

EN BANC

[A.C. No. 3637, January 24, 2001]

**RURAL BANK OF SILAY, INC., COMPLAINANT, VS. ATTY.
ERNESTO H. PILLA, RESPONDENT.**

DECISION

KAPUNAN, J.:

Rural Bank of Silay, Inc. (complainant) filed with this Court the instant complaint for disbarment against Atty. Ernesto H. Pilla (respondent) alleging deceit and gross misconduct on the part of the latter. The complaint alleges as follows:

1. That on July 23, 1975 the respondent executed a Real Estate Mortgage in favor of the complainant over a parcel of land located in the Municipality of Sagay, Negros Occidental, covered by Transfer Certificate of Title No. T-55380, purportedly as Attorney-in-Fact of the registered owners thereof, Pedro N. Torres and Oscar D. Granada. A copy of this Real Estate Mortgage is herewith attached as Annex "A".
2. That together with the aforesaid Real Estate Mortgage the respondent submitted a Special Power of Attorney by virtue of which he was purportedly authorized and empowered by the registered owners Pedro Torres and Oscar D. Granada to mortgage the aforesaid parcel of land in favor of the complainant. A copy of this Special Power of Attorney is herewith attached as Annex "B".
3. That on the security of, among others, the aforesaid parcel of land over which the respondent represented that he is authorized to mortgage, complainant extended and released a loan to the respondent in the amount of P91,427.00.
4. That complainant subsequently and much later learned that the respondent was not at all authorized and empowered by the registered owner Oscar D. Granada to mortgage the aforesaid parcel of land when it was joined as a defendant in a complaint filed by the aforesaid Oscar D. Granada for removal of cloud on title with preliminary injunction and damages. A copy of this complaint is herewith attached as Annex "C".
5. That in the aforesaid complaint as well as in the hearing conducted in connection therewith Oscar D. Granada specifically and categorically denied having executed and signed the Special Power of Attorney, Annex B, submitted by the respondent to the complainant in support of his application for a loan.

6. That the aforesaid civil case, Civil Case No. 1 of the Regional Trial Court of Negros Occidental, Branch 60, was subsequently decided against the respondent wherein the aforesaid Court found that the Special Power of Attorney, Annex B, was indeed forged and falsified because the spouses Oscar D. Grananda and Lolita L. Granada have not signed the same and wherein the Court also made the finding that the defendant, considering that he has benefited from the said falsified document, is presumed to have a hand in the preparation of the same. A copy of this Decision is herewith attached as Annex "D".
7. That the respondent has not appealed from the aforesaid Decision thereby making the findings of fact made therein final as against him.
8. That the foregoing acts of the respondent in presenting to the complainant Bank a forged and falsified Power of Attorney for the purpose of obtaining a loan is a betrayal of his oath as a lawyer to do falsehood to no man and by his conduct herein has forfeited his right to continue further in the practice of law.^[1]

Upon the instance of the Court, respondent filed his comment refuting the charges of deceit and gross misconduct against him. Respondent denied employing any deceit or misrepresentation in obtaining a loan from complainant rural bank. According to respondent, he did not know that the signature of Oscar Granada on the special power of attorney appointing him (respondent) as attorney-in-fact was forged. The special power of attorney purportedly authorized respondent to mortgaged the parcel of land in Sagay, Negros Occidental in favor of complainant rural bank. Respondent also claimed that if indeed said document was forged, he was not a party to the forgery. He cited the findings of the trial court in Civil Case No. 1-C, thus:

Although there is no showing that Atty. Ernesto H. Pilla has actually falsified the signatures of the spouses, Atty. Oscar D. Granada, yet considering that he actually benefited from the said falsified documents, he is presumed to have a hand on the same. (Decision, p. 20-annex "D".)

[2]

Respondent maintained that he obtained the loan from complainant rural bank without depriving it of the opportunity to investigate his financial capacity as well as to ascertain the genuineness of the special power of attorney under which he acted as the mortgagor. Thus, respondent is of the view that, under the circumstances, it cannot be said that he employed deceit and gross misconduct against complainant rural bank.

After receipt of respondent's comment, the Court referred the matter to the Integrated Bar of the Philippines (IBP) for investigation. Both parties adduced their respective evidence before the Commission on Bar Discipline of the IBP. Upon agreement of the parties, the matter was resolved on the basis of their respective pleadings and the annexes attached thereto. From these pleadings, the IBP, through Commissioner Julio C. Elamparo, established the following uncontroverted facts:

Purportedly acting as attorney-in-fact of a certain Pedro Torres and Oscar D. Granada, by virtue of a special power of attorney, respondent applied for a loan and concomitantly executed a Real Estate Mortgage in favor of the complainant bank covering the property of Pedro Torres and Oscar D. Granada. With such security, complainant extended to the respondent his loan in the amount of P91,427.00. In view of the failure of the respondent to pay the loan, the mortgaged property was foreclosed by the complainant bank. Later, Oscar Granada, the real registered owner of the mortgaged property filed a complaint against the respondent and the complainant for the annulment of the Real Estate Mortgage and Special Power of Attorney. After the trial, the court declared null and void the said Special Power of Attorney as well as the Real Estate Mortgage for being products of forgery. This decision was not appealed by the defendants.

There is no showing that respondent, despite the adverse decision, returned or offered to return the money he took from the complainant bank. The bank then instituted this disbarment proceeding against the respondent.^[3]

The IBP found from the above facts that respondent violated his oath as a lawyer to do no falsehood, thus:

This office believes that the actuation of the respondent constitutes a betrayal of his oath as a lawyer. The findings of the Regional Trial Court of Negros Occidental has persuasive effect in this proceeding.

As found by the Regional Trial Court of Negros Occidental in its decision in Civil Case No. 1-C, entitled "Spouses Oscar D. Granada and Lolita L. Granada vs. Ernesto H. Pilla, et al", the plaintiffs Granada spouses have not signed the questioned Special Power of Attorney in favor of the respondent and the said spouses' signatures as appearing in the Special Power of Attorney are not their true and genuine signatures for actually they have not executed nor granted a Special Power of Attorney in favor of herein respondent authorizing him to mortgage the one-third (1/3) share of the said spouses in the mortgaged property. The trial court stressed that:

"...Although there is no showing that Atty. Ernesto H. Pilla has actually falsified the signatures of the spouses, Atty. Oscar D. Granada, yet considering that he actually benefited from the said falsified documents, he is presumed to have a hand on the same.

Defendant Antonio Pura testified and in fact he admitted that he notarized the said documents, Exhibit "A" and "B", with the assurance of Atty. Pilla that the signatures appearing in the said documents were the signatures of Atty. Oscar D. Granada and of Pedro Torres, registered owners of the property in question."

Antonio G. Pura, the notary public who notarized the questioned Special Power of Attorney in favor of the respondent, testified in said Civil Case