



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **04 April 2022** which reads as follows:*

“G.R. No. 242312 (*Renato Villavicencio [deceased], substituted by his wife, Marilou Flores Lorenzo Villavicencio, and their children, namely: Ida Rebecca Lorenzo Villavicencio and Paolo Jesus Villavicencio v. Jose Samala*).

– This Court finds no cogent reason to amend or reverse the Decision¹ dated December 6, 2017 and Resolution² dated September 26, 2018 of the Court of Appeals (CA) in CA-G.R. CV No. 106918, considering that the issues raised therein have already been extensively covered and resolved by the lower courts. Factual findings of the trial court are entitled to respect and are not to be disturbed on appeal, unless some facts and circumstances of weight and substance, having been overlooked or misinterpreted, might materially affect the disposition of the case.³ Granting, for the sake of argument, that this case warrants reconsideration of the antecedent facts and applicable laws, the Petition should nonetheless be dismissed for lack of merit.

First, petitioner Renato Villavicencio (Villavicencio), who was an agent of the Multinational Telecom Investors Corporation (MTIC), is a real party-in-interest. A real-party-in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit.⁴ While Villavicencio was not a signatory to the contracts or checks relative to respondent Jose Samala’s (Samala) investment with MTIC, the former admitted that he was a sub-counselor or investment consultant of MTIC. As such, he actively engaged in the solicitation and recruitment of investors and made representations on MTIC’s products and its supposed US connections. Villavicencio facilitated Samala’s investment with MTIC and even received commissions as a result. Having

¹ *Rollo*, pp. 37-54. Penned by Associate Justice Ramon Paul L. Hernando (now a Member of the Court), with the concurrence of Acting Presiding Justice Remedios A. Salazar-Fernando and Associate Justice Mario V. Lopez (now a Member of the Court).

² *Id.* 55-57. Penned by Associate Justice Ramon Paul L. Hernando (now a Member of the Court), with the concurrence of Acting Presiding Justice Remedios A. Salazar-Fernando and Associate Justice Mario V. Lopez (now a Member of the Court).

³ *Stronghold Insurance Company, Inc. v. Interpacific Container Services*, 762 Phil. 483, 484 (2015).

⁴ RULES OF COURT, Rule 3, Section 2.

benefited from his representations, Villavicencio is estopped from denying his participation in the transaction and evading responsibility for its consequences.

Second, Villavicencio exerted undue influence to induce Samala to invest in MTIC. There is undue influence when a person takes improper advantage of his power over the will of another, depriving the latter of a reasonable freedom of choice.⁵ While Samala was not suffering from mental weakness, his family relations with Villavicencio constitute sufficient reason to believe the representations of the latter. Such familial sentiments might not have been the cause for Samala's decision to invest in MTIC, but it led him to desist from questioning Villavicencio's candor with respect to the transaction.

Third, granting *arguendo* that there was no undue influence between the parties, Villavicencio still cannot be absolved of liability inasmuch as he committed fraud. There is fraud when, through insidious words or machinations of one of the contracting parties, the other is induced to enter into a contract which, without them, he would not have agreed to.⁶ When Villavicencio convinced Samala to invest in MTIC, he introduced the latter to Manolito Natividad (Natividad), who was introduced by Villavicencio as a good friend of Rosario Baladjay, the supposed owner of MTIC, and received Samala's money for investment in MTIC. This was despite Villavicencio having full knowledge that he no longer had any authority to accept investments in view of the Cease and Desist Orders (CDOs) previously issued by the Securities and Exchange Commission (SEC) against MTIC. He cannot now deny awareness of the CDOs, as he himself alleged that he informed Samala about their existence. Luring investors to place money in MTIC despite knowing that it was ordered to cease and desist from further accepting investments from the public is tantamount to fraud.

Villavicencio's position, that Samala had the opportunity to become aware of the MTIC's circumstances, is immaterial. Although it would be ideal if an investor were to conduct his own investigation prior to parting with his money, a person soliciting investment should not be allowed to use an investor's lack of due diligence to shift the offeror's obligation to disclose information to the offeree's burden to discover the same. Otherwise, a person soliciting investment who intentionally withholds vital or prejudicial information from a prospective investor will be absolved from liability simply because the investor failed to uncover the clandestine details of such investment.

