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Republic of the Philippines  
Supreme Court  
Manila

EN BANC

**ADELITA S. VILLAMOR,**  
*Complainant,*

**A.C. No. 8111**

Present:

PERALTA, C.J.,  
PERLAS-BERNABE,  
LEONEN,  
CAGUIOA,  
GESMUNDO,  
HERNANDO,  
CARANDANG,  
LAZARO-JAVIER,  
INTING,  
ZALAMEDA,  
LOPEZ,  
DELOS SANTOS,  
GAERLAN, and  
ROSARIO, JJ.

- versus -

**ATTY. ELY GALLAND A.**  
**JUMAO-AS,**  
*Respondent.*

Promulgated:

December 9, 2020

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**DECISION**

**HERNANDO, J.:**

Adelita S. Villamor (Villamor) charges Atty. Ely Galland A. Jumao-as (Atty. Jumao-as) with violation of the Code of Professional Responsibility (CPR) for representing conflicting interests.

Villamor alleged that Felipe Retubado (Retubado) and Atty. Jumao-as coaxed her into organizing a lending company. Retubado volunteered to handle the day-to-day operation while Atty. Jumao-as would handle the legal side of the business. Persuaded by these representations, Villamor acceded.

True to his word, respondent took care of the registration of the company with the Securities and Exchange Commission (SEC) as well as preparation and drafting of some legal documents such as the Articles of Incorporation (AOI).<sup>1</sup> In addition, when the company needed additional funds, Atty. Jumao-as informed Villamor that she could borrow from Debbie Yu (Yu). Soon after, Atty. Jumao-as delivered the amount of ₱500,000.00 to Villamor, which amount was infused into the lending business as additional capital. Atty. Jumao-as then prepared a promissory note where all three of them signed as co-borrowers. Villamor, however, was neither given a copy of the said promissory note nor had any occasion to meet Yu.

In March 2007, respondent requested Villamor to sign blank SEC pre-printed AOI forms. That same month, Atty. Jumao-as gave Villamor a copy of the Certificate of Registration<sup>2</sup> of their lending company which they named as AEV Villamor Credit, Inc. To her surprise, Villamor noted that respondent<sup>3</sup> and Retubado each own 30,000 shares of stock or 48% of the company despite the fact that they only contributed a minimal amount of money.

In April 2008, respondent told Villamor to issue a postdated check amounting to ₱650,000.00 in the name of Yu as a belated security for their loan of ₱500,000.00, with ₱150,000.00 representing accrued interest. Respondent assured Villamor that said check will not be negotiated.

In May 2008, Atty. Jumao-as and Retubado left Villamor's company and joined Yu's 3E's Debt Equity Grant Co., also a lending company. Subsequently, Villamor also came to know that Atty. Jumao-as and Retubado were trying to convince the collectors of AEV Villamor Credit, Inc. to abandon Villamor and to join their new lending company. They told Villamor's collectors to remit their collections to 3E's Debt Equity Grant Co. since Villamor owed Yu the amount of ₱650,000.00 and that they could join their new company after they have fully remitted the amount of ₱650,000.00.

Worse, on October 8, 2008, Atty. Jumao-as sent a demand letter to Villamor, for and in behalf of Yu, demanding payment of ₱650,000.00.

Hence, this complaint.<sup>4</sup>

In fine, Villamor alleged that respondent represented conflicting interests when he sent her the demand letter in behalf of his new client, Yu. Atty. Jumao-as also breached her trust and confidence when he deceitfully organized 3E's Debt Equity Grant Co. in direct competition to AEV Villamor Credit, Inc. and for manipulating her collectors into leaving AEV Villamor Credit, Inc. and remitting their collections to 3E's Debt Equity Grant, Co.

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<sup>1</sup> See *rollo*, p. 19.

<sup>2</sup> Id. at 17.

<sup>3</sup> As represented by Jameley R. Adlawan, his fiancée; see *rollo*, p. 22.

<sup>4</sup> *Rollo*, pp. 1-16.

