



Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **January 25, 2023** which reads as follows:*

“**A.C. No. 11837 [Formerly CBD Case No. 19-5865] (Francis A. Reyes v. Atty. Ronaldo A. Salamillas)**.—Before this Court is an administrative complaint filed by Francis A. Reyes against Atty. Ronaldo A. Salamillas (Atty. Salamillas) on the alleged grounds of concealment of facts and conflict of interest, in violation of the Code of Professional Responsibility (CPR).¹

The Facts

Domingo A. Reyes, Sr. (Domingo), Chairman of the Board of Viva Shipping Lines, Inc. (VSLI) and patriarch of the Reyes family, died on November 18, 2005. He was survived by his spouse, Lourdes A. Reyes (Lourdes), and nine children, namely: (1) Henry A. Reyes (Henry); (2) Romulo A. Reyes; (3) Susan A. Reyes (Susan); (4) Ramon A. Reyes; (5) Victor A. Reyes (Victor); (6) Evangeline A. Reyes (Evangeline); (7) Gregorio A. Reyes; (8) Ma. Belcy A. Reyes; and (9) herein complainant, Francis A. Reyes (Francis) [collectively, the heirs].

On August 5, 2012, Lourdes also passed away. About a month later, or on September 11, 2012, Henry, Victor, and Susan, represented by herein respondent Atty. Salamillas, filed a Petition for Letters of Administration and Partition,² praying that the letters of administration be issued in their favor and that the estate of Lourdes be partitioned in the manner provided by law.³ Notably, on October 29, 2012, another case was filed by the same parties for the Probate of the Last Will and Testament of the late Lourdes.⁴

¹ *Rollo*, pp. 1-10.

² *Id.* at 12-17.

³ *Id.* at 17.

⁴ *Id.* at 136 and 175.

A few years later, the heirs discovered that Henry, with Atty. Salamillas again as his counsel, filed a separate case for Foreclosure of Mortgage⁵ against VSLI on September 30, 2016.⁶ According to Henry, he entered into a Real Estate Mortgage Contract with VSLI on three separate occasions in 2002 to 2004 to secure the loans obtained by the latter totaling PHP 15 Million. Because the said loans matured and remained unpaid, Henry filed the foreclosure complaint against VSLI.⁷ Moreover, given that VSLI had ceased its operations and that its principal office was already closed, Henry moved for the issuance of Summons by Publication, which was eventually granted by the court where the foreclosure case was pending.⁸

Francis did not take this development well. On August 17, 2017, he filed the instant administrative complaint against Atty. Salamillas before this Court.⁹ Francis alleged that Atty. Salamillas was impelled with bad faith and violated the CPR when he: (1) deliberately and maliciously concealed the true and correct office address of VSLI so that it would not receive notices of the foreclosure proceedings; and (2) handled both cases for the Petition for Letters of Administration and Partition and the Foreclosure of Mortgage, which gave rise to a conflict in interest.¹⁰

Atty. Salamillas then filed his comment to the complaint, to which Francis filed a reply.¹¹ Subsequently, Atty. Salamillas filed an opposition thereto,¹² and thereafter, Francis responded with a comment.¹³

In a Resolution¹⁴ dated November 5, 2018, the Court resolved to refer the administrative complaint to the Integrated Bar of the Philippines (IBP) for investigation, report and recommendation or resolution.¹⁵

Ruling of the Integrated Bar of the Philippines

After the mandatory conference, hearing, and the parties' submission of the required pleadings, the IBP Commission on Bar Discipline (IBP-CBD) rendered a Recommendation¹⁶ dated January 8, 2021, where Commissioner Dan Joseph T. Cruz recommended that the administrative complaint against Atty. Salamillas be dismissed for lack of merit.¹⁷

⁵ Id. at 25-27.

⁶ Id. at 175.

⁷ Id. at 119.

⁸ Id. at 23-24 and 119.

⁹ Id. at 1-10.

¹⁰ Id. at 2 and 175.

¹¹ Id. at 73-82.

¹² Id. at 85-89.

¹³ Id. at 95-97.

¹⁴ Id. at 103.

¹⁵ Id.

¹⁶ Id. at 173-181.

¹⁷ Id. at 181.

In a Resolution¹⁸ dated October 16, 2021, the IBP Board of Governors resolved to approve and adopt the Recommendation of the Investigating Commissioner and accordingly dismissed the case against Atty. Salamillas.¹⁹

Issue

The main issue for this Court's resolution is whether Atty. Salamillas should be administratively sanctioned for the acts complained of.

Our Ruling

The Court finds the administrative complaint against Atty. Salamillas devoid of merit.

Lawyers enjoy the legal presumption that they are innocent of the charges against them until the contrary is proved, and that as officers of the Court, they are presumed to have performed their duties in accordance with their oath. In disbarment proceedings, the quantum of proof is substantial evidence and the burden of proof is on the complainant to establish the allegations in his or her complaint.²⁰

Here, a careful evaluation of the records of the case shows that Francis failed to meet such burden of proof.

