



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

OFFICE OF THE OMBUDSMAN,
Petitioner,

G.R. No. 208264

Present:

- versus -

CARPIO, J., Chairperson,
BRION,
DEL CASTILLO,
MENDOZA, and
LEONEN, JJ.

RICO C. MANALASTAS,
Respondent.

Promulgated:
27 JUL 2016

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DECISION

CARPIO, J.:

The Case

This is a petition for review on certiorari¹ assailing the Decision dated 25 September 2012² and Resolution dated 1 July 2013³ of the Court of Appeals (CA) in CA-G.R. SP No. 114797. The CA reversed and set aside the Decision dated 12 September 2006 of the Office of the Ombudsman, which found Rico C. Manalastas (Manalastas) guilty of gross negligence and imposed on him the penalty of one year suspension without pay.

The Facts

This case originated from a complaint for Grave Misconduct filed by Miriam Jane M. Jacinto (Jacinto), Assistant Vice President of BPI Family Savings Bank, Inc. (BPI Family), against Atty. Lorna S. Dee (Dee), Manalastas, and Gilberto M. Paras (Paras), in their capacities as Register of

¹ Under Rule 45 of the Rules of Court.

² *Rollo*, pp. 34-46. Penned by Associate Justice Magdangal M. de Leon, with Associates Justices Stephen C. Cruz and Myra V. Garcia-Fernandez concurring.

³ *Id.* at 49-50.

Deeds, Examiner, and Acting Deputy Register of Deeds, respectively, of the Office of the Register of Deeds of San Juan City, Metro Manila.

In the Complaint, Jacinto alleged that sometime in September 2000, Dy Chiu Ha Tiu or Marian Dy Tiu (Marian) applied for a loan in the amount of ₱20,000,000 with BPI Family. Marian requested that her husband's property located at 19 Lincoln St., West Greenhills, San Juan City be appraised for collateral purposes. The property was registered in the name of Paquito Tiu (Paquito), Marian's husband, and covered by Transfer Certificate of Title (TCT) No. 1035. BPI Family assessed the property at ₱36,072,900. Thereafter, BPI Family approved the loan application of Marian secured by the residential property.

On 25 January 2001, Marian and a certain person whom she introduced as her husband Paquito, signed, executed, and delivered to BPI Family several documents required for the loan. These documents were the Real Estate Mortgage, Loan Agreement, Promissory Note, and Disclosure Statement, as well as the Owner's Duplicate Copy of TCT No. 1035 in the name of Paquito.

On the same day, Reynold Cuasay, BPI Family's bank personnel, brought the Real Estate Mortgage and the other documents to the Office of the Register of Deeds of San Juan City for annotation and registration of the mortgage.

Manalastas, as Examiner of said office, examined the documents and assessed the corresponding fees. After Cuasay paid for the fees, Manalastas entered the mortgage in the Registration Book under Entry No. 4435/T-1035 and affixed his initials on the Real Estate Mortgage. Thereafter, Manalastas endorsed the same document to Paras, as Acting Deputy Register of Deeds. After examination, Paras affixed his initials on the Real Estate Mortgage then endorsed it further to Dee, the Register of Deeds. Finding the documents to have passed through the natural course of registration, Dee also affixed her signature on the Real Estate Mortgage, the Owner's Duplicate Copy of TCT No. 1035, and the Registry Copy of TCT No. 1035, which served as collateral for the loan.

Thereafter, BPI Family released the net proceeds of the loan in the amount of ₱19,765,093.27 by crediting the Spouses Tiu's Joint Current Account/Savings Account No. 6835-0036-96 which was opened at BPI Family's Commonwealth branch.

On 1 February 2001, the real Paquito Tiu, accompanied by his lawyer, Atty. Deogracias C. Eufemio, went to BPI Family's main office located in Makati City. Paquito informed BPI Family's officers that the signatures of one Paquito Tiu appearing on the loan documents were not his since he was not the same Paquito Tiu who signed them. Paquito presented his Owner's

Duplicate Copy of TCT No. 1035 and submitted a Sworn Statement stating that he never signed the loan documents applied for by Marian and that his signatures therein were forged.

