

## **SECOND DIVISION**

**[ A.C. No. 10547, November 08, 2017 ]**

**FREDDIE A. GUILLEN, COMPLAINANT, VS. ATTY. AUDIE ARNADO,  
RESPONDENT.**

### **D E C I S I O N**

**PERALTA, J.:**

The instant case is brought about by an administrative complaint which Freddie Guillen filed against his former business partner, Atty. Audie Arnado, for alleged violation of the Code of Professional Responsibility (*CPR*).

The factual antecedents of the case are as follows:

Complainant Freddie Guillen is the registered owner of the City Grill Restaurant. He then invited respondent Atty. Audie Arnado and a certain Cedric Ebo to join the restaurant business. Each of them had to shell out P200,000.00 to make up a total capital of P600,000.00. A Memorandum of Agreement (*MOA*) was therefore executed and the business was formally launched in May 2003. At first, everything went smoothly, until Arnado's sister-in-law and Ebo's son participated in the management, causing complications in the business operations, which later forced Guillen and his wife to step down as general manager and operations manager, respectively. Because of the disagreements among the parties, Guillen offered that he would waive his claims for profits, provided that Arnado would return the P200,000.00 that he paid as capital. Arnado allegedly claimed that said refund would still be subject to the billings of the Arnado and Associate Law Firm. Thereafter, Guillen was surprised to find out that Arnado had already caused the incorporation of the restaurant with the Securities and Exchange Commission (*SEC*), which was approved on February 16, 2004. Guillen was likewise excluded from the business without the aforementioned refund of his capital. He was further charged with *Estafa* before the Office of the City Prosecutor of Cebu. Thus, Guillen initiated the present administrative case.

For his part, Arnado admitted the existence and the contents of the *MOA*. He also admitted that he caused the incorporation of City Grill-Sutukil Food Corporation. However, he insisted that the same was done in accordance with the requirements under the law. Guillen could not validly claim for a refund, and if he was really entitled, he should simply file an action to that effect. Arnado likewise contended that Guillen's refund would still be subject to the legal compensation claim of his law firm.

On November 2, 2011, the Commission on Bar Discipline of the Integrated Bar of the Philippines (*IBP*) recommended the censure of Arnado, thus:<sup>[1]</sup>

**WHEREFORE**, Taking into consideration the foregoing premises, it is with deep regret to recommend to the Board of Governors that ATTY. AUDIE ARNADO [of] Cebu City be CENSURED for his deceitful and dishonest act in violation of Rule 1.01 of the Code of Professional Responsibility which provides that - A lawyer shall not engage in an unlawful, dishonest, immoral and deceitful conduct.

So Ordered.

RESPECTFULLY RECOMMENDED.

On January 3, 2013, the IBP Board of Governors passed Resolution No. XX-2013-47, [2] which adopted and approved the aforementioned recommendation, hence:

*RESOLVED to ADOPT and APPROVE, as it is hereby unanimously ADOPTED and APPROVED the Report and Recommendation of the Investigating Commissioner in the above-entitled case, herein made part of this Resolution as Annex "A", and finding the recommendation fully supported by the evidence on record and the applicable laws and rules, and considering Respondent's violation of Rule 1.01 of the Code of Professional Responsibility, Atty. Audie Arnado is hereby **CENSURED**.*

Thereafter, Arnado moved for reconsideration of said Resolution. On March 23, 2014, the IBP Board of Governors passed another resolution, Resolution No. XXI-2014-180, [3] which denied said motion for reconsideration and approved its 2013 Resolution, with modification, to wit:

*RESOLVED to DENY Respondent's Motion for Reconsideration, there being no cogent reason to reverse the findings of the Commission and it being a mere reiteration of the matters which had already been threshed out and taken into consideration. Further, for taking advantage of his knowledge of the law and for his deceitful conduct of easing out Complainant from their restaurant business partnership without his knowledge by registering a corporation under a different name and style but doing the same line of business and using the same complements and trade secrets, Resolution No. XX-2013-47 dated January 3, 2013 is hereby **AFFIRMED, with modification**, and accordingly the penalty imposed on Atty. Audie Arnado [is] increased from Censure to **SUSPENSION from the practice of law for three (3) months**.*

### ***The Court's Ruling***

The Court finds no compelling reason to deviate from the findings and recommendation of the IBP Board of Governors that Arnado should be suspended from the practice of law.

At the onset, it must be pointed out that the business name City Grill Restaurant registered under Guillen's name was never dissolved in accordance with the law. Even Arnado failed to prove that the City Grill Restaurant business had already been terminated. Although said business name was only used for a short period of time, the same had already acquired goodwill among the residents and customers in the locality.