

THIRD DIVISION

[G.R. No. 141093, February 20, 2001]

**PRUDENTIAL BANK AND TRUST COMPANY, PETITIONER, VS.
CLARITA T. REYES, RESPONDENT.**

D E C I S I O N

GONZAGA-REYES, J.:

Before the Court is a petition for review on *certiorari* of the Decision,^[1] dated October 15, 1999 of the Court of Appeals in C.A.-G.R. SP No. 30607 and of its Resolution, dated December 6, 1999 denying petitioner's motion for reconsideration of said decision. The Court of Appeals reversed and set aside the resolution^[2] of the National Labor Relations Commission (NLRC) in NLRC NCR CA No. 009364-95, reversing and setting aside the labor arbiter's decision and dismissing for lack of merit private respondent's complaint.^[3]

The case stems from NLRC NCR Case No. 00-06-03462-92, which is a complaint for illegal suspension and illegal dismissal with prayer for moral and exemplary damages, gratuity, fringe benefits and attorney's fees filed by Clarita Tan Reyes against Prudential Bank and Trust Company (the Bank) before the labor arbiter. Prior to her dismissal, private respondent Reyes held the position of Assistant Vice President in the foreign department of the Bank, tasked with the duties, among others, to collect checks drawn against overseas banks payable in foreign currency and to ensure the collection of foreign bills or checks purchased, including the signing of transmittal letters covering the same.

After proceedings duly undertaken by the parties, judgment was rendered by Labor Arbiter Cornelio L. Linsangan, the dispositive portion of which reads:

"WHEREFORE, finding the dismissal of complainant to be without factual and legal basis, judgment is hereby rendered ordering the respondent bank to pay her back wages for three (3) years in the amount of P540,000.00 (P15,000.00 x 36 mos.). In lieu of reinstatement, the respondent is also ordered to pay complainant separation pay equivalent to one month salary for every year of service, in the amount of P420,000.00 (P15,000 x 28 mos.). In addition, the respondent should also pay complainant profit sharing and unpaid fringe benefits. Attorney's fees equivalent to ten (10%) percent of the total award should likewise be paid by respondent.

SO ORDERED."^[4]

Not satisfied, the Bank appealed to the NLRC which, as mentioned at the outset, reversed the Labor Arbiter's decision in its Resolution dated 24 March 1997. Private respondent sought reconsideration which, however, was denied by the NLRC in its

Resolution of 28 July 1998. Aggrieved, private respondent commenced on October 28, 1998, a petition for certiorari before the Supreme Court.^[5] The subject petition was referred to the Court of Appeals for appropriate action and disposition per resolution of this Court dated November 25, 1998, in accordance with the ruling in *St. Martin Funeral Homes vs. NLRC*.^[6]

In its assailed decision, the Court of Appeals adopted the following antecedent facts leading to Reyes's dismissal as summarized by the NLRC:

"The auditors of the Bank discovered that two checks, No. 011728-7232-146, in the amount of US\$109,650.00, and No. 011730-7232-146, in the amount of US\$115,000.00, received by the Bank on April 6, 1989, drawn by the Sanford Trading against Hongkong and Shanghai Banking Corporation, Jurong Branch, Singapore, in favor of Filipinas Tyrom, were not sent out for collection to Hongkong Shanghai Banking Corporation on the alleged order of the complainant until the said checks became stale.

The Bank created a committee to investigate the findings of the auditors involving the two checks which were not collected and became stale.

On March 8, 1991, the president of the Bank issued a memorandum to the complainant informing her of the findings of the auditors and asked her to give her side. In reply, complainant requested for an extension of one week to submit her explanation. In a subsequent letter, dated March 14, 1991, to the president, complainant stated that in view of the refusal of the Bank that she be furnished copies of the pertinent documents she is requesting and the refusal to grant her a reasonable period to prepare her answer, she was constrained to make a general denial of any misfeasance or malfeasance on her part and asked that a formal investigation be made.