BPI Family immediately made a verification with the Office of the Register of Deeds of San Juan City. Upon thorough examination, the Owner's Duplicate Copy of TCT No. 1035 submitted by Marian, although on its face appeared to be real and authentic since the title was in a Land Registration Authority form, turned out to be fake and spurious.

After such discovery, Dee, as Register of Deeds, filed with the Office of the Prosecutor (Pasig City) a case against Marian for falsification of public documents.

Subsequently, BPI Family filed an administrative complaint⁴ for Grave Misconduct with the Office of the Ombudsman against Dee, Manalastas, and Paras. BPI Family asserted that due to their negligence and dereliction of duties in failing to examine the genuineness and authenticity of TCT No. 1035, the bank was allegedly defrauded in the amount of ₱16,460,671.63, exclusive of interest and other charges.

In a Decision dated 12 September 2006, the Office of the Ombudsman found Dee, Manalastas, and Paras guilty of gross negligence and imposed on them the penalty of one year suspension without pay. The Office of the Ombudsman declared that the government officials were grossly negligent in the performance of their official functions when they failed to distinguish the discrepancies between the owner's duplicate copy of title presented for registration and the original copy of the title on file with their office. The dispositive portion of the Decision states:

WHEREFORE, herein public respondents Rico S. Manalastas, Gilberto M. Paras, and Atty. Lorna Salangang Dee, are hereby meted the penalty of ONE (1) YEAR SUSPENSION WITHOUT PAY in accordance with number (2), Section 25, Republic Act No. 6770⁵ in relation to Section 10(b) of Administrative Order 07, Rules of Procedure, Office of the Ombudsman.

X X X X

SO ORDERED.⁶

⁴ Docketed as OMB-C-A-03-0386-J and entitled "*BPI Family Savings Bank, Inc. represented by Miriam Jane M. Jacinto. v. Atty. Lorna S. Dee, et al.*"

⁵ Republic Act No. 6770 or the Ombudsman Act of 1989, Section 25(2) states:

(2) In other administrative proceedings, the penalty ranging from suspension without pay for one year to dismissal with forfeiture of benefits or a fine ranging from five thousand pesos (₱5,000.00) to twice the amount malversed illegally taken or lost, or both at the discretion of the Ombudsman, taking into consideration circumstances that mitigate or aggravate the liability of the officer or employee found guilty of the complaint or charges.

⁶ CA *rollo*, pp. 46-47.

Since Paras retired from government service in October 2003, his penalty of suspension was rendered moot and academic. Dee and Manalastas filed their separate motions for reconsideration which were denied by the Office of the Ombudsman in an undated Order.⁷

Manalastas then filed an appeal⁸ with the CA. In a Decision⁹ dated 25 September 2012, the CA reversed the ruling of the Office of the Ombudsman. The CA ruled that Manalastas enjoys in his favor the presumption of regularity in the performance of his official duty and BPI Family failed to discharge the burden of proving otherwise. The CA added that no liability could attach to Manalastas in a registration procured through fraud unless he is a party to such fraud. If the real Paquito Tiu did not appear to contest the loan and the mortgage then the forgery would not have been discovered, bolstering Manalastas's claim that he had acted in good faith in his dealings with the documents presented before him for registration. Moreover, the CA declared that the proximate cause of BPI Family's loss was its failure to discover the forgeries in the documents as well as the real identity of the impostor husband. The dispositive portion of the Decision states:

WHEREFORE, the appeal is GRANTED. The Decision dated September 12, 2006 of the Office of the Ombudsman in OMB-C-A-03-0386-J is REVERSED and SET ASIDE. Accordingly, petitioner Rico C. Manalastas is EXONERATED. Thus, he should be paid his backwages corresponding to the period of his illegal suspension.

SO ORDERED.¹⁰

BPI Family filed a Motion for Reconsideration which was denied by the CA in a Resolution¹¹ dated 1 July 2013.

Hence, the instant petition filed by the Office of the Ombudsman.

