

## THIRD DIVISION

**[ A.M. No. RTJ-14-2402 (Formerly OCA IPI No. 12-3910-RTJ), April 15, 2015 ]**

**JOSEFINA M. ONGCUANGCO TRADING CORPORATION,  
REPRESENTED BY JOSEFINA M. ONGCUANGCO, COMPLAINANT,  
VS. JUDGE RENATO D. PINLAC, REGIONAL TRIAL COURT,  
BRANCH 57, SAN CARLOS CITY, PANGASINAN, RESPONDENT.**

### DECISION

**REYES, J.:**

Before this Court is an administrative complaint<sup>[1]</sup> filed by Josefma M. Ongcuangco Trading Corporation (JMOTC), represented by Josefma M. Ongcuangco (Ongcuangco), against respondent Judge Renato D. Pinlac (Judge Pinlac) of the Regional Trial Court (RTC) of San Carlos City, Pangasinan, Branch 57, for violation of Section 8, paragraphs (6) and (7) of Rule 140 of the Rules of Court and Section 8, Canon 4 of the New Code of Judicial Conduct.

### The Facts

In its complaint dated June 14, 2012, JMOTC averred that, sometime in 2002, Ongcuangco, its president and majority shareholder, filed with the Municipal Trial Court in Cities (MTCC) of Cabanatuan City several cases against Yolanda Lazaro (Lazaro) for violation of Batas Pambansa Bilang 22 (B.P. Blg. 22). The said cases were docketed as Criminal Case Nos. 79789-918 and were raffled to Branch 1 of the MTCC wherein Judge Pmlac was then the Presiding Judge.<sup>[2]</sup>

JMOTC claimed that during the course of the trial of the said cases, Judge Pmlac allegedly learned that Ongcuangco is engaged in the business of selling, marketing and distribution of animal feeds. That Judge Pinlac approached Ongcuangco, informing her that he has a hog farm in Pangasinan, and requested her to supply on credit his farm's animal feeds needs.<sup>[3]</sup>

That sometime in 2008, Judge Pinlac purchased on credit animal feeds from JMOTC, issuing eight post-dated checks<sup>[4]</sup> in the aggregate amount of P2,203,400.00. The checks were dated August 15, 2008, September 30, 2008, October 30, 2008, November 30, 2008, December 30, 2008, January 30, 2009, May 30, 2009 and June 30, 2009.<sup>[5]</sup>

Upon Judge Pinlac's request, JMOTC did not deposit the said checks due to lack of funds. Judge Pinlac told JMOTC not to worry because he secured a loan from a bank, the proceeds of which will be utilized by him in paying of his debt. However, JMOTC learned that the loan has not been approved.<sup>[6]</sup>

On June 18, 2010, Judge Pinlac executed an acknowledgement<sup>[7]</sup> for his unpaid obligations in the aggregate amount of P2,153,400.00 to be paid in installment as follows: (1) P300,000.00 on June 21, 2010; (2) P250,000.00 on August 31, 2010; (3) P250,000.00 on October 31, 2010; (4) P250,000.00 on December 31, 2010; (5) P250,000.00 on February 28, 2011; (6) P250,000.00 on April 30, 2011; (7) P250,000.00 on June 30, 2011; (8) P250,000.00 on August 31, 2011; and (9) P103,400.00 on October 31, 2011.

However, Judge Pinlac failed to fulfill his undertakings. JMOTC, through counsel, sent Judge Pinlac demand letters on July 15, 2010<sup>[8]</sup> and on September 28, 2011.<sup>[9]</sup> JMOTC's demand letters went unheeded.

JMOTC averred that Judge Pinlac should be discharged from the service for taking advantage of his position, by availing of credit purchases from a litigant who has cases pending before his *sala*, and his deliberate failure to pay his debts for almost four years despite repeated demands.<sup>[10]</sup>

In his Comment,<sup>[11]</sup> Judge Pinlac belied JMOTC's claim that there was a pending case filed by JMOTC before the MTCC of Cabanatuan City, Branch 1, from 2002 to 2010 while he was the Presiding Judge therein.<sup>[12]</sup> He explained that the complainant in the present administrative complaint is JMOTC - a juridical entity that has a separate and distinct personality from its officers and stockholders. Accordingly, Judge Pinlac averred, it cannot be presumed that Ongcuangco, the complainant in the case before Branch 1 of the MTCC of Cabanatuan City is the same as JMOTC.