As the complainant failed to attend and participate in the formal investigation conducted by the Committee on May 24, 1991, despite due notice, the Committee proceeded with its hearings and heard the testimonies of several witnesses.

The Committee's findings were:

`a) The two (2) HSBC checks were received by the Foreign Department on 6 April 1989. On the same day, complainant authorized the crediting of the account of Filipinas Tyrom in the amount of P4,780,102.70 corresponding to the face value of the checks, (Exhibits 6, 22 to 22-A and 23 to 23-A). On the following day, a transmittal letter was prepared by Ms. Cecilia Joven, a remittance clerk then assigned in the Foreign Department, for the purpose of sending out the two (2) HSBC checks for collection. She then requested complainant to sign the said transmittal letters (Exhibits 1, 7 and 25; TSN, 11 March 1993, pp. 42-52), as it is complainant who gives her instructions directly concerning the transmittal of foreign bills purchased. All other transmittal letters are in fact signed by complainant.

b) After Ms. Joven delivered the transmittal letters and the checks to the Accounting Section of the Foreign Department, complainant instructed her to withdraw the same for the purpose of changing the addressee thereon from American Express Bank to Bank of Hawaii (ibid.) under a special collection scheme (Exhibits 4 and 5 to 5-B).

c) After complying with complainant's instruction, Ms. Joven then returned to complainant for the latter to sign the new transmittal letters. However, complainant told Ms. Joven to just hold on to the letters and checks and await further instructions (ibid.). Thus, the new transmittal letters remained unsigned. (See Exhibits 5 to 5-B).

d) In June 1989, Ms. Joven was transferred to another department. Hence, her duties, responsibilities and functions, including the responsibility over the two (2) HSBC checks, were turned over to another remittance clerk, Ms. Analisa Castillo (Exhibit 14; TSN, 4 June 1993, pp. 27-29).

e) When asked by Ms. Castillo about the two (2) HSBC checks, Ms. Joven relayed to the latter complainant's instruction (Exhibit 14; TSN, 4 June 1993, p. 42).

f) About fifteen (15) months after the HSBC checks were received by the Bank, the said checks were discovered in the course of an audit conducted by the Bank's auditors. Atty. Pablo Magno, the Bank's legal counsel, advised complainant to send the checks for collection despite the lapse of fifteen (15) months.

g) Complainant, however, deliberately withheld Atty. Magno's advice from her superior, the Senior Vice-President, Mr. Renato Santos and falsely informed the latter that Atty. Magno advised that a demand letter be sent instead, thereby further delaying the collection of the HSBC checks.

h) On 10 July 1990, the HSBC checks were finally sent for collection, but were returned on 16 July 1990 for the reason 'account closed' (Exhibits 2-A and 3-A).'

After a review of the Committee's findings, the Board of Directors of the Bank resolved not to re-elect complainant any longer to the position of assistant president pursuant to the Bank's By-laws.

On July 19, 1991, complainant was informed of her termination of employment from the Bank by Senior Vice President Benedicto L. Santos, in a letter the text of which is quoted in full:

`Dear Mrs. Reyes:

After a thorough investigation and appreciation of the charges against you as contained in the Memorandum of the President dated March 8, 1991, the Fact Finding Committee which was created to investigate the commission and/or omission of the acts alluded therein, has found the following:

1. You have deliberately held the clearing of Checks Nos. 11728 and 11730 of Hongkong and Shanghai Banking Corporation in the total amount of US\$224,650.00 by giving instructions to the collection clerk not to send the checks for collection. In view thereof, when the said checks were finally sent to clearing after the lapse of 15 months from receipt of said checks, they were returned for the reason 'Account closed.' To date, the value of said checks have not been paid by Filipinas Tyrom, which as payee of the checks, had been credited with their peso equivalent;
2. You tried to influence the decision of Atty. Pablo P. Magno, Bank legal counsel, by asking him to do something allegedly upon instructions of a Senior Vice President of the Bank or else lose his job when in truth and in fact no such instructions was given; and
3. You deliberately withheld from Mr. Santos, Senior Vice President, the advice given by the legal counsel of the Bank which Mr. Santos had asked you to seek. As a matter of fact, you even relayed a false advice which delayed further the sending of the two checks for collection. Likewise, you refused to heed the advice of the Bank's legal counsel to send the checks for collection.

These findings have given rise to the Bank's loss of trust and confidence in you, the same being acts of serious misconduct in the performance of your duties resulting in monetary loss to the Bank. In view thereof, the Board has resolved not to re-elect you to the position of Assistant Vice President of the Bank. Accordingly, your services are terminated effective immediately. In relation thereto, your monetary and retirement benefits are forfeited except those that have vested in you.'

In her position paper, complainant alleged that the real reason for her dismissal was her filing of the criminal cases against the bank president, the vice president and the auditors of the Bank, such filing not being a valid ground for her dismissal. Furthermore, she alleged that it would be self-serving for the respondent to state that she was found guilty of gross misconduct in deliberately withholding the clearing of the two dollar checks. She further alleged that she was not afforded due process as she was not given the chance to refute the charges mentioned in the letter of dismissal. Hence, she was illegally dismissed.

On the other hand, respondent argues that there were substantial bases for the Bank to lose its trust and confidence on the complainant and, accordingly, had just cause for terminating her services. Moreover, for filing the clearly unfounded suit against the respondent's officers, complainant is liable to pay moral and exemplary damages and attorney's fees."^[7]

The Court of Appeals found that the NLRC committed grave abuse of discretion in ruling that the dismissal of Reyes is valid. In effect, the Court of Appeals reinstated the judgment of the labor arbiter with modification as follows:

"WHEREFORE, in the light of the foregoing, the decision appealed from is hereby REVERSED and SET ASIDE. In lieu thereof, judgment is hereby rendered ordering respondent Bank as follows:

1. To pay petitioner full backwages and other benefits from July 19, 1991 up to the finality of this judgment;
2. To pay petitioner separation pay equivalent to one (1) month salary for every year of service in lieu of reinstatement; and
3. To pay attorney's fee equivalent to ten (10%) percent of the total award.

SO ORDERED."^[8]

Hence, the Bank's recourse to this Court contending in its memorandum that:

"IN SETTING ASIDE THE DECISION DATED 24 MARCH 1997 AND THE RESOLUTION DATED 28 JULY 1998 OF THE NLRC AND REINSTATING WITH MODIFICATION THE DECISION DATED 20 JULY 1995 OF LABOR ARBITER CORNELIO L. LINSANGAN, THE HONORABLE COURT OF APPEALS SERIOUSLY ERRED, IN VIEW OF THE FOLLOWING:

I.

IT IS THE SEC (NOW THE REGIONAL TRIAL COURT) AND NOT THE NLRC WHICH HAS ORIGINAL AND EXCLUSIVE JURISDICTION OVER CASES INVOLVING THE REMOVAL FROM OFFICE OF CORPORATE OFFICERS.

II.

EVEN ASSUMING ARGUENDO THAT THE NLRC HAS JURISDICTION, THERE WAS SUBSTANTIAL EVIDENCE OF RESPONDENT'S MISCONDUCT JUSTIFYING THE BANK'S LOSS OF TRUST AND CONFIDENCE ON (sic) HER.

III.

EVEN ASSUMING ARGUENDO THAT RESPONDENT WAS ENTITLED TO BACKWAGES, THE HONORABLE COURT OF APPEALS ERRED IN AWARDED UNLIMITED AND UNQUALIFIED BACKWAGES THEREBY GOING FAR BEYOND THE LABOR ARBITER'S DECISION LIMITING THE