, p. 28.

²⁴ *Id.* at 29-30.

²⁵ *Cerdan v. Gomez*, 684 Phil. 418, 428 (2012).

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The Court is of the view that it is not premature to rule on the charge against Atty. Camacho for his failure to account for the money of his client. The pending case against him is criminal in nature. The issue therein is whether he is guilty beyond reasonable doubt of misappropriating the amount of ₱1,288,260.00 entrusted to him by his client. The present case, however, is administrative in character, requiring only substantial evidence. It only entails a determination of whether Atty. Camacho violated his solemn oath by failing to account for the money of his client. Evidently, the adjudication of such issue in this administrative case shall not, in any way, affect the separate criminal proceeding.

In disciplinary proceedings against lawyers, the only issue is whether the officer of the court is still fit to be allowed to continue as a member of the Bar. The only concern of the Court is the determination of the respondent's administrative liability. The findings in this case will have no material bearing on other judicial action which the parties may choose to file against each other. While a lawyer's wrongful actuations may give rise at the same time to criminal, civil, and administrative liabilities, each must be determined in the appropriate case; and every case must be resolved in accordance with the facts and the law applicable and the quantum of proof required in each.²⁶

Delving into the substance of the allegation, the Court rules that Atty. Camacho indeed violated Rule 16.01 of the CPR. When Atty. Camacho personally requested MDAHI for additional docket fees, the latter obediently granted the amount of ₱1,288,260.00 to the former. Certainly, it was understood that such amount was necessary for the payment of supposed additional docket fees in Civil Case No. 05-655. Yet, when Atty. Sison confronted Atty. Camacho regarding the said amount, the latter replied that he simply gave it to the clerk of court as the payment period had lapsed. Whether the said amount was pocketed by him or improperly given to the clerk of court as a form of bribery, it was unmistakably clear that Atty. Camacho did not apply the amount given to him by his client for its intended legal purpose.

Atty. Camacho did not even deny making that request to MDAHI for additional docket fees and receiving such amount from his client. Rather, he set up a defense that the said amount formed part of his attorney's fees. Such defense, however, is **grossly contradictory** to the established purpose of the ₱1,288,260.00. In its Payment Request/Order Form,²⁷ it is plainly indicated

²⁶ *Saladaga v. Astorga*, A.C. Nos. 4697 & 4728, November 25, 2014.

²⁷ *Rollo*, p. 11.

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therein that MDAHI released the said amount only to be applied as payment for additional docket fees, and not for any other purposes. Consequently, the lame excuse of Atty. Camacho is bereft of merit because it constitutes a mere afterthought and a manifest disrespect to the legal profession. Atty. Camacho is treading on a perilous path where the payment of his attorney's fees is more important than his fiduciary and faithful duty of accounting the money of his client. Well-settled is the rule that lawyers are not entitled to unilaterally appropriate their clients' money for themselves by the mere fact that the clients owe them attorney's fees.²⁸

Moreover, Atty. Camacho failed to issue a receipt to MDAHI from the moment he received the said amount. In *Tarog v. Ricafort*,²⁹ the Court held that ethical and practical considerations made it both natural and imperative for a lawyer to issue receipts, even if not demanded, and to keep copies of the receipts for his own records. Pursuant to Rule 16.01 of the CPR, a lawyer must be aware that he is accountable for the money entrusted to him by the clients, and that his only means of ensuring accountability is by issuing and keeping receipts.

Worse, on **May 26, 2011**, the RTC already rendered its decision in Civil Case No. 05-655, adjudging MDAHI entitled to an insurance claim in the amount of approximately ₱65,000,000.00. From that date on, there was no more need for additional docket fees. Apparently, still unaware of the judgment, MDAHI subsequently released the money for additional docket fees to Atty. Dimaano, who handed it to Atty. Camacho on **May 27, 2011**. Despite a decision having been rendered, Atty. Camacho did not reject the said amount or return it to his client upon receipt. Instead, he unilaterally withheld the said amount by capriciously invoking the payment of his attorney's fees.

The fiduciary nature of the relationship between the counsel and his client imposes on the lawyer the duty to account for the money or property collected or received for or from his client. Money entrusted to a lawyer for a specific purpose but not used for the purpose should be immediately returned. A lawyer's failure, to return upon demand, the funds held by him on behalf of his client gives rise to the presumption that he has appropriated the same for his own use in violation of the trust reposed in him by his client. Such act is a gross violation of general morality as well as of

²⁸ *Luna v. Galarrita*, *supra* note 22, citing *Almendarez, Jr. v. Atty. Langit*, 528 Phil. 814, 819-820 (2006) and *Schulz v. Flores*, 462 Phil. 601, 613 (2003).

²⁹ 660 Phil. 618 (2011).