Fourth, Villavicencio should be solidarily liable to pay Samala. There is solidary liability when the obligation expressly so states, or when the law or the nature of the obligation requires solidarity.⁷ Villavicencio should be disabused of the notion that his accountability ensues from the corporate culpability of MTIC. He is personally liable for the contracts he solicited because he did so in violation

⁵ CIVIL CODE, Article 1337.

⁶ CIVIL CODE, Article 1338.

⁷ CIVIL CODE, Article 1207.

of the SEC's CDOs. Without his misrepresentation that MTIC is authorized to conduct business, investors like Samala would not have placed their money in MTIC. Moreover, although Villavicencio did not execute any of the MTIC contracts himself, he received commission for every investment that he brokered. He cannot attribute to MTIC the actions which he took to serve his own financial interests.

Finally, Villavicencio should be held liable for moral and exemplary damages, and attorney's fees. Moral damages are awarded if the following elements exist in the case: 1) an injury clearly sustained by the claimant; 2) a culpable act or omission factually established; 3) a wrongful act or omission by the defendant that is the proximate cause of the injury sustained by the claimant; and 4) the award of damages predicated on any of the cases stated in Article 2219 of the Civil Code. In addition, the person claiming moral damages must prove the existence of bad faith by clear and convincing evidence for the law always presumes good faith. Bad faith, under the law, does not simply connote bad judgment or negligence. It imports a dishonest purpose or some moral obliquity and conscious doing of a wrong, a breach of a known duty through some motive or interest or ill will that partakes of the nature of fraud.⁸ On the other hand, the law allows the grant of exemplary damages in cases such as this to serve as a warning to the public and as a deterrent against the repetition of this kind of underhanded actions.⁹ Villavicencio's lie about MTIC's legal status and capacity, which resulted in defrauding Samala, evidently indicates dishonesty and bad faith. Villavicencio's act is so deplorable that the CA and Regional Trial Court are justified in making an example of it, to caution the public from succumbing to such devious schemes and discourage scheming agents from engaging therein.

Significantly, Villavicencio's obligations arise from the judgment of the court in this case, which is still pending even after his death. While he may no longer be compelled to pay the same, the debt subsists against his estate. No property or portion of the inheritance may be transmitted to his heirs unless the debt has first been satisfied.¹⁰ Notably, until the judgment in this action becomes final and executory, the estate should be amply represented by the heirs of the deceased.

Anent the imposition of interests on the judgment award, We refer to pertinent portions of *Nacar v. Gallery Frames*¹¹ for the following guidance:

- II. With regard particularly to an award of interest in the concept of actual and compensatory damages, the rate of interest, as well as the accrual thereof, is imposed, as follows:
 1. When the obligation is breached, and it consists in the payment of a sum of money, *i.e.*, a loan or forbearance of money, the interest due should be

⁸ *Nazareno v. City of Dumaguete*, 607 Phil. 768, 776 (2009).

⁹ *Yamauchi v. Suñiga*, 830 Phil. 122, 125 (2018).

¹⁰ *Genato v. Bayhon*, 613 Phil. 318, 320 (2009).

¹¹ *Nacar v. Gallery Frames*, G.R. No. 189871, August 13, 2013, 716 Phil. 267-283.

that which may have been stipulated in writing. Furthermore, the interest due shall itself earn legal interest from the time it is judicially demanded. In the absence of stipulation, the rate of interest shall be 6% per annum to be computed from default, *i.e.*, from judicial or extrajudicial demand under and subject to the provisions of Article 1169 of the Civil Code.

