

FIRST DIVISION

[G.R. No. 128003, July 26, 2000]

**RUBBERWORLD [PHILS.], INC., AND JULIE YAO ONG,
PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION,
AQUINO MAGSALIN, PEDRO MAÑIBO, RICARDO BORJA, ALICIA
M. SAN PEDRO AND FELOMENA B. TOLIN, RESPONDENTS.**

D E C I S I O N

PARDO, J.:

What is before the Court for resolution is a petition to annul the resolution of the National Labor Relations Commission (NLRC),^[1] affirming the labor-arbiter's award but deleting the moral and exemplary damages.

The facts are as follows:

Petitioner Rubberworld (Phils.), Inc. [hereinafter Rubberworld], a corporation established in 1965, was engaged in manufacturing footwear, bags and garments.

Aquilino Magsalin, Pedro Manibo, Ricardo Borja, Benjamin Camitan, Alicia M. San Pedro, and Felomena Tolin were employed as dispatcher, warehouseman, issue monitor, foreman, jacks cementer and outer sole attacher, respectively.

On August 26, 1994, Rubberworld filed with the Department of Labor and Employment a notice of temporary shutdown of operations to take effect on September 26, 1994. Before the effectivity date, however, Rubberworld was forced to prematurely shutdown its operations.

On November 11, 1994, private respondents filed with the National Labor Relations Commission a complaint^[2] against petitioner for illegal dismissal and non-payment of separation pay.

On November 22, 1994, Rubberworld filed with the Securities and Exchange Commission (SEC) a petition for declaration of suspension of payments with a proposed rehabilitation plan.^[3]

On December 28, 1994, SEC issued the following order:

"Accordingly, with the creation of the Management Committee, all actions for claims against Rubberworld Philippines, Inc. pending before any court, tribunal, office, board, body, Commission or sheriff are hereby deemed SUSPENDED.

"Consequently, all pending incidents for preliminary injunctions, writ or attachments, foreclosures and the like are hereby rendered moot and academic.

"SO ORDERED."^[4]

On January 24, 1995, petitioners submitted to the labor arbiter a motion to suspend the proceedings invoking the SEC order dated December 28, 1994. The labor arbiter did not act on the motion and ordered the parties to submit their respective position papers.

On December 10, 1995, the labor arbiter rendered a decision, which provides:

"In the light of the foregoing, respondents are hereby declared guilty of ILLEGAL SHUTDOWN and that respondents are ordered to pay complainants their separation pay equivalent to one (1) month pay for every year of service.

Considering the malicious act of closing the business precipitately without due regard to the rights of complainants, moral damages and exemplary damage in the sum of P 50,000.00 and P 30,000.00 respectively is hereby awarded for each of the complainants.

Finally 10 % of all sums owing to complainants is hereby adjudged as attorney's fees.

SO ORDERED."^[5]

On February 5, 1996, petitioners appealed to the National Labor Relations Commission (NLRC) alleging abuse of discretion and serious errors in the findings of facts of the labor arbiter.

On August 30, 1996, NLRC issued a resolution, the dispositive portion of which reads:

"PREMISES CONSIDERED, the decision appealed from is hereby, AFFIRMED with MODIFICATION in that the award of moral and exemplary damages is hereby, DELETED.

SO ORDERED."^[6]

On November 20, 1996, NLRC denied petitioners' motion for reconsideration.

Hence, this petition.^[7]

The issue is whether or not the Department of Labor and Employment, the Labor Arbiter and the National Labor Relations Commission may legally act on the claims of respondents despite the order of the Securities and Exchange Commission suspending all actions against a company under rehabilitation by a management committee created by the Securities and Exchange Commission.

Presidential Decree No. 902-A is clear that "all actions for claims against corporations, partnerships or associations under management or receivership pending before any court, tribunal, board or body shall be suspended accordingly." The law did not make any exception in favor of labor claims.^[8]

"The justification for the automatic stay of all pending actions for claims is to enable the management committee or the rehabilitation receiver to effectively exercise its/his powers free from any judicial or extra judicial interference that might unduly