

EN BANC

[A.C. No. 10910 [Formerly CBD Case No. 12-3594], January 12, 2016]

ANTERO M. SISON, JR., COMPLAINANT, VS. ATTY. MANUEL N. CAMACHO, RESPONDENT.

D E C I S I O N

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 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 P14,863,777.00.

On March 4, 2011, Atty. Camacho met with Atty. Enrique Dimaano (*Atty. Dimaano*), corporate secretary of MDAHI, and proposed to increase their claim to P64,412,534.18 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 P1,288,260.00, 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 decision^[5] in favor of MDAHI granting its insurance claim plus interests in the amount of approximately P65,000,000.00.

On August 11, 2011, Atty. Camacho sent a letter^[6] to MDAHI recommending a settlement with Paramount Insurance in Civil Case No. 05-655 in the amount of P15,000,000.00 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.

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 P1,288,260.00 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 P1,288,260.00 given to the clerk of court; and that MDAHI would only pay P200,000.00 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 paper^[11] 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 Order^[13] stating that the amount of P1,288,260.00 was considered as part of his attorney's fees.

On July 6, 2012, the RTC issued an Order^[14] resolving the motion for reconsideration filed by both parties in favor of Atty. Camacho. In the said order, the RTC opined that only P300,000.00 was previously paid to Atty. Camacho^[15] as attorney's fees. Based on the foregoing, Atty. Camacho asserted that the amount of P1,288,260.00 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 P1,288,260.00.

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 reconsideration^[18] before the Board reiterating that the compromise agreement was valid because MDAHI did not reject the same and that the amount of P1,288,260.00 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 P1,288,260.00 handed to him.

In its Resolution No. XXI-2014-532,^[20] dated August 10, 2014, the Board adopted the report and recommendation^[21] of National Director Dominic CM. 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.

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]

In the case at bench, the RTC decision, dated May 26, 2011, awarded MDAHI approximately P65,000,000.00. When Paramount Insurance offered a compromise settlement in the amount of P15,000,000.00, 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 P15M 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 P1,288,260.00 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 P1,288,260.00.

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 P1,288,260.00 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.