2. When an obligation, not constituting a loan or forbearance of money, is breached, an interest on the amount of damages awarded may be imposed at the discretion of the court at the rate of 6% per annum. No interest, however, shall be adjudged on unliquidated claims or damages, except when or until the demand can be established with reasonable certainty. Accordingly, where the demand is established with reasonable certainty, the interest shall begin to run from the time the claim is made judicially or extrajudicially (Art. 1169, Civil Code), but when such certainty cannot be so reasonably established at the time the demand is made, the interest shall begin to run only from the date the judgment of the court is made (at which time the quantification of damages may be deemed to have been reasonably ascertained). The actual base for the computation of legal interest shall, in any case, be on the amount finally adjudged.
3. When the judgment of the court awarding a sum of money becomes final and executory, the rate of legal interest, whether the case falls under paragraph 1 or paragraph 2, above, shall be 6% per annum from such finality until its satisfaction, this interim period being deemed to be by then an equivalent to a forbearance of credit.

Consistent with the above ruling, the actual damages shall earn interest at the rate of twelve percent (12%) per annum from judicial demand until June 30, 2013 and thereafter, or from July 1, 2013, at the rate of six percent (6%) per annum until finality of this Resolution. Meanwhile, the total amount awarded to Samala shall earn legal interest at the rate of six percent (6%) per annum from the finality of this Resolution until full payment.

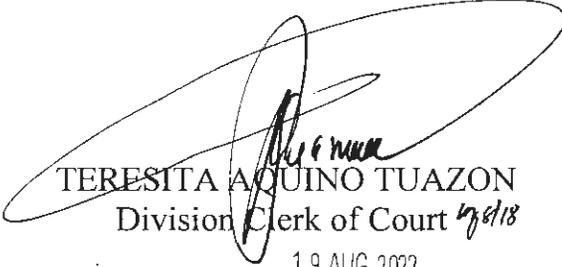
WHEREFORE, the petition filed by Renato Villavicencio, substituted by his wife, Marilou Flores Lorenzo Villavicencio, and children, Ida Rebecca Lorenzo Villavicencio and Paolo Jesus Villavicencio, is hereby **DENIED**. The Decision dated December 6, 2017 of the Court of Appeals in CA-G.R. CV No. 106918 is **AFFIRMED with MODIFICATION as follows**:

WHEREFORE, the instant appeal is **DENIED**. The assailed Decision dated September 22, 2014 and Order dated March 23, 2015 of the Regional Trial Court, Branch 55 of Makati City in Civil Case No. 03-209 are hereby **AFFIRMED** with the following **MODIFICATIONS**: [Petitioner] Renato Villavicencio [substituted by his wife, Marilou Flores Lorenzo Villavicencio, and children, Ida Rebecca Lorenzo Villavicencio and Paolo Jesus Villavicencio, and defendants Multinational Telecom Investors Corp., Multitel International Holdings, Inc., Rosario A. Baladjay, Saturnino M. Baladjay, Randy Rubio, One Heart Cooperative, Manolito Natividad, Olive Marasigan, Carmencita Chan, Stella Ilagan and John Muñoz are ordered to pay solidarily plaintiff-appellee Jose Samala the following:

1. Actual Damages - US\$73,118.00;
2. Moral Damages - PhP 200,000.00;
3. Exemplary Damages - PhP 200,000.00;
4. Attorney's fees - PhP 50,000.00;
5. **Interest on actual damages at the rate of 12% per annum from judicial demand until June 30, 2013;**
6. **Interest on actual damages at the rate of 6% per annum from July 1, 2013 until finality of this Resolution; and**
7. **Legal interest on judgment award at the rate of 6% per annum from the finality of this Resolution until full payment.**

SO ORDERED." (Hernando, *J.*, no part due to prior action in the Court of Appeals; Leonen, *J.*, designated additional member per Raffle dated March 7, 2022).

By authority of the Court:


 TERESITA AQUINO TUAZON
 Division Clerk of Court *4/8/22*
 19 AUG 2022

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HON. PRESIDING JUDGE (reg)
 Regional Trial Court, Branch 58
 Makati City
 (Civil Case No. 03-209)

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 Supreme Court, Manila

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*with copy of CA Decision dated December 6, 2017
Please notify the Court of any change in your address.
 GR242312. 4/04/2022(78)URES