



Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated **July 10, 2023**, which reads as follows:*

“A.C. No. 10522 [Formerly CBD Case No. 15-4641] (Gemma M. Cadiente and Elma C. Abear, Complainants v. Atty. Arnel V. Peralta, Respondent). — At the crosshairs of the instant disciplinary proceeding is the administrative liability of Atty. Arnel V. Peralta (respondent) for multiple violations of the Code of Professional Responsibility and Accountability (CPRA).¹

Stripped of unnecessary verbiage, the prevent facts of this case are as follows—

Gemma M. Cadiente (Cadiente) and Elma C. Abear (Abear) filed a Complaint² for disbarment against respondent, averring that on September 25, 2012, they accompanied a certain “Malou” to the Public Attorney’s Office (PAO) at the Hall of Justice of Pasay City to meet respondent, a PAO lawyer, and borrow money from him. According to Cadiente, respondent did, in fact, lend “Malou” the amount of ₱300,000.00. This was with the agreement that the loan would bear an interest of ₱50,000.00 and would be paid the next day. Respondent asked Cadiente to leave her Toyota Fortuner vehicle as security for the loan, but she refused. He then purportedly compelled “Malou” to issue a postdated check (PDC). However, since she had no checking account, Cadiente was the one who issued the PDC in respondent’s favor.³

On September 26, 2012, Cadiente received a call from respondent, asking her to remind “Malou” of her promise to pay the loan, otherwise he would deposit the check issued him. Cadiente pled respondent not to deposit the check since the obligation belonged to “Malou.” He agreed to meet her and “Malou” to sort things out. They waited for him the whole day at the PAO, to no avail. They were then instructed to meet him later at nighttime at the Center Stage Family Karaoke, Mall of Asia, Pasay City.⁴

¹ A.M. No. 22-09-01-SC dated April 11, 2023.

² *Rollo*, pp. 1-7.

³ *Id.* at 2.

⁴ *Id.*

Cadiente avowed that outside the karaoke bar that night, she personally handed to respondent ₱150,000.00 representing the ₱50,000.00 interest and the ₱100,000.00 remaining amount of the principal loan. They agreed that in a week's time, the remaining balance would be settled, otherwise, the loan would incur another ₱50,000.00 interest.⁵

According to Cadiente, she persistently reminded "Malou" about her obligation to respondent. She likewise requested him to give "Malou" an extended period to settle her obligation.⁶ Despite their agreement that "Malou" would pay him ₱10,000.00 every month, he filed a carnapping case⁷ against her (Cadiente). The case, however, was dismissed by the Pasay City Prosecutor's Office.⁸

In September 2013, respondent filed another case against Cadiente, this time for estafa⁹ and violation of Batas Pambansa Blg. 22 (BP 22). Ensuingly, he wrote¹⁰ the Land Transportation Office (LTO) requesting to put on hold the renewal of Cadiente's driver's license and of the registration of her Montero Sport vehicle, with plate number LYN 17, as well as all other transactions involving the same vehicle.

By reason of the filing of the foregoing cases, Cadiente and Abear (hereafter, complainants) filed the disbarment complaint, asserting that respondent violated the CPRA, as amended, in particular—

CANON II
Propriety

A lawyer shall, at all times, act with propriety and maintain the appearance of propriety in personal and professional dealings, observe honesty, respect and courtesy, and uphold the dignity of the legal profession consistent with the highest standards of ethical behavior.

x x x x

Section 2. *Dignified Conduct*. — A lawyer shall respect the law, the courts, tribunals, and other government agencies, their officials, employees, and processes, and act with courtesy, civility, fairness, and candor towards fellow members of the bar.

A lawyer shall not engage in conduct that adversely reflects on one's fitness to practice law, nor behave in a scandalous manner, whether in public or private life, to the discredit of the legal profession.

x x x x

⁵ Id.

⁶ Id. at 3.

⁷ Id. at 12-13. Complaint-Affidavit for Carnapping.

⁸ Id. at 14-18. The Resolution dated July 17, 2013 recommending the dismissal of the case against respondent Gemma Monte Cadiente, in XV-13-INV-12-K-01770, was prepared by Pasay City Senior Asst. City Prosecutor Orlando G. Mariano and approved by Pasay City Prosecutor Elmer G. Mitra.

⁹ Id. at 19-20. Complaint-Affidavit for Estafa.

¹⁰ Id. at 22.

Section 23: *Instituting multiple cases; forum shopping.* —A lawyer shall not knowingly engage or through gross negligence in forum shopping, which offends against the administration of justice, and is a falsehood foisted upon the court, tribunal, or other government agency.

A lawyer shall not institute or advise the client to institute multiple cases to gain leverage in a case, to harass a party, to delay the proceedings, or to increase the cost of litigation.

For his part, respondent avouched that sometime ago, he was invited by Judge X to his chambers. He was surprised when Judge X asked him to accommodate the loan request of one Rhodora Seradilla (Seradilla). Since he was avowedly not involved in the lending business, Judge X made a “*pakiusap*.” Respondent ended up telling Judge X that he would see what he could do. As it happened, Judge X invited him to his chambers about three to four times until he agreed to grant his request.¹¹

On September 25, 2012, Seradilla introduced complainants, together with a certain “Malou,” to respondent, in his office, asking if he could lend them money. Cadiente intimated that she was a manager of an insurance company and that she needed money to complete her bond application with the Supreme Court to obtain a certification to operate as a bail bond company.¹²

Respondent maintained that Cadiente was persistent in pledging her Montero vehicle (Montero) in exchange for the loan money. He initially refused but Seradilla insisted that it was the “*pakiusap*” of Judge X.¹³

Complainants and “Malou” promised to return the loan money to respondent the very next day since they already had a client. Moreover, they assured respondent that the vehicle they pledged was free from liens and encumbrances, and that the check Cadiente would issue was good. As he was uncertain at that time, Seradilla told respondent, “*nakikiusap talaga si Judge*.” He eventually granted the loan and prepared the pledge and promissory note. Cadiente then issued a check, and they (Cadiente and respondent) signed the necessary documents inside the Montero. Subsequently, complainants and “Malou” asked respondent if they could borrow the vehicle first and promised to return it the following day. As complainants appeared to be associated with Judge X, respondent never expected that they would not return the vehicle subject of the pledge or pay the loan.¹⁴

When respondent called Cadiente to follow up on her promise, she never showed up. This impelled him to file a carnapping case against her. Unfortunately, the complaint was dismissed as she was the owner of the vehicle.¹⁵

¹¹ Id. at 28. Respondent’s Comment.

¹² Id. at 29.

¹³ Id.

¹⁴ Id. at 29-30.

¹⁵ Id. at 30.

Respondent was likewise constrained to file a complaint for estafa and violation of BP 22 against complainants and “Malou” as the check Cadiente issued was dishonored for the reason “Drawn Against Insufficient Fund.” On multiple occasions, he personally tendered to Cadiente his demand letter but she adamantly and arrogantly refused to receive the same. He likewise went to her office to leave a copy of the demand letter but she had already moved out.¹⁶

Fearing that Cadiente would sell, encumber or otherwise transfer the ownership of the Montero, respondent averred that he wrote the Assistant Secretary of the LTO to request that his transaction with Cadiente be annotated on the Certificate of Registration and other files of the Montero.

Following an assiduous scrutiny of the parties’ submissions, Investigating Commissioner Erwin L. Aguilera (Commissioner Aguilera) of the Integrated Bar of the Philippines (IBP) Committee on Bar Discipline (CBD) submitted his Report and Recommendation¹⁷ finding the acts of respondent to be immoral. Commissioner Aguilera gave credence to complainants’ narration of facts. Congruously, he recommended that respondent be suspended for two years from the practice of law.

The IBP Board of Governors, however, issued a Resolution¹⁸ modifying the recommendation of Commissioner Aguilera, thusly:

WHEREFORE, premises considered, this Board RESOLVES to REVERSE the recommendation of the Investigating Commissioner suspending respondent from the practice of law for two (2) years, to **Dismissal**. However, Atty. Arnel V. Peralta is **Admonished** to be more circumspect in his future dealings with his creditor [sic] so that there will be no undue damage to him or to his profession.

