

MALACAÑANG
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 306

RELIEVING MR. MONICO L. IMPERIAL AS MAYOR OF NAGA CITY.

This is an administrative case against Mr. Monico L. Imperial, Mayor of Naga City, who is charged in a complaint filed by Mr. Sulpicio de la Trinidad with (1) illegal collection of quarters' allowance beginning June 1, 1954 at the rate of ₱166.66 monthly through his first cousin Dr. Arsenio Imperial by virtue of a simulated private contract executed between them on May 1, 1954 under which Mayor Imperial shall pay ₱170.00 a month as rent for the use of his (respondent's) own house, effective on the said date; and (2) having collected thru his son, Ernesto Imperial, various sums of money from the city government under a contract to furnish the city 500 cubic meters of gravel. The case was investigated by a special investigator of this office, who recommended that the respondent be relieved of his office as Mayor of Naga City in accordance with the provisions of section 7 of the City Charter.

It appears that on May 1, 1954 the respondent, for and in consideration of a loan of ₱3,000 given by his first cousin Dr. Arsenio Imperial, executed a document (Exhibit A) whereby he ceded to the latter the possession and usufruct of his house and lot located in the City of Naga. The pertinent portion of the said document reads as follows:

"2. That for and in consideration of the sum of Three Thousand Pesos (₱3,000.00), Philippine Currency, which the Party of the First received in full and to his entire satisfaction from the Party of the Second, the Party of the First hereby cedes the possession and usufruct of the lot described in par. 1 and the Party of the First agrees that within a period of Six (6) years from the execution of this instrument he shall redeem the same by paying back the principal consideration of this contract to the Party of the Second Part who

hereto expresses his conformity.

"3. That during the period stated in par. 2, the party of the First shall use and occupy the house and lot above mentioned, upon payment of a minimum rental of one hundred and Seventy Pesos (₱170.00) a month, which shall be made from time to time between the Parties."

The respondent affirmed the genuineness of the document and admitted that he has occupied the said house continuously since May 1, 1954. He denied, however, that the document was simulated to enable him to collect quarters' allowance to which he would not be entitled if he occupies his own house during his incumbency.

The respondent was appointed as mayor on May 29, 1954 upon recommendation made by the political leaders of the Bicol region. He assumed the office of mayor on the same day. He claimed that he had no previous knowledge of his forthcoming appointment when he executed the document, Exhibit A, and that the said appointment was a surprise to him. His testimony to this effect has not been controverted.

The evidence discloses that in accordance with the said contract, he paid to Dr. Imperial the rental for the use of the house in question for the month of May, 1954. Since June, 1954, however, Dr. Imperial has been collecting the monthly rental of ₱166.66 from the City Government, corresponding to the respondent's quarters' allowance granted to the latter effective upon his assumption of office, pursuant to section 7, Article II of the City Charter. Although there is no positive proof to show conclusively that the respondent clandestinely received the monthly house allowance from Dr. Arsenio Imperial or paid no rentals to him, yet there are strong indications that point to the questionable character of the contract and which warrant the belief that the cession of the house and lot in favor of Dr. Imperial and its lease to the respondent at a monthly rental of ₱170 was not made in good faith but was resorted to so as to enable the respondent to receive the house allowance which he would not have been entitled to had he kept his house and lot. As a matter of fact, the respondent had not actually paid the said rental to his cousin Dr. Imperial from June 1, 1954 to November 5, 1954

when the Office of the President granted him non-com-
mutable quarters' allowance, because Dr. Imperial col-
lected the rentals corresponding to the said period only
after the said allowance had been granted.

In the first place, it is rather unusual for a
person who cedes a property in usufruct to retain the
possession of the same. Ordinarily, the usufructuary
would have the possession and enjoyment of the property,
or he may derive income therefrom by leasing it to some-
one other than the owner. It is not in keeping with the
nature of a usufruct that the property should be leased
back to the very owner from whom it comes and who thereby
retains the use and possession of the same by paying
rentals therefor.

In the second place, usufruct is not availed of as
an accessory obligation to guarantee payment of a loan
contracted by the owner. If the rentals due for the
use of the property by the owner would not be credited
to the amortization of the principal obligation, there
is really no loan. Under the arrangement the rentals
of ₱170 would be equivalent to interest on the principal
obligation and not considered as fruits of the property.
It is hard to believe that the respondent who is an
intelligent man would pay a monthly interest of ₱170
on a loan of ₱3,000 payable in six years. That would
be shockingly usurious and if the respondent apparently
consented to this arrangement the only probable reason
for so doing was that he did not pay the supposed ren-
tal because there was really no loan.

In the third place, the usufruct of the house and
lot was never recorded as encumbrance thereon. This
circumstance gains added significance when we consider
that the property, notwithstanding the alleged usufruct,
was mortgaged by the respondent without the intervention
of the usufructuary to guaranty a loan of ₱5,000 from
the Philippine National Bank (PNB). If the property
was held in usufruct, Dr. Arsenio Imperial, the usu-
fructuary, should have been informed of the subsequent
mortgage of the property to the PNB. The records show
that the respondent was able to mortgage the property
as his title thereto was clean and unencumbered.

And lastly, if the house and lot were really ceded
to Dr. Arsenio Imperial, and for the duration of the
usufruct respondent would be bound to pay a monthly
rental of ₱170 for the use of the property, his first
impulse upon receiving the ₱5,000 from the PNB would

have been to liquidate the loan of ₱3,000 so as to release his property and be relieved of the obligation of paying the monthly rentals. That the respondent did not show any interest and remained unconcerned over the cession of his property to Dr. Arsenio Imperial tends to show that such arrangement was more beneficial to him as he would continue receiving the monthly house allowance from the city government of Naga as it would appear that he had no house of his own. A person who apparently does not care to protect his material interest would not take that attitude unless he derives some kind of benefit from his deliberate omission.

On the whole, I am convinced that the respondent subordinated the interest of the city to his own so as to enjoy a personal benefit in the form of monthly house allowance, thereby failing in his bounden duty under the city charter to safeguard the financial interest of the city.

The second charge that the respondent collected through his son, Ernesto Imperial, various sums of money from the city government under the contract to furnish the city with 500 cu. meters of gravel was not substantiated. The evidence shows that the contract was awarded to the Bicol Development Company through a public bidding conducted by the City Treasurer and approved by the City Engineer and City Auditor. Although Ernesto Imperial is a partner in the Bicol Development Company, the respondent did not in any way intervene in the award of the contract to said firm. Furthermore, the Bicol Development Company's bid was accepted because it was the lowest and most advantageous to the city.

For all the foregoing, and pursuant to the provisions of Section 7 of the Charter of Naga City that the city mayor shall hold office at the pleasure of the President, I hereby terminate the services of Mayor Monico L. Imperial and relieve him of the Office of Mayor of the City of Naga, effective upon receipt of notice hereof.

Done in the City of Manila, this 14th day of August in the year of Our Lord, nineteen hundred and fifty-nine, and of the Independence of the Philippines, the fourteenth.

By the President:


JUAN C. PAJO
Executive Secretary