

## THIRD DIVISION

**[ A.M. No. MTJ-08-1711, April 23, 2012 ]**

**RAMONCITO AND JULIANA LUARCA, VS. COMPLAINANTS, JUDGE IRENEO B. MOLATO, \* MUNICIPAL TRIAL COURT, BONGABONG, ORIENTAL MINDORO, RESPONDENT.**

**[A.M. NO. MTJ-08-1716]**

**JENY AGBAY, COMPLAINANT, VS. JUDGE IRENEO B. MOLATO, MUNICIPAL TRIAL COURT, BONGABONG, ORIENTAL MINDORO, RESPONDENT.**

### DECISION

**ABAD, J.:**

These cases talk about the need for a judge to distance himself from the operation of a business.

#### The Facts and the Case

In two separate complaints,<sup>[1]</sup> spouses Ramoncito and Juliana Luarca (the Luarcas) and Jenny Agbay charged Judge Ireneo B. Molato of the Municipal Trial Court of Bongabong, Oriental Mindoro, with conduct unbecoming a member of the judiciary. They alleged that Judge Molato and his wife, Nilalina, enticed them to invest money in Lucky Socorro Investor and Credit Corporation (Lucky Corporation) of which Nilalina was president. The Luarcas invested P2.3M in that company,<sup>[2]</sup> P1M<sup>[3]</sup> of which they coursed through Judge Molato as evidenced by a temporary receipt that he issued. Agbay invested P700,000.00.<sup>[4]</sup> These investments were to earn interest of 2.5% per month.<sup>[5]</sup>

The Luarcas claim that they got the monthly interest promised them but only up to 2003 when Lucky Corporation started missing on its obligations.<sup>[6]</sup> Agbay claims that it did not give her interest on her entire investment but only on a P200,000.00 portion of it.<sup>[7]</sup>

On October 5, 2003 the Luarcas asked Lucky Corporation to return their P2,749,550.00 investments with the corresponding interests. Agbay earlier made the same demand on May 23, 2003 with respect to her investments of P1,021,000.00. But Judge Molato and his wife failed to comply. The Luarcas and Agbay were instead compelled to take land titles as collaterals for what were owed them. Still Judge Molato and his wife did not settle their financial obligations.

Answering the complaints, Judge Molato said that he never enticed the complainants to invest money in Lucky Corporation nor compelled them to accept land titles

instead of money when they wanted to pull out their investments from Lucky Corporation. He had no involvement in the operations of that company. If at all, it was merely that his wife happened to be its president. Complainants should have gone after the corporation rather than after him since it was the one responsible for their investments. Further, since the complaints were essentially claims for sums of money, they are improperly lodged before the Office of the Court Administrator (OCA).<sup>[8]</sup>

On August 27, 2008 the Supreme Court consolidated the two complaints, re-docketed them as regular administrative matters, and referred them to the Executive Judge of the Regional Trial Court of Oriental Mindoro for investigation, report, and recommendation.<sup>[9]</sup>

In his letter-report<sup>[10]</sup> of January 15, 2009, Judge Recto A. Calabocal, the investigating Executive Judge, says in his report that Judge Molato did not use his office to lure the complainants into investing in Lucky Corporation. They did on their own volition. But while Judge Molato denied having any connection with Lucky Corporation, the evidence presented, particularly the August 1, 2001 resolution of Lucky Corporation, shows that it had once authorized him to withdraw its deposits from the named bank. Judge Calabocal recommends that Judge Molato be directed to distance himself from Lucky Corporation and to be more circumspect in dealing with its clients in order to maintain the integrity of the judicial service.

Asked for comment and recommendation,<sup>[11]</sup> on November 13, 2009 the OCA submitted a memorandum,<sup>[12]</sup> stating that the evidence on record fully supports Judge Calabocal's report and recommendation, prompting it to adopt the same. The OCA would however, have Judge Molato held administratively liable for conduct unbecoming a judge for violating Section 10 (c), Canon 4 of A.M. 03-05-01-SC, or the New Code of Judicial Conduct for the Philippine Judiciary; and Paragraph b (24) of Section 46, Chapter 7, Title I, Subtitle (A) [Civil Service Commission], Book V of Executive Order 292, or the Administrative Code of 1987 for engaging in private business without the written permission of the Supreme Court. Finding this to be Judge Molato's second offense for conduct unbecoming a judge and no mitigating circumstance attended the commission of the offense, the OCA said that a fine of P5,000.00 is appropriate.<sup>[13]</sup>

### **Questions Presented**

The questions presented in these cases are:

1. Whether or not Judge Molato was, apart from being the husband of Lucky Corporation's president, involved in its affairs; and
2. In the affirmative, what shall the nature of his administrative liability be?

### **Rulings of the Court**

There is no evidence in these cases that Judge Molato engaged in a private business, unduly mixing it up with his official work as judge. Complainants were themselves unsure of the nature of Judge Molato's involvement in Lucky Corporation. They seem to connect him to it by the mere fact that the president of