29 Atty. Langit - Flores

professional ethics. It impairs public confidence in the legal profession and deserves punishment.³⁰

Administrative penalty

A member of the Bar may be penalized, even disbarred or suspended from his office as an attorney, for violation of the lawyer's oath and/or for breach of the ethics of the legal profession as embodied in the CPR. The practice of law is a profession, a form of public trust, the performance of which is entrusted to those who are qualified and who possess good moral character. The appropriate penalty for an errant lawyer depends on the exercise of sound judicial discretion based on the surrounding facts.³¹

In *Luna v. Galarrita*,³² the Court **suspended** the respondent lawyer for **two (2) years** because he accepted a compromise agreement without valid authority and he failed to turn over the payment to his client. In the case of *Melendrez v. Decena*,³³ the lawyer therein was **disbarred** because he entered into a compromise agreement without the special authority of his client and he drafted deceptive and dishonest contracts. Similarly, in *Navarro v. Meneses III*,³⁴ another lawyer, who misappropriated the money entrusted to him by his client which he failed and/or refused to account for despite repeated demands, was **disbarred** because his lack of personal honesty and good moral character rendered him unworthy of public confidence.

In this case, Atty. Camacho entered into a compromise agreement without the conformity of his client which is evidently against the provisions of the CPR and the law. Moreover, he deliberately failed to account for the money he received from his client, which was supposed to be paid as additional docket fees. He even had the gall to impute that the money was illicitly given to an officer of the court. The palpable indiscretions of Atty. Camacho shall not be countenanced by the Court for these constitute as a blatant and deliberate desecration of the fiduciary duty that a lawyer owes to his client.

The Court finds that Atty. Camacho's acts are so reprehensible, and his violations of the CPR are so flagrant, exhibiting his moral unfitness and inability to discharge his duties as a member of the Bar. His actions erode

³⁰ *Foster v. Agtang*, A.C. No. 10579, December 10, 2014.

³¹ *Id.*

³² *Supra* note 22.

³³ 257 Phil. 672 (1989).

³⁴ 349 Phil. 520 (1998).

Atty. Camacho

rather than enhance the public perception of the legal profession. Therefore, in view of the totality of his violations, as well as the damage and prejudice they caused to his client, Atty. Camacho deserves the ultimate penalty of disbarment.

Further, he must be ordered to return the amount of ₱1,288,260.00 to MDAHI, which he received in his professional capacity for payment of the purported additional docket fees. Disciplinary proceedings revolve around the determination of the respondent-lawyer's administrative liability, which must include those intrinsically linked to his professional engagement.³⁵

WHEREFORE, Atty. Manuel N. Camacho is found guilty of violating Rule 1.01 and Rule 16.01 of the Code of Professional Responsibility. For reasons above-stated, he is **DISBARRED** from the practice of law and his name stricken off the Roll of Attorneys, effective immediately.

Furthermore, Atty. Manuel N. Camacho is **ORDERED** to return to Marsman-Drysdale Agribusiness Holdings Inc. the money intended to pay for additional docket fees which he received from the latter in the amount of ₱1,288,260.00 within ninety (90) days from the finality of this decision.

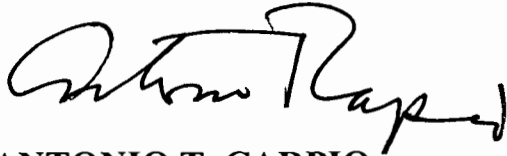
Let a copy of this decision be furnished the Office of the Bar Confidant to be entered into the records of respondent Atty. Manuel N. Camacho. Copies shall likewise be furnished the Integrated Bar of the Philippines and the Office of the Court Administrator for circulation to all courts concerned.

SO ORDERED.



MARIA LOURDES P. A. SERENO
Chief Justice

³⁵ See *Pitcher v. Gagante*, A.C. No. 9532, October 8, 2013, 707 SCRA 13, 25-26.



ANTONIO T. CARPIO
Associate Justice

PRESBITERO J. VELASCO, JR.
Associate Justice

Teresita Leonardo de Castro
TERESITA J. LEONARDO-DE CASTRO
Associate Justice

Arturo D. Brion
ARTURO D. BRION
Associate Justice

Diosdado M. Peralta
DIOSDADO M. PERALTA
Associate Justice

Lucas P. Bersamin
LUCAS P. BERSAMIN
Associate Justice

Mariano C. Del Castillo
MARIANO C. DEL CASTILLO
Associate Justice

Martin S. Villarama, Jr.
MARTIN S. VILLARAMA, JR.
Associate Justice

Jose Portugal Perez
JOSE PORTUGAL PEREZ
Associate Justice

Jose Catral Mendoza
JOSE CATRAL MENDOZA
Associate Justice

Bienvenido L. Reyes
BIENVENIDO L. REYES
Associate Justice

Estela M. Berlas-Bernabe
ESTELA M. BERLAS-BERNABE
Associate Justice

Marvic M.V. F. Leonen
MARVIC M.V. F. LEONEN
Associate Justice

Francis H. Jardeleza
FRANCIS H. JARDELEZA
Associate Justice

CERTIFIED XEROX COPY:

Felipa B. Anama
FELIPA B. ANAMA
CLERK OF COURT, EN BANC
SUPREME COURT