

SECOND DIVISION

[A.C. No. 11822, November 22, 2017]

VICKA MARIE D. ISALOS, COMPLAINANT, VS. ATTY. ANA LUZ B. CRISTAL, RESPONDENT.

R E S O L U T I O N

PERLAS-BERNABE, J.:

This administrative case arose from a verified complaint^[1] for disbarment filed by complainant Vicka Marie D. Isalos (complainant) against respondent Atty. Ana Luz B. Cristal (respondent) for violation of Rule 1.01, Canon 1 and Rules 16.01, 16.02, and 16.03, Canon 16 of the Code of Professional Responsibility (CPR) arising from respondent's alleged failure to account for the money entrusted to her.

The Facts

Complainant alleged that she is the Director and Treasurer of C Five Holdings, Management & Consultancy, Inc. (C Five), a corporation duly organized and existing under the laws of the Philippines with principal office in Libis, Quezon City. Respondent was C Five's Corporate Secretary and Legal Counsel who handled its incorporation and registration with the Securities and Exchange Commission (SEC).^[2]

Sometime in July 2011, when C Five was exploring investment options, respondent recommended the purchase of a resort in Laguna, with the assurances that the title covering the property was "clean" and the taxes were fully paid. Relying on respondent's recommendation, C Five agreed to acquire the property and completed the payment of the purchase price.^[3]

Respondent volunteered and was entrusted to facilitate the transfer and registration of the title of the property in C Five's name. On September 5, 2011, complainant personally handed the sum of P1,200,000.00 to respondent at her office in Makati City, as evidenced by Official Receipt No. 1038^[4] of even date. The said amount was intended to cover the expenses for the documentation, preparation, and notarization of the Final Deed of Sale, as well as payment of capital gains tax, documentary stamp tax, and other fees relative to the sale and transfer of the property.^[5]

More than a year thereafter, however, no title was transferred in C Five's name. It was then discovered that the title covering the property is a Free Patent^[6] issued on August 13, 2009, rendering any sale, assignment, or transfer thereof within a period of five (5) years from issuance of the title null and void. Thus, formal demand^[7] was made upon respondent to return the P1,200,000.00 entrusted to her for the expenses which remained unheeded, prompting C Five to file a criminal complaint for *Estafa* before the Makati City Prosecutor's Office, *i.e.*, NPS No. XV-05-INV-13D-

1253,^[8] as well as the present case for disbarment before the Integrated Bar of the Philippines, *i.e.*, CBD Case No. 14-4321.

In defense,^[9] respondent claimed that she paid the Bureau of Internal Revenue (BIR) registration, Mayor's Permit, business licenses, documentation, and other expenses using the money entrusted to her by complainant,^[10] as itemized in a Statement of Expenses^[11] that she had prepared, and that she was ready to turn over the balance in the amount of P885,068.00. However, C Five refused to receive the said amount, insisting that the entire P1,200,000.00 should be returned.^[12] Moreover, she pointed out that the criminal case for *Estafa* filed against her by C Five had already been dismissed^[13] for lack of probable cause.^[14] As such, she prayed that the disbarment case against her be likewise dismissed for lack of merit.^[15]

The IBP's Report and Recommendation

After due proceedings, the Commission on Bar Discipline of the IBP (CBD-IBP) issued a Report and Recommendation^[16] dated June 29, 2015, finding respondent administratively liable and thereby, recommending her suspension from the legal profession for a period of three (3) years.^[17] The CBD-IBP found that respondent actually received the amount of P1,200,000.00 from complainant, which amount was intended to cover the expenses and payment of taxes for the sale and transfer of the property to C Five's name. Likewise, it was undisputed that despite demands from the company to return the said amount, respondent failed to do so. Worse, she offered a Statement of Expenses with "feigned expenditures" in an attempt to prove that a portion of the money had already been spent. Thus, the CBD-IBP concluded that there was dishonesty on the part of respondent and accordingly, recommended the penalty of suspension.^[18]

In a Resolution^[19] dated June 30, 2015, the IBP Board of Governors resolved to adopt and approve *with modification* the CBD-IBP's Report and Recommendation dated June 29, 2015, meting upon respondent the penalty of suspension from the practice of law for one (1) year and directing the return of the amount of P1,200,000.00 to complainant.

In respondent's motion for reconsideration,^[20] she maintained that there was no intention on her part to retain the money and that she was willing to return the amount of P885,068.00, as shown in her Statement of Expenses, which she claimed was accompanied by corresponding receipts. Moreover, she averred that on September 30, 2015, in order to buy peace, she delivered the amount of P1,200,000.00 to Atty. Anselmo Sinjian III, counsel for complainant,^[21] as evidenced by an Acknowledgment Receipt^[22] of even date. As a consequence, complainant filed a Withdrawal of Complaint for Disbarment^[23] before the IBP.

In a Resolution^[24] dated January 26, 2017, the IBP denied respondent's motion for reconsideration.

The Issue Before the Court

The sole issue for the Court's consideration is whether or not grounds exist to hold respondent administratively liable.

The Court's Ruling

After a punctilious review of the records, the Court concurs with the findings and conclusions of the IBP that respondent should be held administratively liable in this case.

The practice of law is considered a privilege bestowed by the State on those who possess and continue to possess the legal qualifications for the profession. As such, lawyers are expected to maintain at all times a high standard of legal proficiency, morality, honesty, integrity and fair dealing, and must perform their four-fold duty to society, the legal profession, the courts and their clients, in accordance with the values and norms embodied in the Code.^[25] "Lawyers may, thus, be disciplined for any conduct that is wanting of the above standards whether in their professional or in their private capacity."^[26]

The CPR, particularly Rules 16.01 and 16.03 of Canon 16, provides:

CANON 16 - A LAWYER SHALL HOLD IN TRUST ALL MONEYS AND PROPERTIES OF HIS CLIENT THAT MAY COME INTO HIS POSSESSION.

RULE 16.01 - A lawyer shall account for all money or property collected or received for or from the client.

RULE 16.03 - A lawyer shall deliver the funds and property of his client when due or upon demand. x x x.

Money entrusted to a lawyer for a specific purpose, such as for the processing of transfer of land title, but not used for the purpose, should be immediately returned.^[27] 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 to him by his client. Such act is a gross violation of general morality, as well as of professional ethics. It impairs public confidence in the legal profession and deserves punishment.^[28]

In this case, it is indubitable that respondent received the amount of P1,200,000.00 from complainant to be used to cover the expenses for the transfer of title of the subject property under C Five's name. Respondent admitted having received the same, but claimed that she had spent a portion of it for various expenses, such as documentation, permits, and licenses, among others, as evidenced by the Statement of Expenses with attached receipts. However, it has been established that the registration of the property in C Five's name could not have materialized, as the subject property was covered by a Free Patent issued on August 13, 2009 which, consequently, bars it from being sold, assigned, or transferred within a period of five (5) years therefrom. Thus, and as the CBD-IBP had aptly opined,^[29] there was no longer any reason for respondent to retain the money. Furthermore, the expenditures enumerated in the Statement of Expenses, except for the documentation and notarization fees for which no receipts were attached, do not