SO ORDERED.¹⁹

The IBP Board of Governors ratiocinated—

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[T]he post-dated check, the Pledge Agreement and the Promissory note were all signed by Complainant Cadiente. This being so, the allegation of Complainant Cadiente that it was “Malou” who was the real borrower cannot be given credence.

No person in her right mind would issue a check, pledge her own vehicle and even sign a promissory note if she was not the real debtor. Hence, the contention of the Complainant to make it appear that it was

¹⁶ Id.

¹⁷ *Rollo*, pp. 299-307. Dated September 7, 2016 and docketed as CBD Case No. 15-4641.

¹⁸ Id. at 297-298. The Notice of Resolution of the IBP Board of Governors dated November 28, 2017 was signed by its National Secretary, Patricia-Ann T. Prodigalidad. See also Extended Resolution dated July 2, 2022 issued by the IBP Board of Governors, id. at 308-310.

¹⁹ Id. at 297 and 310.

“Malou” who borrowed the money was made in order to harass and make it appear that Respondent committed a grave wrong. There was no proof that it was “Malou” who was the real borrower, but it was clearly shown that Complainant Cadiente was.

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Complainant’s allegation regarding the multiple actions, was in relation to the carnapping and estafa cases filed against her. The carnapping case came about when she failed to return the vehicle after it was pledged. Any person in his right mind would ultimately file such a case to protect his right and interests over the property, it being a security of the loan. As for the Estafa case, it was based on the check that was issued but was not honored by the bank due to insufficiency of funds.

Again, we reiterate that although Complainant insisted that it was a certain “Malou” who borrowed the amount of Three Hundred Thousand Pesos (P300,000.00) from the Respondent, she offered no proof to that effect. What was clearly proven was the fact that she was the borrower based on the check, promissory note and pledge agreement presented.²⁰

The Court sustains the findings and conclusions of the IBP Board of Governors, albeit with modification.

Prefatorily, it is a well-established rule that for a charge to warrant a disciplinary action against a lawyer, the complainant must present *convincing proof* to substantiate the charge. Otherwise, the presumption that the lawyer is innocent of the charge prevails.²¹

In the case at bench, the Court echoes with approbation the findings of the IBP Board of Governors that all the documentary evidence presented, *i.e.*, the PDC, the Pledge Agreement and the Promissory Note, bore the signature of Cadiente thus debunking her contention that it was “Malou,” and not her, who was respondent’s real obligor. Indeed, no person in his/her right mind would issue a check, pledge his/her own property and sign a promissory note if he/she were not the actual debtor.

Consequently, the next query comes down the pike: *Did respondent’s filing of multiple actions against complainants constitute forum shopping?*

The Court rules and so holds that respondent’s actions did not constitute forum shopping.

The essence of forum shopping is the filing of multiple suits involving the same parties for the same cause of action, either simultaneously or successively, for the purpose of obtaining a favorable judgment. A party violates the rule against forum shopping if the elements of *litis pendentia* are

²⁰ Id. at 309-310.

²¹ See *Mejares v. Atty. Romana*, 469 Phil. 619, 628-629 (2004).

present; or if a final judgment in one case would amount to *res judicata* in the other.²²

Thus, there is forum shopping when the following elements concur: (1) identity of the parties or, at least, of the parties who represent the same interest in both actions; (2) identity of the rights asserted and relief prayed for, as the latter is founded on the same set of facts; and (3) identity of the two preceding particulars, such that any judgment rendered in the other action will amount to *res judicata* in the action under consideration or will constitute *litis pendencia*.²³

Here, the Court finds that the second element does not exist since there is *no* identity of rights asserted and reliefs prayed for in the cases filed by respondent against complainants—the *carnapping* case was filed upon Cadiente’s failure to return the vehicle subject of the pledge while the *estafa* and *BP 22* cases were filed upon the dishonor of the check issued by Cadiente. As aptly observed by the CBD, the filing of these cases was strongly impelled by respondent’s need to protect his rights and interests as an obligee.

The Court likewise notes that respondent continuously made efforts to reach Cadiente prior to the filing of the cases against her in court, but to no avail. That he happens to be a member of the Bar who knows how to vindicate his right by employing means consistent with laws and the rules of procedure cannot be outrightly taken against him.

