

****Title:**** Capricorn International Travel and Tours, Inc. vs. Court of Appeals and Sameer Overseas Placement Agency

****Facts:****

1. Capricorn International Travel and Tours, Inc. (“Petitioner”) won a monetary judgment against Sameer Overseas Placement Agency (“Private Respondent”) in Civil Case No. 86-36195 before the Regional Trial Court (RTC) of Manila, involving P91,216.60 plus legal interest, 10% attorney’s fees, and costs.
2. The RTC issued a writ of execution, leading to a notice of garnishment being served on the POEA to garnish the cash bond posted by Private Respondent.
3. The POEA, initially opposed to releasing the bond due to its purpose of securing compliance with labor regulations, eventually complied with the RTC and delivered a P100,000 check to Petitioner’s counsel.
4. Private Respondent’s motion to quash the garnishment was denied by the RTC, as was its motion for reconsideration.
5. Private Respondent filed a petition for certiorari with the Court of Appeals, arguing that the RTC judge had abused his discretion by denying the motion to quash.
6. The Court of Appeals annulled the RTC’s orders, enjoined Petitioner from attaching or garnishing Private Respondent’s cash bond, and ordered the bond returned to the POEA.
7. Petitioner appealed to the Supreme Court.

****Issues:****

1. Whether the cash bond posted by a recruitment agency in the POEA can be garnished by a judgment creditor of the agency.
2. Whether the judgment credit arising from contractual obligations unrelated to employment claims can be satisfied from the cash bond posted by the recruitment agency.

****Court’s Decision:****

1. ****Prohibition on Garnishment****: The Supreme Court ruled that POEA cash bonds are specifically reserved for liabilities related to the conditions of the recruitment license, contracts of employment, and violations of labor laws. Thus, the cash bond cannot be garnished by judgment creditors for purposes unrelated to these conditions.
2. ****Nature of the Liability****: The court observed that Petitioner’s judgment was related to airline tickets, a contractual obligation unrelated to labor law violations or employment contracts. Hence, it cannot be charged against the cash bond designed to secure compliance with labor-related obligations.
3. ****Protective Regulatory Scheme****: The requirement to maintain cash bonds aligns with

broader labor protection policies mandated by the state, emphasizing the responsibility of recruitment agencies to ensure labor law compliance and protect overseas workers.

4. **Upholding CA Decision**: The Supreme Court affirmed the Court of Appeals' decision annulled the RTC's orders, corroborating that garnishment of the cash bond was impermissible under the prevailing regulations and statutory framework.

Doctrine:

The doctrine established states that cash bonds posted by recruitment agencies with the POEA are specifically intended to answer for liabilities arising from violations of licenses or employment contracts and related labor laws. They are not subject to garnishment for other types of contractual obligations, ensuring the protection of overseas workers.

Class Notes:

1. **Cash Bond Requirement**:

- Art. 31, Labor Code
- POEA Rules and Regulations, Book II, Rule II, Sec. 4, 5, 15, 19, 20.
- Purpose: Guarantee compliance with recruitment procedures, labor laws, and terms of employment contracts.

2. **Non-Garnishability of Cash Bonds**:

- Cash bonds are reserved for employment-related claims and cannot be used to settle unrelated contractual debts.

3. **Joint and Several Liability**:

- Recruitment agencies must assume joint and solidary liability with employers for all claims and liabilities from employment overseas (Art. 31, Labor Code).

4. **Procedural History**:

- RTC ruling and garnishment process.
- Private respondent's motions and certiorari petition.
- Court of Appeals' reversal.

Historical Background:

This case occurred within the context of the 1987 Philippine Constitution's renewed emphasis on protecting labor rights, notably of overseas Filipino workers. Given the wide swath of remittances and economic impact, legislative frameworks like the Labor Code and POEA rules were strengthened to ensure overseas Filipino workers had ample protections from recruitment agencies and foreign employers. This case underscores the judiciary's role in upholding these regulatory protections amidst economic activities.