Respondent denied any lawyer-client relationship with Villamor. He claimed that it was Retubado who engaged his services solely for the incorporation of AEV Villamor Credit, Inc. He admitted having facilitated the amount of ₱500,000.00 loaned from Yu, his client. He averred that he was the one who delivered the amount to Villamor and had her sign a promissory note which was prepared by Yu's secretary.

Atty. Jumao-as stressed that his participation was solely to facilitate the incorporation of AEV Villamor Credit, Inc. He denied the imputation that Villamor hired his services as the lawyer of the said lending company. Lastly, he asserted that 3E's Debt Equity Grant Co. is a proprietorship business owned by Yu.

### **Report and Recommendation of the IBP:**

The Investigating Commissioner<sup>5</sup> found respondent guilty of representing conflicting interest and thus recommended that he be suspended from the practice of law for a period of one year with warning that a repetition of the same or similar act would be dealt with severely.<sup>6</sup> The Board of Governors (BOG), in its Resolution No. XX-2013-140<sup>7</sup> dated February 13, 2013, unanimously adopted the findings of the Investigating Commissioner but with modification that the period of suspension be increased to two years with warning.

Respondent sought reconsideration stating that as early as December 5, 2009, Villamor had already filed her Affidavit of Desistance. However, the IBP was not swayed and thus denied respondent's motion for reconsideration in its Resolution No. XXI-2014-112<sup>8</sup> dated March 21, 2014.

### **Our Ruling**

We adopt the findings of the IBP that respondent is guilty of representing conflicting interests and approve its recommendation to suspend respondent from the practice of law for two (2) years.

In my recent *ponencia*,<sup>9</sup> we discussed conflict of interest in this wise:

Rules on conflict of interest are embodied in Rule 15.03, Canon 15 of the CPR, which states, to wit:

Canon 15 — A lawyer shall observe candor, fairness and loyalty in all his dealings and transactions with his clients.

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<sup>5</sup> Atty. Salvador B. Hababag.

<sup>6</sup> *Rollo*, p. 328.

<sup>7</sup> *Id.* at 301.

<sup>8</sup> *Id.* at 299.

<sup>9</sup> *Burgos v. Bereber*, A.C. No. 12666, March 4, 2020.

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.

In *Hornilla v. Salunat*, the Court explained the concept of conflict of interest in this wise:

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 duty to oppose it for the other client. In brief, if he argues for one client, this argument will be opposed by him when he argues for the other client.” This rule covers not only cases in which confidential communications have been confided, but also those in which no confidence has been bestowed or will be used. Also, there is conflict of interests if the acceptance of the new retainer will require the attorney to perform an act which will injuriously affect his first client in any matter in which he represents him and also whether he will be called upon in his new relation to use against his first client any knowledge acquired through their connection. Another test of the inconsistency of interests is whether the acceptance of a new relation will prevent an attorney from the full discharge of his duty of undivided fidelity and loyalty to his client or invite suspicion of unfaithfulness or double dealing in the performance thereof.

Simply put, in determining whether a lawyer is guilty of violating the rules on conflict of interest under the CPR, it is essential to determine whether: (1) “a lawyer is duty-bound to fight for an issue or claim in behalf of one client and, at the same time, to oppose that claim for the other client;” (2) “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 (3) “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.”<sup>10</sup> (Citations omitted)

Thus, to determine whether a conflict of interests exists, it is necessary to first ascertain whether a lawyer-client relationship existed between Villamor and respondent on one hand, and Yu and respondent on the other.

The lawyer-client relationship begins from the moment a client seeks the lawyer’s advice upon a legal concern. The seeking may be for consultation on transactions or other legal concerns, or for representation of the client in an actual case in the courts or other *fora*. From that moment on, the lawyer is bound to respect the relationship and to maintain the trust and confidence of his client.<sup>11</sup>

In this case, there can be no denying that a lawyer-client relationship existed between Villamor and respondent despite the absence of any express or written agreement or arrangement as to attorney’s fees. Atty. Jumao-as’

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<sup>10</sup> *Id.*

<sup>11</sup> *Legaspi v. Gonzales*, A.C. No. 12076, June 22, 2020.

argument that it was Retubado who engaged his legal services and that his participation was limited only to the incorporation of the lending company, is misplaced. It must be stressed that in the course of the incorporation, respondent directly dealt with Villamor as owner of the company; conversely, Villamor definitely made consultations with respondent on legal matters pertaining to the incorporation and operation of the lending business. In turn, respondent learned of confidential information from Villamor. In fine, a lawyer-client relationship existed between Villamor and respondent. On the other hand, respondent expressly admitted that Yu was also his client.