While the Court is convinced that respondent’s actions did not constitute forum shopping, he is, however, not free from any liability.

The records are clear that respondent engaged in the enterprise of *money lending* while discharging his duty as a PAO lawyer, even if in this particular case, he did such in his private capacity in order to accommodate the “*pakiusap*” of Judge X. Canon II of the CPRA explicitly provides—

CANON II *Propriety*

A lawyer shall, **at all times**, act with **propriety** and maintain the **appearance of propriety in personal and professional dealings**, observe honesty, respect and courtesy, and uphold the **dignity of the legal profession** consistent with the **highest standards of ethical behavior**.

Section 1. *Proper Conduct*. — A lawyer shall not engage in unlawful, dishonest, immoral, or deceitful conduct.

Section 2. *Dignified Conduct*. — A lawyer shall respect the law, the courts, tribunals, and other government agencies, their officials, employees,

²² See *Adao v. Attys. Docena and Acol, Jr.*, 564 Phil. 448, 451-452 (2007).

²³ *Id.* at 452.

and processes, and act with courtesy, civility, fairness, and candor towards fellow members of the bar.

A lawyer shall not engage in conduct that adversely reflects on one's fitness to practice law, nor behave in a scandalous manner, whether in public or private life, to the discredit of the legal profession.

x x x x

Section 5. *Observance of Fairness and Obedience.* — A lawyer shall, in every personal and professional engagement, insist on the observance of the principles of fairness and obedience to the law.

x x x x

Section 28. *Government Service.* — Lawyers in government service shall observe the standard of conduct under the CPRA, the Code of Conduct and Ethical Standards for Public Officials and Employees, and other related laws and issuances in the performance of their duties.

Any violation of the CPRA by lawyers in government service shall be subject to disciplinary action, separate and distinct from liability under pertinent laws or rules.

It is true that respondent's act of lending money appears to be a one-time act in favor of complainants. Nonetheless, while entering into a contract of loan, whether voluntarily or upon request of another, is not prohibited *per se*, a lawyer in the government service should certainly be *more circumspect and conscious* of the possibility that the transaction may cast an unfavorable light— both on the legal profession and to the public office with which he or she is affiliated.

Here, the parties agreed that “the loan would bear an interest of ₱50,000.00 and would be paid the next day.” Consequently, when the parties met the next day, complainant Cadiente recounted that “she personally handed to respondent ₱150,000.00 representing the ₱50,000.00 interest and the ₱100,000.00 remaining amount of the principal loan.” Furthermore, according to her, “they agreed that in a week's time, the remaining balance would be settled, otherwise, the loan would incur another ₱50,000.00 interest.” *These facts were impliedly admitted by respondent.*

Evidently, the stipulated interest equivalent to 16.67% of the principal loan and charged within a mere twenty-four hours, was excessive, iniquitous, unconscionable, and exorbitant. Hence, the same is contrary to morals (*contra bonos mores*), if not against the law.²⁴ As one learned in law, respondent must have known that cases abound where the Court struck down the imposition of an unconscionable interest rate on loan obligations, even if knowingly and voluntarily assumed by the obligor.

²⁴ See *Chua, et al. v. Timan, et al.*, 584 Phil. 144, 150 (2008).

Accordingly, as an officer of the Court and a public servant at that, respondent fell short of the standards of propriety that lawyers are required to abide by under the CPRA. We reiterate—membership in the bar imposes upon lawyers certain obligations. Mandated to maintain the dignity of the legal profession, they must conduct themselves honorably and fairly *at all times*.²⁵

However, considering that this is his *first infraction*, this Court deems it fit to admonish respondent to be more circumspect in his financial dealings with the public.

WHEREFORE, respondent Atty. Arnel V. Peralta is hereby **ADMONISHED** to be more circumspect in the performance of his duties as an officer of the court. He is **WARNED** that a similar conduct in the future shall be dealt with more severely.

SO ORDERED.”

By authority of the Court:

~~Misael Domingo C. Battung III~~
MISAEL DOMINGO C. BATTUNG III
Division Clerk of Court
u/m/1)

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/s/

²⁵ See *Cruz v. Atty. Cabrera*, 484 Phil. 173, 183 (2004).