

## **FIRST DIVISION**

**[ A.C. NO. 7023, March 30, 2006 ]**

**BUN SIONG YAO, COMPLAINANT, VS. ATTY. LEONARDO A. AURELIO, RESPONDENT.**

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

**YNARES-SANTIAGO, J.:**

On November 11, 2004, a complaint-affidavit<sup>[1]</sup> was filed against Atty. Leonardo A. Aurelio by Bun Siong Yao before the Integrated Bar of the Philippines (IBP) seeking for his disbarment for alleged violations of the Code of Professional Responsibility.

The complainant alleged that since 1987 he retained the services of respondent as his personal lawyer; that respondent is a stockholder and the retained counsel of Solar Farms & Livelihood Corporation and Solar Textile Finishing Corporation of which complainant is a majority stockholder; that complainant purchased several parcels of land using his personal funds but were registered in the name of the corporations upon the advice of respondent; that respondent, who was also the brother in-law of complainant's wife, had in 1999 a disagreement with the latter and thereafter respondent demanded the return of his investment in the corporations but when complainant refused to pay, he filed eight charges for estafa and falsification of commercial documents against the complainant and his wife and the other officers of the corporation; that respondent also filed a complaint against complainant for alleged non-compliance with the reportorial requirements of the Securities and Exchange Commission (SEC) with the Office of the City Prosecutor of Mandaluyong City and another complaint with the Office of the City Prosecutor of Malabon City for alleged violation of Section 75 of the Corporation Code; that respondent also filed a similar complaint before the Office of the City Prosecutor of San Jose Del Monte, Bulacan.

Complainant alleged that the series of suits filed against him and his wife is a form of harassment and constitutes an abuse of the confidential information which respondent obtained by virtue of his employment as counsel. Complainant argued that respondent is guilty of representing conflicting interests when he filed several suits not only against the complainant and the other officers of the corporation, but also against the two corporations of which he is both a stockholder and retained counsel.

Respondent claimed that he handled several labor cases in behalf of Solar Textile Finishing Corporation; that the funds used to purchase several parcels of land were not the personal funds of complainant but pertain to Solar Farms & Livelihood Corporation; that since 1999 he was no longer the counsel for complainant or Solar Textile Finishing Corporation; that he never used any confidential information in pursuing the criminal cases he filed but only used those information which he obtained by virtue of his being a stockholder.

He further alleged that his requests for copies of the financial statements were ignored by the complainant and his wife hence he was constrained to file criminal complaints for estafa thru concealment of documents; that when he was furnished copies of the financial statements, he discovered that several parcels of land were not included in the balance sheet of the corporations; that the financial statements indicated that the corporations suffered losses when in fact it paid cash dividends to its stockholders, hence, he filed additional complaints for falsification of commercial documents and violation of reportorial requirements of the SEC.

On July 19, 2005, the Investigating Commissioner<sup>[2]</sup> submitted a Report and Recommendation<sup>[3]</sup> finding that from 1987 up to 1999, respondent had been the personal lawyer of the complainant and incorporator and counsel of Solar Farms & Livelihood Corporation. However, in 1999 complainant discontinued availing of the services of respondent in view of the admission of his (complainant's) son to the bar; he also discontinued paying dividends to respondent and even concealed from him the corporations' financial statements which compelled the respondent to file the multiple criminal and civil cases in the exercise of his rights as a stockholder.

The investigating commissioner further noted that respondent is guilty of forum shopping when he filed identical charges against the complainant before the Office of the City Prosecutor of Malabon City and in the Office of the City Prosecutor of San Jose del Monte, Bulacan. It was also observed that respondent was remiss in his duty as counsel and incorporator of both corporations for failing to advise the officers of the corporation, which he was incidentally a member of the Board of Directors, to comply with the reportorial requirements of the SEC and the Bureau of Internal Revenue. Instead, he filed cases against his clients, thereby representing conflicting interests.

The investigating commissioner recommended that respondent be suspended from the practice of law for a period of six months<sup>[4]</sup> which was adopted and approved by the IBP Board of Governors.

We agree with the findings and recommendation of the IBP.

We find that the professional relationship between the complainant and the respondent is more extensive than his protestations that he only handled isolated labor cases for the complainant's corporations. Aside from being the brother-in-law of complainant's wife, it appears that even before the inception of the companies, respondent was already providing legal services to the complainant, thus:

COMM. NAVARRO:

Was there a formal designation or you were only called upon to do so?

ATTY. AURELIO:

*Well, I understand in order to show to the employees that they have labor lawyer and at that time I went to the office at least half day every week but that was cut short. And so when there are cases that crop-up involving labor then they called me up.*

x x x x

ATTY. OLEDAN:

Will counsel deny that he was the personal lawyer of the complainant long before he joined the company?

ATTY. AURELIO:

Yes, with respect to the boundary dispute between his land and his neighbor but the subject matter of all the cases I filed they all revolved around the Financial Statement of the 2 corporations. I never devolves any information with respect to labor cases and the MERALCO case with respect to boundary dispute, nothing I used.

ATTY. OLEDAN:

Was he not also the lawyer at that time of complainant when he incorporated the second corporation in 1992?

ATTY. AURELIO:

Well, I was the one submitted the corporate papers and I think after that I have nothing to do with the SEC requirements regarding this corporation. Just to submit the incorporation papers to the SEC and anyway they have already done that before. They have already created or established the first corporation way back before the second corporation started and there was no instance where I dealt with the Financial Statement of the corporation with respect to its filing with the SEC.

ATTY. OLEDAN:

My only question is whether he incorporated and therefore was aware of the corporate matters involving Solar Farms?

ATTY. AURELIO:

As a stockholder I'm aware.

ATTY. OLEDAN:

As a lawyer?

ATTY. AURELIO:

Well, as a stockholder I'm aware.

x x x x

ATTY. OLEDAN:

You are not the one who filed....

ATTY. AURELIO:

I was the one who filed the corporate paper but that's all the participation I had with respect to the requirement of the SEC with respect to the corporation.

COMM. NAVARRO: