



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

ROLANDO VIRAY,
Complainant,

A.C. No. 7337

Present:

- versus -

CARPIO, *Acting Chief Justice*,^{*}
BRION,
DEL CASTILLO,
MENDOZA, *and*
LEONEN, *JJ.*

ATTY. EUGENIO T. SANICAS,
Respondent.

Promulgated:

SEP 29 2014

X -----

RESOLUTION

DEL CASTILLO, *J.:*

This is a verified Complaint for Disbarment/Gross Immoral Conduct¹ filed with this Court on September 18, 2006 by complainant Rolando Viray (complainant) against respondent Atty. Eugenio T. Sanicas (respondent).

Factual Antecedents

Complainant alleges that he engaged the services of respondent relative to a labor case² he filed against Ester Lopez and Teodoro Lopez III (spouses Lopez). On February 26, 2001, the Labor Arbiter ruled in favor of complainant and disposed of the case as follows:

WHEREFORE, premises considered, judgment is hereby rendered ordering respondents Ester Lopez and Teodoro Lopez III to pay complainant Rolando Viray of the following, to wit:

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^{*} Per Special Order No. 1803 dated September 24, 2014.

¹ *Rollo*, pp. 1-3.

² Filed with the National Labor Relations Commission, Regional Arbitration Branch No. VI, Bacolod City and docketed as RAB VI CASE NO. 06-06-10567-99.

- 1. Backwages.....P146,726.67
- 2. Separation Pay.....24,000.00
- 3. Service Incentive Leave Pay.....1,538.46
- 4. Attorney’s Fees.....17,226.51

or a total amount of One Hundred Eighty Nine Thousand Four Hundred Ninety One Pesos & 64/100 (P189,491.60) [sic] to be deposited with the Cashier of this Office, within ten (10) days from receipt hereof.

All other claims are hereby denied for lack of merit.

SO ORDERED.³

Subsequently, an Alias Writ of Execution⁴ was issued relative to aforesaid decision. During the implementation of said writ, however, complainant discovered that respondent had already collected the total amount of P95,000.00 from spouses Lopez. Respondent received said amount in the following manner:

Date	Voucher No.	Amount	Purpose
02/05/2004	7802	P 20,000.00	Attorney’s fees
02/13/2004	7833	10,000.00	Partial payment for judgment
02/26/2004	7848	10,000.00	Partial payment for judgment
03/12/2004	7894	20,000.00	Partial payment for judgment
04/02/2004	7932	5,000.00	Partial payment for judgment
04/06/2004	7941	5,000.00	Partial payment for judgment
04/13/2004	7944	5,000.00	Partial payment for judgment
04/16/2004	7954	10,000.00	Partial payment for judgment
04/30/2004	7977	10,000.00	Partial payment for judgment
Total Amount:		P 95,000.00	

Complainant also discovered that respondent misrepresented to spouses Lopez that he is authorized to receive payments on his behalf, when in truth and in fact he is not. Consequently, complainant made several verbal demands to the respondent to remit to him the amount of P95,000.00, less his attorney’s fees of P20,000.00. But respondent did not budge. Thus, complainant lodged a complaint before the Office of the *Punong Barangay* of Brgy. Felisa, Bacolod City. Respondent, however, ignored the summons to attend a conference before the *barangay* to resolve the issues.

In his Comment,⁵ respondent admits that he received P95,000.00 from spouses Lopez on installments, but denies that he was not authorized to accept it. He explains that complainant agreed to pay him additional attorney’s fees equivalent to 25% of the total monetary award, on top of the attorney’s fees that may be awarded by the labor tribunal, and to refund all expenses respondent incurred relative to the case. Thus, from the total award of P189,491.60, the sum



³ Lifted from the Alias Writ of Execution, *rollo*, pp. 4-5, 4.
⁴ Id.
⁵ Id. at 29-36.

of ₱17,226.57 representing respondent's professional fees has to be deducted, leaving a balance of ₱172,275.13.⁶ Then from said amount, complainant proposed that he will get ₱100,000.00 and the balance of ₱72,275.13 shall belong to respondent as and for his additional 25% attorney's fees and reimbursement for all expenses he incurred while handling the case. However, after receiving the amount of ₱95,000.00 and deducting therefrom the amounts of ₱20,000.00⁷ attorney's fees, ₱17,000.00 earlier given to complainant, and ₱2,000.00 paid to the sheriff, what was left to respondent was only ₱56,000.00. Respondent whines that this amount is way below the promised 25% attorney's fees and refund of expenses in the total amount of ₱72,275.13.

Respondent asserts that, in any event, complainant will still be receiving a sum greater than what he expects to receive. He avers that complainant is still entitled to receive from spouses Lopez the sum of ₱93,491.60. Adding the ₱17,000.00 respondent previously remitted to complainant, the latter will get a total amount of ₱110,491.60. This amount, according to respondent, exceeds the amount of ₱100,000.00 complainant agreed to and expected to receive.

IBP's Report and Recommendation

On February 26, 2007,⁸ we referred this case to the Integrated Bar of the Philippines (IBP) for investigation, report and recommendation. On January 31, 2011, the Investigating Commissioner issued his Report and Recommendation⁹ with the following recommendation:

In view of the foregoing, it is respectfully recommended that the respondent be meted the penalty of two (2) years suspension. Respondent is also ordered to return, in restitution all the amounts in his possession which are due to complainant, less his rightful attorney's fees.¹⁰

On October 28, 2011, the IBP Board of Governors adopted Resolution No. XX-2011-139,¹¹ which approved the Report and Recommendation of the Investigating Commissioner suspending respondent from the practice of law for two years, but with the modification that respondent should reconstitute the sum of ₱85,500.00¹² to the complainant.



⁶ The difference should be ₱172,265.03.

⁷ Should be ₱17,226.57, but rounded off to ₱20,000.00.

⁸ *Rollo*, unpaginated.

⁹ *Id.* at 91-99.

¹⁰ *Id.* at 99.

¹¹ See Notice of Resolution, *id.* at 90.

¹² ₱95,000.00 minus respondent's Attorney's Fees of ₱9,500.00

Issue

The essential issue in this case is whether the respondent is guilty of gross misconduct for his failure to promptly account to his client the funds received in the course of his professional engagement and return the same upon demand.

The Court's Ruling

“The Code of Professional Responsibility demands the utmost degree of fidelity and good faith in dealing with the moneys entrusted to lawyers because of their fiduciary relationship.”¹³ Specifically, Rule 16.01 of the Code imposes upon the lawyer the duty to “account for all money or property collected or received for or from the client.” Rule 16.03 thereof, on the other hand, mandates that “[a] lawyer shall deliver the funds x x x of his client when due or upon demand.”

In this case, respondent on nine separate occasions from February 5, 2004 to April 30, 2004 received payments for attorney's fees and partial payments for monetary awards on behalf of complainant from spouses Lopez. But despite the number of times over close to three months he had been receiving payment, respondent neither informed the complainant of such fact nor rendered an accounting thereon. It was only when an Alias Writ of Execution was issued and being implemented when complainant discovered that spouses Lopez had already given respondent the total amount of ₱95,000.00 as partial payment for the monetary awards granted to him by the labor tribunal.

To make matters worse, respondent withheld and refused to deliver to the complainant said amount, which he merely received on behalf of his client, even after demand. Complainant brought the matter before the *barangay*, but respondent simply ignored the same. Such failure and inordinate refusal on the part of the respondent to render an accounting and return the money after demand raises the presumption that he converted it to his own use.¹⁴ His unjustified withholding of the funds also warrants the imposition of disciplinary action against him.¹⁵

Respondent justifies his action by asserting that complainant authorized him to receive payment. He implies that he is also authorized to apply the sum of money he received from spouses Lopez to his additional 25% attorney's fees and reimbursement for all expenses he incurred for the case, in the total amount of ₱72,275.13. However, after deducting from the amount of ₱95,000.00 the amounts of ₱20,000.00, ₱17,000.00, and ₱2,000.00, what was left to respondent, to his dismay was only ₱56,000.00.

