

## SECOND DIVISION

[ G.R. NO. 141431, August 03, 2006 ]

**AMALIO L. SARMIENTO DOING BUSINESS UNDER THE NAME AND  
STYLE A.L. SARMIENTO CONSTRUCTION, PETITIONER, VS.  
CELERINO YU, RESPONDENT.**

### D E C I S I O N

**SANDOVAL-GUTIERREZ, J.:**

Four our resolution is the instant Petition for Review on Certiorari assailing the Decision<sup>[1]</sup> of the Court of Appeals dated January 27, 1999 and its Resolution of January 6, 2000 in CA-G.R. CV No. 50518, entitled "*Celerino Yu, petitioner, v. Emilio G. Samson doing business under the name and style of E.G. Samson Construction and Amalio L. Sarmiento, doing business under the name and style of A.L. Sarmiento Construction*, respondents."

The factual backdrop of the instant controversy, as culled from the findings of the trial court, adopted by the appellate court, are:

Amalio L. Sarmiento, doing business under the name and style A.L. Sarmiento Construction, (Sarmiento) petitioner, was the prime contractor of the then Ministry of Public Highways hired to construct the Cainta River Floodway and Manggahan Floodway Systems. Sarmiento entered into a sub-contract with his former classmate, Emilio G. Samson, doing business under the name and style E.G. Samson Construction to construct a portion of the work.

Samson's finances, however, were insufficient, hence, he convinced Celerino Yu, respondent herein, to join him in a partnership venture. Samson was to be the industrial partner, while Yu will put up the needed capital. Yu's expenses will be reimbursed by Sarmiento to be collected by the partnership. Both Samson and Yu will equally share in the profit. Since they have been close friends for more than three (3) decades, they did not reduce their agreement in writing.

When the Cainta Floodway Project started, Yu and Samson opened a joint bank account with the Equitable Bank, Baliuag, Bulacan Branch. Subsequently, they deposited therein the first P100,000.00 collected from Sarmiento. After the completion of the Cainta Floodway Project, they were to collect P400,000.00 from Sarmiento. However, Sarmiento insisted that they should first start constructing the Manggahan Floodway Project at a cost of P22 million.

Due to the huge amount of the project, Yu and Samson placed additional capital in their partnership. They then opened two more bank accounts. One account was with the Allied Bank, Pasig City Branch, while the other was with the Citibank, Greenhills (San Juan) Branch. They agreed that the sums collected from Sarmiento would be deposited under their joint accounts. They designated Herminio Estrella as their

bookkeeper.

Sometime in 1982, Estrella found that Samson failed to deposit two (2) checks amounting to P700,000.00 he received from Sarmiento. Sensing that Samson was not being fair, Yu withdrew P638,000.00 from their joint account with the Citibank. When Samson learned of such withdrawal, he immediately assumed control of the project operations, excluding both Yu and Estrella.

On June 10, 1982, Yu filed with the Regional Trial Court (RTC), Branch 11, Malolos, Bulacan a complaint for Sum of Money and Liquidation of Partnership with Damages against Samson and Sarmiento, docketed as Civil Case No. 1395-B. Yu prayed for the reimbursement of his expenses and payment of his share in the profits.

In his Answer with Counterclaim, Samson specifically denied having entered into a partnership with Yu. He alleged that Yu, being his close friend and *compadre*, offered to help him in his projects. He then authorized Yu to be a co-signatory relative to his bank accounts. He claimed that the funds for the projects were always advanced by Sarmiento.

Sarmiento filed his separate Answer denying specifically Yu's allegations in his complaint. Sarmiento alleged that the Cainta project was stopped after Samson had collected P50,000.00 from him; that Samson billed him P5,453,490.96 which he paid on May 3, 1982; and that the Ministry of Public Highways has not yet accepted the Manggahan Floodway Project as constructed, hence, the determination of Samson's billing would be premature.

After hearing, the trial court rendered its Decision, the dispositive of which is quoted as follows:

WHEREFORE, judgment is hereby rendered for the plaintiff. Defendant Samson is hereby ordered to pay the plaintiff the following:

1. Two Million Two Hundred Fifty One Thousand Eight Hundred Eleven Pesos and Forty Centavos (P2,251, 811.42) consisting of the amount reimbursable to plaintiff, his total 50% participation and interest in the partnership assets and collectibles from A.L. Sarmiento Construction, with legal interest from judicial demand to reckon from the filing of the complaint;
2. One Hundred Thousand Pesos (P100,000.00) for moral damages;
3. Fifty Thousand Pesos (P50,000.00) for exemplary damages;
4. One Hundred Thousand Pesos (P100,000.00) for and as attorney's fees.

Defendant Samson is likewise ordered to pay the costs of the suit.

SO ORDERED.<sup>[2]</sup>

The trial court held that from the documentary evidence and the conduct of Samson and Yu, a partnership had been established between them although it was not reduced in writing. Both were drawing salaries from the partnership; and when the