

Title: **\*\*Julito Sagales vs. Rustan’s Commercial Corporation:\*\*** A Case of Theft and Subsequent Dismissal of a Long-time Employee

**### Facts:**

Julito Sagales, employed by Rustan’s Commercial Corporation since October 1970, faced dismissal on July 26, 2001, due to accusations of stealing 1.335 kilos of squid heads valued at P50.00. At the time of his termination, Sagales held the position of Chief Cook at the Yum Yum Tree Coffee Shop, earning a monthly salary and benefits under the law and the existing collective bargaining agreement.

The incident that led to his dismissal occurred on June 18, 2001, when Security Guard Waldo Magtangob, following Senior Guard Bonifacio Aranas’ instructions, caught Sagales taking out the squid heads without a receipt. Despite Sagales’ claim of having bought the squid heads and misplacing the receipt, he was detained and eventually released pending investigation.

The inquest proceedings led by Assistant Prosecutor Amado Y. Pineda concluded with a recommendation for dismissal of the case due to “lack of evidence,” approved by the City Prosecutor. Nonetheless, Rustan’s required Sagales to justify why he should not be terminated, leading to his dismissal after an administrative investigation.

Challenging his dismissal, Sagales filed a complaint for illegal dismissal, seeking unpaid wages, overtime pay, and damages. The Labor Arbiter dismissed his complaint, which was later reversed by the National Labor Relations Commission (NLRC), declaring the dismissal illegal. However, the Court of Appeals (CA) reinstated the Labor Arbiter’s decision, citing loss of trust and confidence. This propelled Sagales to seek redress from the Supreme Court.

**### Issues:**

1. Whether Sagales’ position was supervisory, subjecting him to the trust and confidence rule.
2. Adequacy of evidence in concluding Sagales committed the crime leading to his dismissal.
3. Appropriateness of dismissal as a penalty.

**### Court’s Decision:**

1. **\*\*Nature of Sagales’ Position:\*\*** The Supreme Court found Sagales’ position as Chief Cook to be supervisory in nature, thus subject to the trust and confidence rule. The Court disregarded Sagales’ attempt to reclassify his position to avoid application of the rule.

2. **Evidence Sufficient to Conclude Commission of Crime:** The Court upheld that there was enough evidence to conclude Sagales committed the alleged offense, as multiple testimonies corroborated the theft, making the dismissal justified under the loss of trust and confidence rule.

3. **Dismissal as a Penalty:** While acknowledging the inherent managerial right to discipline, including dismissal, the Court deemed the penalty excessively harsh considering Sagales' long service, the negligible value of the stolen items, it being his first offense, and the items not being substantial losses to the company. Instead of reinstatement, the Court ordered that Sagales be granted separation pay and backwages.

### ### Doctrine:

The case reiterates the doctrine that managerial and supervisory employees are covered by the trust and confidence rule, allowing employers to dismiss such employees for acts undermining this trust. Furthermore, it underscores the principle that penalties for employee infractions must be proportional to the gravity of the offense committed.

### ### Class Notes:

- **Trust and Confidence Rule:** Applied to supervisory and managerial positions, justifies dismissal for acts betraying employer's trust.
- **Proportional Penalties:** Employers must ensure the punishment fits the severity of the employee's infraction.

### ### Historical Background:

This case highlights the complexities surrounding issues of employee theft, the significance of the trust and confidence rule in managerial and supervisory roles, and the Supreme Court's stance on ensuring punishments are proportional to misconduct, all set against the backdrop of Philippine labor law that emphasizes protection for labor while allowing employers managerial control.