Thus, when respondent sent a demand letter to Villamor on behalf of Yu, he was clearly representing conflicting interests. Suffice it to state that Villamor and Yu have inconsistent interests. If respondent would argue for the rights of Yu, he would in effect directly oppose the interests of Villamor. In short, he would be representing inconsistent and opposing interests which is not allowed.

Canon 15 of the CPR requires lawyers to observe candor, fairness and loyalty in all his/her dealings and transactions with his/her clients. Corollary to this, Rule 15.03 provides that lawyers shall not represent conflicting interests except by written consent of all concerned given after a full disclosure of the facts.

As the records bear out, Atty. Jumao-as was the one who reserved with the SEC the name of their business, AEV Villamor Credit Inc., as evidenced by the stamp marked at the bottom portion of the AOI which indicated: presented by: Name: Ely Galland Jumao-as, dated March 12, 2007.<sup>12</sup> Respondent's name and signature also appear at the bottom portion of the Certificate of Incorporation of AEV Villamor Credit Inc, which he notarized.<sup>13</sup>

On the other hand, respondent expressly admitted that Yu is also his client. It is also on record that Atty. Jumao-as sent a Demand Letter dated October 8, 2008 for and in behalf of his client, Yu, demanding payment of ₱650,000.00 from Villamor.<sup>14</sup> Likewise, respondent also sent a Reply Letter dated October 22, 2008, for and in behalf of his client Yu, stating that Villamor received the ₱500,000.00 from him (respondent) and in exchange, Villamor signed a promissory note in favor of Yu.<sup>15</sup>

The rule prohibiting representing conflicting interests was fashioned to prevent situations wherein a lawyer would be representing a client whose interest is directly adverse to any of his present or former clients. In the same way, a lawyer may be allowed to represent a client involving the same or a substantially related matter that is materially adverse to the former client only if the former client consents to it after consultation. The rule is grounded in

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<sup>12</sup> *Rollo*, p. 19.

<sup>13</sup> *Id.* at 17, 24.

<sup>14</sup> *Id.* at 35.

<sup>15</sup> *Id.* at 37.

the fiduciary obligation of loyalty. The nature of the relationship, is, therefore, one of trust and confidence of the highest degree.

In view of the foregoing, there is no doubt that the act of respondent of representing conflicting interests warrants the imposition of an administrative sanction upon him. Section 27, Rule 138 of the Rules of Court provides:

SEC. 27. *Disbarment or suspension of attorneys by Supreme Court; grounds therefor.* — A member of the bar may be disbarred or suspended from his office as attorney by the Supreme Court for any deceit, malpractice, or other gross misconduct in such office, grossly immoral conduct, or by reason of his conviction of a crime involving moral turpitude, or **for any violation of the oath which he is required to take before admission to practice**, or for a willful disobedience of any lawful order of a superior court, or for corruptly or wilfully appearing as an attorney for a party to a case without authority so to do. The practice of soliciting cases at law for the purpose of gain, either personally or through paid agents or brokers, constitutes malpractice. (Emphasis supplied)

In *Quiambao v. Bamba*,<sup>16</sup> the Court pointed out that jurisprudence regarding the penalty solely for a lawyer's representation of conflicting interests is suspension from the practice of law ranging from one to three years. In *Vda. De Alisbo v. Jalandon, Sr.*,<sup>17</sup> the respondent, who appeared for complainant in a case for revival of judgment, even though he had been the counsel of the adverse party in the case sought to be revived, was suspended for a period of two years. Also, in *Philippine National Bank v. Cedo*,<sup>18</sup> the Court suspended the respondent therein for three years, but only because respondent not only represented conflicting interests, but also deliberately intended to attract clients with interests adverse to his former employer.