On the Issue of Concealment

Francis raised as an issue the fact that Atty. Salamillas, as the counsel of Henry in the foreclosure proceedings, used the old principal office address of VSLI as reflected in the Real Estate Mortgage contracts, instead of causing the service of summons directly to the residence addresses of the other heirs, who also happened to be officers and directors of VSLI.²¹ Francis averred that this act amounted to a deliberate attempt to conceal the foreclosure case from the heirs, since Atty. Salamillas actually knew their addresses given that he was also the lawyer handling the administration and partition proceedings.²² Francis claimed that Atty. Salamillas' act was a violation of Rule 1.01, Rule 1.02, and Rule 19.03 of the CPR because "[it] blatantly remove[d] the rights of the Board of Directors and the compulsory heirs of their day in court to defend themselves in the spirit of fair play and equity."²³

The Court disagrees.

¹⁸ Id. at 171.

¹⁹ Id.

²⁰ *Tan v. Alvarico*, A.C. No. 10933, November 3, 2020.

²¹ *Rollo*, p. 177.

²² Id at 2-3.

²³ Id. at 8.

Rule 1.01, Rule 1.02, and Rule 19.03 of the CPR respectively state that:

Rule 1.01 - A lawyer shall not engage in unlawful, dishonest, immoral or deceitful conduct.

Rule 1.02 - A lawyer shall not counsel or abet activities aimed at defiance of the law or at lessening confidence in the legal system.

Rule 19.03 - A lawyer shall not allow his client to dictate the procedure in handling the case.

The Court fails to see how Atty. Salamillas' act of using the address of VSLI, which is the defendant corporation in the foreclosure case, can be understood as a concealment that is tantamount to a transgression of the above-cited provisions.

Being a corporation, VSLI has a legal personality that is separate and distinct from its stockholders or persons owning it. Under Section 11, Rule 14 of the 1997 Rules of Court, when the defendant is a corporation organized under the laws of the Philippines with a juridical personality, service of summons may be made on the president, managing partner, general manager, corporate secretary, treasurer, or in-house counsel. Jurisprudence also provides that a corporation that has ceased to be operational or whose corporate term has already ended can still be made a party to a suit to enable the corporation to collect the demands due it as well as to allow its creditors to assert the demands against it.²⁴

As applied in this case, the properties subject of the foreclosure proceedings belonged to and were registered in the name of VSLI. Thus, even if VSLI was already in its winding-up stage,²⁵ it was but proper for Atty. Salamillas to use its address. Atty. Salamillas did not go beyond the bounds of law when he did not serve the summons to the individual residence addresses of the other heirs (who were not even parties to the foreclosure case), as Francis would have wanted him to do. Besides, it was also not proven that the heirs held any of the particular positions upon whom the service of summons for VSLI may be made. Francis merely mentioned in his Position Paper²⁶ filed before the IBP-CBD that Atty. Salamillas should have served the summons to Evangeline or to a certain Armando P. Ragudo, who were the Treasurer and Corporate Secretary of VSLI, respectively.²⁷ However, he did not present any evidence to substantiate such claims. Basic is the rule that whoever alleges a fact has the burden of proving it because a mere allegation is not evidence.²⁸ Francis failed to discharge such burden in this case.

²⁴ *Rich v. Paloma III*, 827 Phil. 398, 407-408 (2018), citing *Rebollido v. Court of Appeals*, 252 Phil. 831, 840 (1989).

²⁵ *Rollo*, p. 136.

²⁶ *Id.* at 130-152.

²⁷ *Id.* at 139-140.

²⁸ *Spouses Chua v. Tan-Sollano*, 810 Phil. 365, 367 (2017), citing *Cruz-Villanueva v. Atty. Rivera*, 537 Phil. 409, 414-415 (2006).

Also worth mentioning is the fact that the trial court where the foreclosure case was pending did not find any fault or irregularity when Atty. Salamillas moved for the issuance of Summons by Publication. In its Orders dated December 14, 2016²⁹ and January 17, 2017,³⁰ the trial court granted Atty. Salamillas' motion and directed that the service of summons to VSLI "be effected by means of publication in a newspaper of general circulation in the Philippines, once a week for three (3) consecutive weeks at the expense of the plaintiff."³¹ As such, this Court will not interfere with or go against the said Orders of the trial court in the instant administrative case.

At any rate, the Court finds that this point on concealment should no longer be an issue considering that Francis admitted to filing a verified Answer-in-Intervention in the foreclosure case.³² Having commenced participation in said case, he had such avenue available to him to question the propriety of the service of summons and to assert his rights and interests thereon. This administrative case is not the proper forum to resolve such issues, and it is also for this reason that this Court will not dwell on Francis' allegations that the Real Estate Mortgage contracts between Henry and VSLI are simulated contracts.³³

From the foregoing, the Court finds that Francis failed to prove by substantial evidence that Atty. Salamillas was impelled with bad faith when he caused the service of summons to the old office address of VLSI, and that he maliciously concealed the foreclosure proceedings from the heirs. Hence, Atty. Salamillas cannot be administratively sanctioned for purportedly violating Rule 1.01, Rule 1.02, and Rule 19.03 of the CPR.