Judge Pinlac claimed that he did not personally transact the purchase on credit of animal feeds from JMOTC or from Ongcuangco. He explained that his hog farm was managed by Belinda Austria (Austria). That at one time, representatives from Legend Feeds made an offer to Austria to supply animal feeds at a lower price and payable upon harvest provided that they will be the exclusive supplier of feeds in the farm. Judge Pinlac authorized Austria to study the said offer and to close the deal if warranted.<sup>[13]</sup>

He claimed that he did not know then that Legend Feeds is a product that is being distributed by JMOTC. He only came to know that he transacted with JMOTC when the bill for his purchases was delivered to the farm and a request was made for the issuance of post-dated checks payable to JMOTC.<sup>[14]</sup>

He further denied having used his office to advance his private interest. He claimed that when he was still Presiding Judge of Branch 1 of the MTCC of Cabanatuan City, there was no pending case in his sala involving JMOTC. That when he was appointed to the RTC, the case filed by Ongcuangco against Lazaro was then still being tried before the MTCC of Cabanatuan City.<sup>[15]</sup>

Judge Pinlac also alleged that his failure to pay his debt was not willful. As a sign of his good faith, he claimed that he paid P50,000.00 to Legend Feeds on March 31, 2009, which was received by Arnold Galang (Galang).<sup>[16]</sup> On August 13, 2009, Judge Pinlac again paid P50,000.00 to Legend Feeds, which was received by a certain Dulce Royo (Royo).<sup>[17]</sup> He further alleged that he issued to JMOTC a

manager's check dated October 4, 2012 in the amount of P400,000.00 as partial payment for his loan obligation.<sup>[18]</sup>

Judge Pinlac claimed that his failure to pay his debt was due to the losses suffered by his hog farm, which eventually ceased operations when the hogs suffered from a disease caused by the substandard quality of the animal feeds he purchased from JMOTC.<sup>[19]</sup>

On July 31, 2013, the Court issued a Resolution,<sup>[20]</sup> which referred the case to the Presiding Justice of the Court of Appeals (CA), to be raffled among the Justices thereat, for investigation, report and recommendation. On December 3, 2013, the case was raffled to CA Associate Justice Fernanda Lampas Peralta (Investigating Justice).

### **Findings of the Investigating Justice**

On October 20, 2014, the Investigating Justice issued her Report and Recommendation.<sup>[21]</sup> The Investigating Justice found no evidence to support JMOTC's allegation that Judge Pinlac took advantage of his office as the then Presiding Judge of Branch 1 of the MTCC of Cabanatuan City in securing the purchase of animal feeds on credit from JMOTC.<sup>[22]</sup>

Nevertheless, the Investigating Justice found that Judge Pinlac should be held administratively liable for his willful failure to pay his debt to JMOTC. The Investigating Justice pointed out that Judge Pinlac never denied that he indeed issued the said post-dated checks to JMOTC as payment for the purchase on credit of animal feeds. That he executed an acknowledgment of his debt and undertook to pay the same in installment on specified dates. However, the Investigating Justice averred, Judge Pinlac still failed to pay his debt to JMOTC despite repeated demands therefor.

Accordingly, the Investigating Justice recommended that:

Accordingly, the undersigned Investigating Justice finds that there as willful failure on the part of the respondent to pay a just debt. The partial payment made by respondent and his offer to pay in kind, which were done only after the filing of the administrative case, may serve to mitigate his liability.

Therefore, it is respectfully recommended that respondent be suspended from office for three (3) months without salary and other benefits, for violation of Section 8, Rule 140, Rules of Court and the New Code of Judicial Conduct, with warning that further commission of administrative offenses shall merit more severe sanctions.

With respect to the civil liability of respondent pertaining to his unpaid obligation, the undersigned respectfully defers to the determination thereof in the separate civil case filed by petitioner against respondent.<sup>[23]</sup>

### **Issue**

Essentially, the issue for the Court's resolution is whether Judge Pinlac should be held administratively liable for violation of Section 8, paragraphs (6) and (7) of Rule 140 of the Rules of Court and Sections 8 and 13, Canon 4 of the New Code of Conduct for the Philippine Judiciary.

### **Ruling of the Court**

After a thorough perusal of the respective allegations of the parties and the circumstances of this case, the Court modifies the findings and recommendations of the Investigating Justice.

***The claim that Judge Pinlac used the prestige of his office to obtain the loan from JMOTC is unsubstantiated.***

Sections 8 and 13, Canon 4 of the New Code of Judicial Conduct for the Philippine Judiciary provides that:

Sec. 8. Judges shall not use or lend the prestige of the judicial office to advance their private interests, or those of a member of their family or of anyone else, nor shall they convey or permit others to convey the impression that anyone is in a special position improperly to influence them in the performance of judicial duties.

Sec. 13. Judges and members of their families shall neither ask for nor accept, any gift, bequest, loan or favor in relation to anything done or to be done or omitted to be done by him or her in connection with the performance of official duties.

Parenthetically, pursuant to the foregoing provisions, in order for a Judge to be held liable under Sections 8 and 13, Canon 4 of the New Code of Judicial Conduct for the Philippine Judiciary, there must be evidence first that would establish that private interests were advanced using the prestige of judicial office or that the acceptance, *inter alia*, of loans or favors was made in exchange for anything to be done or omitted to be done by the Judge in connection with the performance of official duties.

"Administrative charges against members of the judiciary must be supported at least by substantial evidence or such relevant evidence as a reasonable mind might accept as adequate to support a conclusion."<sup>[24]</sup> "More importantly, in administrative proceedings, the complainant has the burden of proving by substantial evidence the allegations in his complaint. In the absence of evidence to the contrary, the presumption that the respondent has regularly performed his duties will prevail."<sup>[25]</sup>

The Court finds that JMOTC failed to adduce substantial evidence that would establish that Judge Pinlac used the prestige of his office in negotiating the purchase on credit of animal feeds from JMOTC or that the loan accommodation was extended to Judge Pinlac in exchange for anything to be done or omitted to be done by him in connection with his judicial functions. Verily, other than self-serving testimonies of its witnesses, JMOTC failed to present any other evidence that would prove its claim.

On this score, the disquisition of the Investigating Justice is *apropos*, thus:

Nonetheless, there is a dearth of evidence to support complainant's affirmative allegation that respondent took advantage of his position as MTCC Judge when the initial negotiations of the purchase for the animal feeds took place. Respondent claims that during the negotiations for purchase of the feeds sometime in 2007, he was not aware that Josefina M. Ongcuangco was one of the incorporators of JMO Trading Corporation. Notably, in the criminal cases, the private prosecutor proposed for admission and the defense admitted that "Josefina M. Ongcuangco (also referred to as Josephine Ongcuangco)" is the owner of JO Agricultural Supply with office at Sanciango Street, Cabanatuan City. JMO Trading Corporation was not mentioned at all as one of the corporations owned by Josefina M. Ongcuangco.

There is also no clear indication in the pertinent records of the criminal cases that complainant was unduly favored by the respondent when the latter started to purchase animal feeds in 2007. At the time, the prosecution had already rested its case. Neither is there any showing in the records that respondent acted with manifest partiality or bias against complainant from 2008 onwards, when respondent failed to pay his obligation. At the time, the defense was presenting evidence and the prosecution was given opportunity to cross examine the defense witnesses.<sup>[26]</sup> (Citations omitted)

***Judge Pinlac cannot be held liable for violation of Section 8(7) of Rule 140 of the Rules of Court.***

Concomitantly, the Court finds that Judge Pinlac cannot be held administratively liable for violation of Section 8(7) of Rule 140 of the Rules of Court for obtaining a loan from JMOTC. Under Section 8(7) of Rule 140 of the Rules of Court, borrowing money or property from lawyers and litigants in a case pending before the court is considered a serious charge for which a Judge may be administratively sanctioned.

The proscription against borrowing money or property from lawyers and litigants in a case pending before the court is imposed on Judges to avoid the impression that the Judge would rule in favor of a litigant because the former is indebted to the latter.<sup>[27]</sup> In order for the said proscription to operate, it should first be established that the Judge knows that the person or entity from whom he or she is borrowing money or property is actually a lawyer or litigant in a case pending before his or her *sala*.

It is true that Ongcuangco, in her personal capacity, instituted several criminal cases for violation of B.P. Blg. 22 against Lazaro in 2001 and that the same was raffled to Branch 1 of the MTCC of Cabanatuan City wherein Judge Pinlac was the Presiding Judge. However, in 2007, Judge Pinlac transacted with JMOTC - a corporation that has a personality separate and distinct from its officers and stockholders - for the purchase on credit of animal feeds.

Further, during the initial negotiations for the purchase of animal feeds, the representatives of JMOTC introduced themselves to Austria, the manager of Judge