**WHEREFORE**, the Court finds Atty. Ely Galland A. Jumao-as **GUILTY** of violating Canon 15, Rule 15.03 Code of Professional Responsibility. He is hereby **SUSPENDED** from the practice of law for a period of two (2) years and **WARNED** that a repetition of the same or similar acts will be dealt with more severely.

Respondent is **DIRECTED** to file a Manifestation to this Court that his suspension has started, copy furnished all courts and quasi-judicial bodies where he has entered his appearance as counsel.

Let copies of this Decision be furnished to the Office of the Bar Confidant, to be appended to the personal record of Atty. Ely Galland A. Jumao-as as an attorney-at-law; to the Integrated Bar of the Philippines; and to the Office of the Court Administrator for dissemination to all courts throughout the country for their guidance and information.

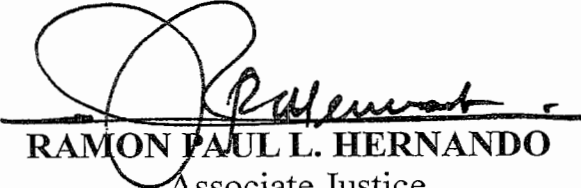
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<sup>16</sup> 505 Phil. 126 (2005).

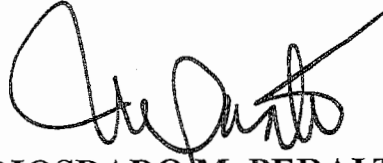
<sup>17</sup> 276 Phil. 349 (1991).


<sup>18</sup> 312 Phil. 904 (1995).

**SO ORDERED.**

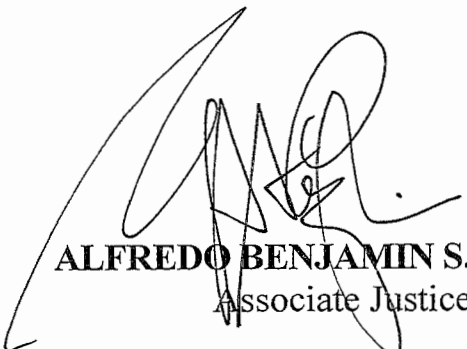
  
**RAMON PAUL L. HERNANDO**  
Associate Justice

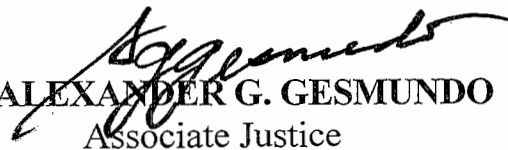
WE CONCUR:

  
**DIOSDADO M. PERALTA**  
Chief Justice


  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

  
**MARVIC M.V.F. LEONEN**  
Associate Justice

  
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

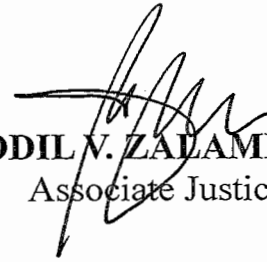
  
**ALEXANDER G. GESMUNDO**  
Associate Justice

  
**ROSMARI D. CARANDANG**  
Associate Justice

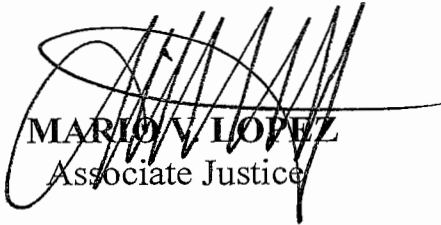
  
**AMY C. LAZARO-JAVIER**  
Associate Justice



**HENRI JEAN PAUL B. INTING**  
Associate Justice



**RODIL V. ZALAMEDA**  
Associate Justice



**MARIO V. LOPEZ**  
Associate Justice



**EDGARDO L. DELOS SANTOS**  
Associate Justice



**SAMUEL H. GAERLAN**  
Associate Justice



**RICARDO R. ROSARIO**  
Associate Justice