The Issue

The issue for our resolution is whether the CA erred in exonerating Manalastas for negligence in failing to determine the genuineness of the owner's duplicate copy of the title attached to the real estate mortgage sought to be annotated with the Office of the Register of Deeds of San Juan City.

⁷ Id. at 65-74.

⁸ Docketed as CA-G.R. SP No. 114797.

⁹ Supra note 2.

¹⁰ *Rollo*, p. 46.

¹¹ Id. at 49-50.

The Court's Ruling

The petition lacks merit.

Petitioner contends that Manalastas fell short of his duties and responsibilities as Examiner of the Office of the Register of Deeds for failing to determine the genuineness of the owner's duplicate copy of TCT No. 1035 when referred to him for examination in the annotation and registration of the real estate mortgage. Petitioner maintains that there is substantial evidence to hold Manalastas administratively liable for negligence since it is expected of Manalastas to exercise utmost caution in the examination of documents related to registration. Here, the owner's duplicate copy of TCT No. 1035 sought to be annotated and registered is an "authenticated copy." Petitioner insists that the loanable amount with BPI Family involved ₱20,000,000; thus, Manalastas should have been more circumspect in examining the genuineness of the said document.

Manalastas, on the other hand, contends that the owner's duplicate copy of TCT No. 1035 attached to the real estate mortgage presented to him purported and appeared to be authentic and there was no patent defect or irregularity on its face. Manalastas asserts that the falsification of the title, which was an almost exact replica of the original, must have been professionally done that reasonable care would not have immediately detected such misrepresentation. Manalastas maintains that registration was effected because there was no defect or irregularity on the face of the document which would cause a person in his position to deny such registration.

In the present case, Manalastas was found guilty of gross negligence for failing to discover the falsity of the owner's duplicate copy of title attached to the real estate mortgage submitted by BPI Family to the Office of the Register of Deeds. The Office of the Ombudsman ruled that BPI Family had adequately established Manalastas's negligence by substantial evidence. The relevant portions of the Ombudsman's Decision dated 12 September 2006 state:

Considering that the Owner's Duplicate Copy of Title No. 1035 attached to the Real Estate Mortgage being sought to be annotated, is in an authenticated form only, that fact should have put the respondents on guard and therefore, each respondent should have been more vigilant by exerting effort in comparing and verifying its authenticity by looking into its minute details vis-à-vis the original copy on file with them.

x x x [I]t is noted that, the BANK has no means of knowing whether or not a title is genuine except upon verification from the Office of the Registry of Deeds as custodian of the original copies of the transfer certificates of title. Lamentably, it is in this wise that respondents were grossly negligent in the performance of their official functions when they

failed to distinguish the discrepancies between the owner's duplicate copy of title being presented for registration and the original copy of the title on file with their office.¹²

However, the CA, in reversing the decision of the Ombudsman, held that the primary reason why BPI Family went to the Office of the Register of Deeds was to have the real estate mortgage registered and annotated and not to verify the authenticity of the owner's duplicate copy of title. Prior to such registration, BPI Family already approved the loan. The relevant portions of the Decision dated 25 September 2012 state:

It must be noted that the main purpose of BPI when it brought the Real Estate Mortgage together with the purported owner's duplicate copy of title to the Office of the Register of Deeds was to have the said mortgage inscribed in the records of said office and annotated at the back of the certificate of title covering the land subject of the instrument and *not* to verify the authenticity of the owner's duplicate copy of title. In fact, BPI verified the authenticity of the forged title only after the real Paquito Tiu showed up and informed its head office about the forgery.¹³

We agree with the CA.

Section 10 of Presidential Decree No. 1529¹⁴ lays down the general functions of the Register of Deeds:

Section 10. *General functions of Registers of Deeds.* – The office of the Register of Deeds constitutes a public repository of records of instruments affecting registered or unregistered lands and chattel mortgages in the province or city wherein such office is situated.

It shall be the duty of the Register of Deeds to immediately register an instrument presented for registration dealing with real or personal property which complies with all the requisites for registration. He shall see to it that said instrument bears the proper documentary and science stamps and that the same are properly canceled. If the instrument is not registrable, he shall forthwith deny registration thereof and inform the presenter of such denial in writing, stating the ground or reason therefor, and advising him of his right to appeal by *consulta* in accordance with Section 117 of this Decree.

