

SECOND DIVISION

[A.C. No. 12071, March 11, 2020]

JONATHAN C. PARUNGAO, COMPLAINANT, V. ATTY. DEXTER B. LACUANAN, RESPONDENT.

D E C I S I O N

HERNANDO, J.:

The present administrative case arose from a Disbarment Complaint initiated by Jonathan C. Parungao (Jonathan) against respondent Atty. Dexter B. Lacuanan (Lacuanan) before the Commission on Bar Discipline (CBD) of the Integrated Bar of the Philippines (IBP), docketed as CBD Case No. 13-4044, for representing conflicting interests.

In his Complaint, Jonathan alleged that he was introduced by his wife, Mary Grace, to Atty. Lacuanan in 2007. Since then, Atty. Lacuanan had served as Jonathan's counsel in several transactions which involved either Jonathan alone or both Jonathan and Mary Grace (Spouses Parungao). In 2008, Jonathan, who was then still engaged in the buy and sell business, consulted Atty. Lacuanan regarding the collection of payment from a client. Thereafter, he retained Atty. Lacuanan's services and paid his professional fees amounting to P3,000.00 for consultation or conference. In 2009, Jonathan had a pending application for dealership with Chevron, and Atty. Lacuanan submitted a proposal for a retainer agreement for the said business with a retainer fee of P5,000.00, but such agreement did not push through. In March 2011, the Spouses Parungao availed of Atty. Lacuanan's services for the purchase of a lot from the Metropolitan Banking and Trust Company (Metrobank). The Deed of Absolute Sale for the said lot was executed on May 13, 2011 between Metrobank as vendor and the Spouses Parungao as vendees. Atty. Lacuanan also had to verify with the Regional Trial Court (RTC) of Quezon City, Branch 96 the existence of a purported writ of possession for the same lot. For this engagement, Atty. Lacuanan was paid P2,000.00 per appearance. In addition, Atty. Lacuanan, using his letterhead, drafted and signed a demand letter dated November 2, 2011 on behalf of his client, Jonathan, addressed to one Remedios S. Espela (Espela), requiring Espela to pay the P35,000.00 estimated cost of the necessary repairs on the defective Toyota Fortuner which Espela sold to Jonathan or otherwise, to give back the entire amount of consideration paid by Jonathan for the said vehicle upon return of its possession to her.

According to Jonathan, more than just a professional relationship, a friendship also developed between him and Atty. Lacuanan. Atty. Lacuanan dined several times with him and his wife in Greenhills, San Juan. Atty. Lacuanan even visited Jonathan's car showroom in Dampa, Libis. Jonathan had confided with Atty. Lacuanan details regarding his personal life, family, and even about his marriage.

Jonathan further narrated that by February 2013, his marriage with Mary Grace was encountering serious problems. Jonathan was suddenly served with a subpoena

from the Office of the City Prosecutor of Quezon City requiring him to attend the preliminary investigation hearings scheduled on May 22 and June 6, 2013 of the Criminal Complaint for Concubinage, Physical Injury, and Threat, in relation to Republic Act (R.A.) No. 9262,^[1] filed against him by Mary Grace. Jonathan was surprised that Atty. Lacuanan attended the said hearings before the Assistant City Prosecutor as counsel for Mary Grace. Subsequently, in September 2013, Jonathan received Summons dated August 30, 2013 with the attached Petition for Declaration of Nullity of Marriage filed by Mary Grace, through her counsel, Atty. Lacuanan, and docketed as R-QZN-13-02668 before the RTC of Quezon City, Branch 107.

Based on the foregoing allegations, Jonathan prayed for the disbarment of Atty. Lacuanan for representing conflicting interests in violation of Canons 15.03 and 17 of the Code of Professional Responsibility (CPR), the Lawyer's Oath, and Section 20 of Rule 138 of the Rules of Court. He maintained that there was no severance of the attorney-client relationship between him and Atty. Lacuanan and it had continued from the time they met in 2007 until the filing of the criminal complaint against Jonathan before the Quezon City Prosecutor's Office. Jonathan argued in the alternative that even if there was already a termination of the attorney-client relationship between him and Atty. Lacuanan, the latter still committed the violations he was being charged within the Disbarment Complaint as the lawyer's duty to protect his client's confidences extended beyond the expiration of the professional employment. Jonathan asserted that during the time they got together, whether for professional consultations or personal visits, he had confided to Atty. Lacuanan personal matters which the latter could use against him in Mary Grace's criminal complaint and civil case. He had not given Atty. Lacuanan any written consent to represent Mary Grace as counsel in the criminal and civil proceedings against him.

Among the documentary evidence Jonathan submitted in support of his Disbarment Complaint were a copy of the Deed of Absolute Sale dated May 13, 2011 between Metrobank and the Spouse Parungao and the demand letter dated November 2, 2011 to Espela printed on Atty. Lacuanan's letterhead and signed by Atty. Lacuanan to prove that said lawyer had previously rendered legal services to Jonathan and his wife Mary Grace; and an Affidavit dated March 21, 2014 executed by Leonora C. Parungao, Jonathan's mother, to corroborate Jonathan's assertion that Atty. Lacuanan never asked for Jonathan's consent to represent Mary Grace as counsel in the criminal complaint and civil case when they all met at the Quezon City Prosecutor's Office.

Atty. Lacuanan, for his part, admitted that he had been friends with Mary Grace since 2006 and that Mary Grace introduced him to Jonathan in 2007. He denied, though, that he and Jonathan were close friends and that the latter confided or divulged to him anything about his personal life and marital affairs.

Atty. Lacuanan further contended that there was no standing attorney-client relationship between him and Jonathan. He only rendered intermittent professional services to the Spouses Parungao from 2008 to 2011, all relating to Jonathan's businesses. He pointed out that Jonathan himself could particularly identify and prove only a couple of such transactions, the last one being way back in 2011. Even then, they had only met face-to-face around six times, since they communicated mostly through cellphone or through Mary Grace. He maintained that there was no conflict of interest under the purview of Rule 15.03 of the CPR because Jonathan was no longer his client at the time he agreed to be Mary Grace's counsel in the

criminal and civil proceedings against Jonathan; and more importantly, he did not acquire any information, confidential or otherwise, which would be valuable or material in the pending legal proceedings between the Spouses Parungao. The information as regards Jonathan's standing, income, capacity to pay, assets and liabilities, and businesses - which Jonathan claimed to be valuable in the petition for declaration of nullity of marriage filed by Mary Grace - were not confidential as these were all known to Mary Grace as Jonathan's wife. In addition, Atty. Lacuanan argued that a lawyer is forbidden from representing a subsequent client only when the subject matter of the present controversy is related, directly or indirectly, to the subject matter of the previous litigation in which he appeared for a former client. The demand letter he prepared for Jonathan and the verification he made to check the legal intricacies of the sale of the lot from Metrobank to the Spouses Parungao are totally alien, unrelated, and immaterial to Mary Grace's criminal complaint and civil case against Jonathan.

In addition, Atty. Lacuanan avowed that he was not initially involved in Mary Grace's filing of the criminal complaint for concubinage, physical injury, and threat against Jonathan at the Quezon City Prosecutor's Office on April 19, 2013 since he was out of the country from March 29 to April 29, 2013. Mary Grace only secured his professional services thereafter. He also recounted that at one instance, he met Jonathan at the Quezon City Prosecutor's Office as regards Mary Grace's criminal complaint and he took the opportunity to fully disclose to Jonathan about his possible legal representation for Mary Grace in the said criminal proceedings as well as in the civil case for declaration of nullity of marriage which was then yet to be filed. Jonathan did not object and only requested that Atty. Lacuanan convince Mary Grace not to pursue the criminal complaint. It was only after making the full disclosure to Jonathan that Atty. Lacuanan accepted the engagement with Mary Grace for the criminal and civil proceedings against Jonathan.

Atty. Lacuanan submitted Mary Grace's Affidavit dated January 9, 2014 to establish the circumstances of his professional engagements with her for the criminal complaint and civil case against Jonathan.

Report and Recommendation of the Integrated Bar of the Philippines

In his Report and Recommendation^[2] dated May 19, 2014, Investigating Commissioner Honesto A. Villamor generally adopted Atty. Lacuanan's allegations and arguments and ruled that no conflict of interest existed in the present case. Thus, he recommended that Jonathan's charges against Atty. Lacuanan be dismissed.

However, the IBP Board of Governors passed Resolution No. XXI-2015-319^[3] on April 19, 2015, which reads:

RESOLVED to REVERSE, as it is hereby REVERSED and SET ASIDE, the Report and Recommendation of the Investigating Commissioner in the above-entitled case, herein made part of this Resolution as Annex "A", finding Respondent guilty of conflict of interest. Respondent being the counsel to spouses Jonathan and Mary Grace Parungao in certain criminal and civil cases and is thus proscribed from appearing as counsel for the wife, Mary Grace, or for the husband Complainant herein, as the case may be, in cases where both parties are contending protagonists. Hence,

*Atty. Dexter B. Lacuanan is hereby **SUSPENDED from the practice of law for one (1) month.***

In its Extended Resolution^[4] dated August 11, 2016, the IBP Board of Governors held that Atty. Lacuanan was administratively liable on the basis of the following: (a) the rule prohibiting the representation of conflicting interest covers not only cases in which confidential communications have been confided, but also those in which no confidence has been bestowed or will be used; (b) Atty. Lacuanan's acceptance of the engagement with Mary Grace invited suspicion of unfaithfulness and double dealing which led to the filing of the instant Disbarment Complaint; (c) Atty. Lacuanan's actions in representing Mary Grace in the civil and criminal cases filed against Jonathan, a former client, even if these cases were totally unrelated to Atty. Lacuanan's previous engagement with the Spouses Parungao, were improper and constituted serious misconduct; (d) The termination of the attorney-client relationship provides no justification for a lawyer to represent an interest adverse to or in conflict with a former client because the client's confidence reposed on his attorney could not be divested by the mere expediency of terminating the professional engagement; and (e) Atty. Lacuanan likewise violated the duty imposed upon him as an attorney under Section 20(e), Rule 138 of the Rules of Court to maintain inviolate the confidence and, at every peril to himself, to preserve the secrets of his client.

The IBP Board of Governors, in Resolution No. XXII-2017-1307^[5] dated April 20, 2017, denied Atty. Lacuanan's Motion for Reconsideration.

Our Ruling

The Court resolves not to adopt the findings of the IBP Board of Governors. We hold that Atty. Lacuanan is not guilty of representing conflicting interests and absolves him of all administrative charges.

At the outset, the Court notes that based on evidence on record, when Atty. Lacuanan agreed in 2013 to represent Mary Grace as her legal counsel in the criminal and civil proceedings that the latter instituted against her husband and herein complainant, Jonathan, there was no longer an existing attorney-client relationship between Atty. Lacuanan and Jonathan. As Atty. Lacuanan avers, his engagements with Jonathan were intermittent and limited. In particular, these involved facilitating the sale of a lot by Metrobank to the Spouses Parungao and verifying the legal implications thereof; plus drafting a demand-letter to Espela concerning a defective vehicle sold to Jonathan, both of which took place in 2011. There was no standing retainer agreement between Atty. Lacuanan and Jonathan. The Court shall keep these factual considerations in mind in resolving Jonathan's Disbarment Complaint.

The prohibition against a lawyer representing conflicting interests is rooted in his duty to protect the interest and confidence of his clients.

A member of the bar vows in the Lawyer's Oath to conduct himself as a lawyer according to the best of his knowledge and discretion with all good fidelity to the courts as well as to his client. To ensure the fidelity of a lawyer to his clients, Canon 15.03 of the CPR prescribes that "[a] lawyer shall not represent conflicting interests except by written consent of all concerned given after a full disclosure of the facts[;]" while Canon 17 of the same Code mandates that "[a] lawyer owes fidelity