On the Issue of Conflict of Interest

Anent the next issue brought up by Francis in his Complaint Affidavit, the Court finds that Atty. Salamillas likewise did not violate the rule on conflict of interest under the CPR when he appeared as counsel for Henry, Victor, and Susan in the settlement of estate proceedings, and when he represented Henry in the foreclosure case.

Canon 15 of the CPR states:

Canon 15 - A lawyer shall observe candor, fairness and loyalty in all his [or her] dealings and transactions with his [or her] clients.

Rule 15.01 - A lawyer, in conferring with a prospective client, shall ascertain as soon as practicable whether the matter would involve a

²⁹ *Rollo*, p. 23.

³⁰ *Id.* at 24.

³¹ *Id.*

³² *Id.* at 1.

³³ *Id.* at 137-138.

conflict with another client or his or her own interest, and if so, shall forthwith inform the prospective client.

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Rule 15.03 - A lawyer shall not represent conflicting interests except by written consent of all concerned given after a full disclosure of the facts.

There is conflict of interest when a lawyer represents inconsistent interests of two or more opposing parties. The test is “whether or not in behalf of one client, it is the lawyer’s duty to fight for an issue or claim, but it is his [or her] duty to oppose it for the other client. In brief, if he [or she] argues for one client, this argument will be opposed by him [or her] when he [or she] argues for the other client.”³⁴ Further, recent jurisprudence adds two other tests in determining whether conflict of interest exists, namely: (1) whether the acceptance of a new relation would prevent the full discharge of a lawyer’s duty of undivided fidelity and loyalty to the client or invite suspicion of unfaithfulness or double-dealing in the performance of that duty; and (2) whether a lawyer would be called upon in the new relation to use against a former client any confidential information acquired through their connection or previous employment.³⁵

None of these circumstances are obtaining in the case at bar. Francis is mistaken to believe that the settlement of estate proceedings and the foreclosure case presented conflicting interests for Atty. Salamillas. Francis’ assertion, that the rights and interests of Susan and Victor in the first case would be prejudiced by the filing of the second case, is unfounded and purely speculative.

A study of the records would reveal that the two cases pertain to two very different matters. The first case involves the distribution and partition of Lourdes’ estate among the heirs. Meanwhile the second case involves the claims of Henry against VSLI for the latter’s unpaid obligations.

To reiterate, the subject properties in the foreclosure case were owned by VSLI, an entity that had a separate juridical personality from its stockholders. Francis was wrong to assume that VSLI’s properties formed part of his late parents’ estate simply because they were officers of the said corporation. An evaluation of the records of the case would even show that the Petition for Letters of Administration and Partition did not contain the properties involved in the Foreclosure of Mortgage case.³⁶

³⁴ *Villamor v. Jumao-as*, A.C. No. 8111, December 9, 2020, citing *Hornilla v. Salunat*, 453 Phil. 108, 111-112 (2003).

³⁵ *Id.*

³⁶ *Rollo*, pp. 12-17 and 180.

Additionally, it is worthy to point out that, Victor, who was eventually substituted by his wife and children when he passed away,³⁷ and Susan, both did not contest the complaint for Foreclosure of Mortgage when it was filed by Henry and Atty. Salamillas.³⁸ If their rights or interests were affected in any way by such case, certainly, they would have been the proper parties to assert it, not Francis.

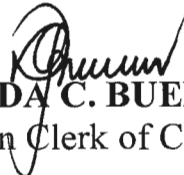
Given the foregoing, the Court finds that Francis failed to provide sufficient evidence that Atty. Salamillas' representations in both cases were inconsistent and conflicting with one another.

While "[t]his Court will not hesitate to mete out [the] proper disciplinary punishment upon lawyers who are shown to have failed to live up to their sworn duties, x x x neither will it hesitate to extend its protective arm to them when the accusation against them is not indubitably proven."³⁹

WHEREFORE, the Court **ADOPTS** the Recommendation of the Integrated Bar of the Philippines and **RESOLVES** to **DISMISS** the Complaint against Atty. Ronaldo A. Salamillas for lack of merit.

SO ORDERED. *Rosario, J., on official leave.*

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

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Mr. Francis A. Reyes
Complainant
Barangay Lilukin, Buenavista
4320 Quezon

Atty. Ronaldo A. Salamillas
Respondent
2/F, Unit 2, Henerosa Building
Barcelona cor. Osmeña Streets
Barangay 1, Lucena City
4301 Quezon

³⁷ Id. at 46-48.

³⁸ Id. at 126.

³⁹ *Burgos v. Bereber*, A.C. No. 12666, March 4, 2020.

Atty. Errol B. Comafay, Jr.
Counsel for Respondent
Ground Floor, Henerosa Building
Barcelona cor. Osmeña Streets
Barangay 1, Lucena City
4301 Quezon

Integrated Bar of the Philippines
15 Doña Julia Vargas Avenue
Ortigas Center, 1605 Pasig City

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