Registration is a mere ministerial act by which a deed, contract, or instrument is sought to be inscribed in the records of the Office of the Register of Deeds and annotated at the back of the certificate of title covering the land subject of the deed, contract, or instrument. Being a ministerial act, it must be performed in any case. The public officer having this ministerial duty has no choice but to perform the specific action which is the particular duty imposed by law. The purpose of registration is to give notice to all persons. It operates as a notice of the deed, contract, or

¹² CA *rollo*, pp. 39-40.

¹³ *Rollo*, p. 40.

¹⁴ Amending and Codifying the Laws Relative to Registration of Property and for Other Purposes. Also known as the Property Registration Decree, effective 11 June 1978.

instrument to others, but neither adds to its validity nor converts an invalid instrument into a valid one between the parties.¹⁵

Since registration of documents is a ministerial act and merely creates a constructive notice of its contents against all third persons,¹⁶ the Register of Deeds is not authorized to determine whether or not fraud was committed in the document sought to be registered.¹⁷

Here, the falsification of the owner's duplicate copy of title was professionally done, that even someone exercising reasonable prudence and care would not instantly detect. On its face, the title was not apparently discernible as fake or spurious and could pass as a genuine and *bona fide* document. The title was in authentic form issued by the Land Registration Authority and an exact reproduction of the original copy with the same serial numbers, impressions, texts, and signatures. When a document is in "authentic form," this means that at the time the document was inspected and verified, there was nothing extraordinary that would have placed even a reasonable person to suspect of any wrongdoing.

As a public officer, Manalastas enjoys the presumption of regularity in the performance of his official duties and functions.¹⁸ Manalastas accepted the requirements presented by BPI Family for annotation and registration of the real estate mortgage in the ordinary course of transaction. His examination of the owner's duplicate copy of title and his recommendation to his superiors for the approval of the annotation and registration of the real estate mortgage were made in good faith and not tainted with gross negligence.

Gross negligence implies a want or absence of or failure to exercise slight care or diligence, or the entire absence of care. It evinces a thoughtless disregard of consequences without exerting any effort to avoid them.¹⁹ It is characterized by want of even slight care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally with a conscious indifference to consequences insofar as other persons may be affected.²⁰

In administrative cases, the quantum of proof needed to adjudge a respondent guilty is substantial evidence. In *Miro v. Mendoza*,²¹ we held that substantial evidence is defined as such amount of relevant evidence which a reasonable mind might accept as adequate to support a conclusion.

¹⁵ *Pascua v. Court of Appeals*, 401 Phil. 350, 367 (2000).

¹⁶ *Non v. Court of Appeals*, 382 Phil. 538, 544 (2000), citing *People v. Reyes*, 256 Phil. 1015 (1989); *Garcia v. Court of Appeals*, 184 Phil. 358 (1980); *Hongkong & Shanghai Banking Corp. v. Pauli*, 244 Phil. 651 (1988).

¹⁷ *In re Consulta of Vicente J. Francisco on behalf of Cabantog*, 67 Phil. 222 (1939).

¹⁸ *Fernando v. Sto. Tomas*, G.R. No. 112309, 28 July 1994, 234 SCRA 546, 552.

¹⁹ *Ilao-Oreta v. Spouses Ronquillo*, 561 Phil. 739, 745 (2007), citing *Phil. Aeolus Automotive United Corporation v. NLRC*, 387 Phil. 250, 263 (2000).

²⁰ *Id.*, citing *De la Victoria v. Mongaya*, 404 Phil. 609, 619 (2001).

²¹ 721 Phil. 772, 788-789 (2013).

It is more than a mere scintilla of evidence. The standard of substantial evidence is satisfied when there is reasonable ground to believe, based on the evidence submitted, that the respondent is responsible for the misconduct complained of. It need not be overwhelming or preponderant, as is required in an ordinary civil case, or evidence beyond reasonable doubt, as is required in a criminal case, but the evidence must be enough for a reasonable mind to support a conclusion.

In this case, the owner's duplicate copy of title attached to the real estate mortgage was written in an official paper of the Land Registration Authority and contained all the markings of a genuine title. The Office of the Register of Deeds is not mandated to investigate further than necessary when documents presented before it appear authentic. We agree with the CA when it declared:

x x x [T]here is no basis to hold petitioner liable for gross negligence simply because he failed to discover the forgery in the owner's duplicate copy of title. It would be a grave injustice to punish him, when, in reality, he himself was a victim of the defraudation.

x x x x

x x x [N]o liability could attach to petitioner in all registration procured through fraud, as in this case, unless he is a party to such fraud. Indeed, were it not for the appearance of the real Paquito Tiu, the forgery would not have been discovered. This bolsters petitioner's claim that he had acted in good faith in his dealings with the documents presented before him for registration.²²

Also, BPI Family has the burden of proof to overcome the presumption of regularity in the performance of official duty. BPI Family would want to pass the blame to Manalastas by imputing gross negligence on his part when it is BPI Family which is the proximate cause of the loss.

As mentioned by the Office of the Ombudsman in its Decision dated 12 September 2006, BPI Family had been remiss in approving the loan without first making a thorough investigation of the true identity of its clients and the genuineness of the documents submitted to it. The relevant portions of the Decision state:

x x x [T]he BANK may have been negligent to protect its interests when it approved the loan without first making the necessary investigation normally conducted by banking and/or financial/lending institutions, that is, i) by ascertaining that all the documents presented are authentic and that the persons who introduce themselves as owners are indeed the owner[s] of the property, and borrowers, if not the registered owner, are equipped with the legal document to transact business and ii) by conducting actual character and background investigation on Marian Dy Tiu as applicant and of Paquito Tiu being the registered owner of the property.²³

²² *Rollo*, p. 43.

²³ *CA rollo*, p. 40.

Thus, as aptly held by the CA:

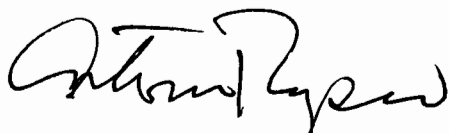
It cannot be said that by reason of the failure of petitioner to discover the forgery, BPI was defrauded in the amount of ₱4,850,000.00 considering that prior to registration of the mortgage, BPI already approved the loan applied for by Marian upon the latter's submission of the requisite documents with the presence of an impostor husband. In other words, as between the failure of BPI to discover the forgeries in the documents as well as the real identity of the impostor husband on one hand, and the failure of petitioner to discover the forged owner's duplicate [copy] of title on the other, the former should be considered as the proximate cause of BPI's loss.²⁴

As Justice Tuason opined, in his concurring and dissenting opinions in the case of *Lim v. Register of Deeds of Rizal*,²⁵ Registers of Deeds are not guardians entrusted with watching over the private interests of contracting parties who are fully capable of looking after their own affairs. Thus, BPI Family has to bear the burden of loss.

In sum, in the absence of any substantial evidence that Manalastas did not properly perform his duty as Examiner or that he intentionally performed an illegal act, then the presumption of regularity in the performance of duty should prevail. We do not find Manalastas administratively liable for gross negligence in carrying out his official functions which he had executed within reasonable bounds of diligence and care.

WHEREFORE, we **DENY** the petition. We **AFFIRM** the Decision dated 25 September 2012 and Resolution dated 1 July 2013 of the Court of Appeals in CA-G.R. SP No. 114797.


SO ORDERED.


ANTONIO T. CARPIO
Associate Justice

²⁴ *Rollo*, p. 40.

²⁵ 82 Phil. 789, 797 (1949).

WE CONCUR:


ARTURO D. BRION
Associate Justice

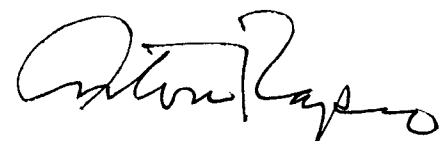

MARIANO C. DEL CASTILLO
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice


MARVIC M.V.F. LEONEN
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice