

Title: Jorge B. Navarra vs. People of the Philippines

Facts:

Jorge B. Navarra, President and Chairman of the Board of Directors of Far East Network of Integrated Circuits Subcontractors Corporation (FENICS), was accused of failing to remit employee contributions to the Social Security System (SSS) from July 1997 to June 2000. The Information charged him with violation of Section 22(a), in relation to Section 28(h) and (f), of Republic Act No. 8282 (“Social Security Law”).

The criminal case was initially filed before the Regional Trial Court (RTC) of Muntinlupa City, which dismissed Navarra’s co-accused after establishing they were no longer board members during the period in question. Navarra then pleaded “not guilty” and the case proceeded against him alone. After complaints were raised by FENICS employees regarding non-remitted SSS contributions, an SSS investigation confirmed the failure of remittances totaling P10,077,656.24, exclusive of penalties.

Navarra attempted to settle the remittances in installments, but the payment failed as one post-dated check was dishonored and subsequent installments were not made. The SSS rejected a later restructuring proposal by Navarra.

At the RTC, Navarra argued that FENICS ceased operations, hence no salaries were paid from which contributions could be deducted. However, the RTC found Navarra guilty beyond reasonable doubt, imposing an indeterminate sentence of four (4) years and two (2) months, as minimum, to twenty (20) years of reclusion temporal, as maximum, with a directive to pay the SSS the due amount plus interest.

Navarra appealed to the Court of Appeals (CA), contesting the Information, his personal liability, the employment status of complainants, and arguing that a compromise was reached. The CA affirmed Navarra’s conviction, finding no compromise agreement was in place and ruling that issues regarding the Information’s validity were waived since they were not raised before arraignment. The CA also held that corporate officers could be held liable for the company’s failure to remit SSS contributions.

After a failed motion for reconsideration with the CA, Navarra elevated the case to the Supreme Court of the Philippines via a petition for review on certiorari, challenging the CA’s decision.

Issues:

1. Whether the Information filed against Navarra charged a proper criminal offense.
2. Whether Navarra, as an officer of FENICS, could be held criminally liable under Section 28(h) of RA 8282.
3. Whether the prosecution proved that private complainants were indeed FENICS's employees.
4. Whether Navarra's criminal liability was extinguished by any compromise agreement with the SSS.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision. The High Court held that Navarra's failure to challenge the Information before arraignment amounted to a waiver of any defects. The Court found that documentary evidence established the failure to remit SSS contributions by FENICS, and under Section 28(f) of RA 8282, corporate officers like Navarra are liable for such offenses. Thus, the validity of the Information and personal liability for corporate fault was upheld. No extinguishment of liability through a compromise agreement was recognized since SSS did not consent to any restructuring proposal. The offenses under RA 8282 are considered mala prohibita, where defenses of good faith or lack of criminal intent are immaterial.

Doctrine:

In crimes involving failure to remit Social Security contributions under RA 8282, actions are considered mala prohibita, and corporate officers can be held personally liable for their company's failure to comply.

Class Notes:

- RA 8282: Employers must promptly remit SSS contributions, under penalty of law.
- Corporate Officer Liability: Under Section 28(f) of RA 8282, managing heads, directors, or partners are liable if the corporation commits an act punishable under the Social Security Law.
- Waiver of Defects in Information: Failure to challenge the Information before a plea results in a waiver of any formal or substantive defects.
- Crimes Mala Prohibita: Good faith and lack of criminal intent are not defenses.
- Non-Extinguishment by Unilateral Proposal: Criminal liability cannot be extinguished by a compromise proposal that lacked acceptance or agreement by the complainant party, in this case, SSS.

Historical Background:

The case of Navarra vs. People reaffirms corporate officer accountability in situations where employee benefits and contributions governed by social legislation are mishandled or neglected. It is situated in the broader context of Philippine labor and employment law, protecting the welfare and social security of workers. The decision provides continuity in upholding strict compliance with the state-mandated social security system and ensures that corporate executives cannot evade their fiduciary responsibilities to remit employees' contributions.