¹³ *Tarog v. Ricafort*, A.C. No. 8253, March 15, 2011, 645 SCRA 320, 332.

¹⁴ *Rollon v. Atty. Naraval*, 493 Phil. 24, 31 (2005).

¹⁵ *Macarilay v. Serina*, 497 Phil. 348, 360 (2005).

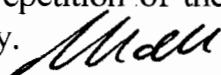
The Court is not impressed. As aptly observed by the Investigating Commissioner, other than his self-serving statements, there is nothing in the records which would support respondent's claim that he was authorized to receive the payments. Neither is there proof that complainant agreed to pay him additional 25% attorney's fees and reimburse him for all expenses he allegedly incurred in connection with the case. Respondent did not present any document, retainer's agreement, or itemized breakdown of the amount to be reimbursed to support his claim. In any event, even assuming that respondent was authorized to receive payments, the same does not exempt him from his duty of promptly informing his client of the amounts he received in the course of his professional employment. "The fiduciary nature of the relationship between counsel and client imposes on a lawyer the duty to account for the money or property collected or received for or from the client. He is obliged to render a prompt accounting of all the property and money he has collected for his client."¹⁶ "The fact that a lawyer has a lien for his attorney's fees on the money in his hands collected for his client does not relieve him from the obligation to make a prompt accounting."¹⁷ Moreover, a lawyer has no right "to unilaterally appropriate his client's money for himself by the mere fact alone that the client owes him attorney's fees."¹⁸

In sum, "[r]espondent's failure to immediately account for and return the money when due and upon demand violated the trust reposed in him, demonstrated his lack of integrity and moral soundness, and warrants the imposition of disciplinary action."¹⁹

The Penalty

"The penalty for gross misconduct consisting in the failure or refusal despite demand of a lawyer to account for and to return money or property belonging to a client has been suspension from the practice of law for two years."²⁰ Thus, the IBP Board of Governors did not err in recommending the imposable penalty. Considering, however, that this is respondent's first offense and he is already a nonagenarian,²¹ the Court, in the exercise of its compassionate judicial discretion, finds that a penalty of one year suspension is sufficient.

WHEREFORE, the Court finds respondent Atty. Eugenio T. Sanicas **GUILTY** of gross misconduct and accordingly **SUSPENDS** him from the practice of law for one (1) year upon the finality of this Resolution, with a warning that a repetition of the same or similar act or offense shall be dealt with more severely.



¹⁶ *Cerdan v. Gomez*, A.C. 9154, March 19, 2012, 668 SCRA 394, 404.

¹⁷ *Schulz v. Atty. Flores*, 462 Phil. 601, 612-613 (2003).

¹⁸ *Id.* at 613.

¹⁹ *Villanueva v. Atty. Gonzales*, 568 Phil. 379, 385-386 (2008).

²⁰ See *Bayonla v. Reyes*, A.C. No. 4808, November 22, 2011, 660 SCRA 490, 505-506 and the cases cited therein.

²¹ In his Manifestation dated August 8, 2007 (*rollo*, p. 79), respondent stated that he was already 85 years old.

Atty. Sanicas is ordered to return to complainant, within 90 days from finality of this Resolution, the net amount of ₱85,500.00 with interest at the rate of 6% *per annum* from finality of this Resolution until the full amount is returned. Failure to comply with the foregoing directive will warrant the imposition of a more severe penalty.

Let copies of this Resolution be furnished the Office of the Bar Confidant and noted in Atty. Sanicas' record as a member of the Bar.

SO ORDERED.


MARIANO C. DEL CASTILLO
Associate Justice

WE CONCUR:


ANTONIO T. CARPIO
Associate Justice
Acting Chief Justice


ARTURO D. BRION
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice