

CEBU PEOPLE'S MULTI-PURPOSE COOPERATIVE AND MACARIO G. QUEVEDO, PETITIONERS, VS. NICERATO E. CARBONILLA, JR., RESPONDENT.

G.R. No. 212070. January 27, 2016

Ponente: PERLAS-BERNABE, J.

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PERLAS-BERNABE, J.:

Assailed in this petition for review on certiorari[1] are the Decision[2] dated June 25, 2013 and the Resolution[3] dated March 17, 2014 of the Court of Appeals (CA) in CA-G.R. CEB SP No. 05403, which reversed and set aside the Decision[4] dated April 29, 2010 and the Resolution[5] dated June 30, 2010 of the National Labor Relations Commission (NLRC) in NLRC Case No. VAC-10-000977-2009, and accordingly, declared respondent Nicerato E. Carbonilla, Jr. (Carbonilla, Jr.) to have been illegally dismissed by petitioner Cebu People's Multi-Purpose Cooperative (CPMPC).

The Facts

On November 14, 2005, CPMPC hired Carbonilla, Jr. as a Credit and Collection Manager and, as such, was tasked with the handling of the credit and collection activities of the cooperative, which included recommending loan approvals, formulating and implementing credit and collection policies, and conducting trainings.[6] Sometime in 2007, CPMPC underwent a reorganization whereby Carbonilla, Jr. was also assigned to perform the duties of Human Resources Department (HRD) Manager, i.e., assisting in the personnel hiring, firing, and handling of labor disputes.[7] In 2008, he was appointed as Legal Officer and subsequently, held the position of Legal and Collection Manager.[8]

However, beginning February 2008, CPMPC, through its HRD Manager, Ma. Theresa R. Marquez (HRD Manager Marquez), sent various memoranda to Carbonilla, Jr. seeking explanation on the various infractions he allegedly committed. The aforesaid memoranda, as well as his replies thereto, are detailed as follows:

CPMPC S MEMORANDA:

CARBONILLA, JR.'S REPLIES:

HRD 202 File 2008.02.19.017 dated February 19, 2008[9] - Memorandum relative to his non-attendance to the CLIMBS HOME PROTEK Dinner Meeting.

He claimed that he was belatedly informed and was not given any written notification of the said meeting, and that he did not find any relation of the said meeting to his job as a Legal Officer.[10]

HRD 202 File 2008.02.26.034 dated February 26, 2008[11] - Memorandum relative to his non-submission of Weekly Executive Summary Reports and Itinerary for the months of January and February.

No reply.

HRD 202 File 2008.02.26.035 dated February 26, 2008[12] - Memorandum on why he allowed Joelito Aguipto (Aguipto), a contractual collector for the Bantayan Branch, to drive a motorcycle without a driver's license and not being the owner thereof.

He stated that there was no policy requiring field collectors to own - in a strict legal sense - a motorcycle, but merely to possess the same so he can effect collections more efficiently. Besides, Aguipto was allowed to drive due to the urgency of collecting from the Bantayan Branch. In any case, there is an Affidavit of Undertaking[13] exonerating CPMPC from any liability.[14]

HRD 202 File 2008.02.26.036 dated February 26, 2008[15] - Memorandum on why he failed to: (a) account for a motorcycle being used by a former employee under his branch; and (b) reclassify the vehicle of another employee.

He sought clarification of the charges against him, and at the same time, threatened HRD Manager Marquez that if this Memorandum is "proven malicious, [she] might be answerable to a certain degree of civil liability which the 1987 Constitution has given to individuals." [16]

HRD 202 File 2008.06.26.086 dated June 26, 2008[17] - Memorandum on why he insulted his superior, CPMPC Chief Operation Officer Agustina L. Bentillo (COO Bentillo), in front of her subordinates, with the statement: "Ikaw ra may di mosalig ba, ka kwalipikado adto niya, maski mag contest pa mo, lupigon gani ka" [18] or "You're the only one who doesn't trust her, she is very qualified, you even lose in comparison to her." [19]

He dismissed the charge as made with malicious intent and aimed to discredit his person, claiming that he only had a discussion with his superior, particularly, about Alfonso Vasquez (Vasquez), who was unsystematically pulled out from his department without his consent. He added that if COO Bentillo was indeed offended by his remarks, then it should not have taken almost a month before his attention was called regarding the matter.[20]

HRD 202 File 2008.06.26.087 dated June 26, 2008[21] - Memorandum on his alleged acts of insubordination and gross disrespect when he questioned the authority of HRD Manager Marquez to refuse the hiring of a new staff.

Citing the Philippine Law Dictionary, he explained that "[i]nsubordination means a quality or state of being insubordinate to a person in authority." He maintained that he did not commit insubordination as he merely sought clarification about the deferment of the hiring of a working student by HRD Manager Marquez despite having prior approval of CPMPC Chief Executive Officer (CEO), petitioner Macario G. Quevedo (CEO Quevedo).[22]

HRD 202 File 2008.06.26.088 dated June 26, 2008[23] - Memorandum on his alleged acts of insubordination and gross disrespect when he insisted before CEO Quevedo that he had the authority as Legal and Collection Manager to hire a new staff.

Reiterating the definition of "insubordination" in Philippine Law Dictionary, he maintained that his act of clarifying with the CEO the policy on hiring working students did not constitute insubordination, but rather, was made in the exercise of his right to express.[24]

HRD 202 File 2008.06.27.091 dated June 27, 2008[25] - Memorandum asking Carbonilla, Jr. to turn-over to the officer-in-charge custody of the following documents: Banco de Oro contract on staff loans, CPMPC firearm contracts and licenses, branch offices rentals, and others.[26]

He only reviewed the subject documents and they were never entrusted to him for safekeeping.[27]

HRD 202 File 2008.07.03.094 dated July 3, 2008[28] - Memorandum on his alleged acts of gross negligence in: (a) failing to submit the employment assessment of one Marcelina M. Remonde (Remonde); (b) promoting one Mary Grace R. Batain (Batain) despite lack of any performance appraisal; (c) failing to report the shortage of Batain amounting to P108,254.55; (d) disseminating a wrong schedule of mediation activity which caused

confusion and pressure among branch managers; (e) failing to annotate the encumbrance on the certificate of title offered as collateral to CPMPC; (f) failing to review and verify its contract with the BISDA Security Agency (agency) which exposed CPMPC to third-party liability for failure of the agency to remit the Social Security System, Philhealth and Pag-IBIG premiums of its security guards to the government; (g) failing to inform the branch managers of any settlements or compromise agreements entered into by the head office resulting in confusion as to payments; and (h) failing to submit to HRD Manager Marquez the status of the firearms and licenses assigned to the branch managers.

He interposed the following defenses:[29] (a) he was not responsible for employment assessments having been transferred to the Legal Department; (b) as then HRD Manager, it was within his discretion to promote Batain whose appointment has been previously concurred in by the CEO; (c) he was not informed of the shortage committed by Batain nor was it within his primary obligation to disclose the same; (d) the printing of invitation was managed only by his legal assistant, Joel Semblante (Semblante) and Vasquez. However, the latter was unexpectedly transferred to another job assignment, leaving only Semblante to do the job, which may have caused the unintentional mistake;[30](e) a certain Brenda Dela Cruz was the one responsible for the annotation of the encumbrances of real and personal properties; (f) he was not responsible for the review of the contract between the agency and its security guards as CPMPC had no employer-employee relationship with them; (g) he was unaware of the complaints of the branch managers regarding the payment confusion as a result of settlements or compromise agreements; and (h) it was not his duty to determine the status, custody, and licenses of the firearms.[31]

HRD 202 File 2008.07.04.095 dated July 4, 2008[32] - Memorandum on the allegations he made against the CEO during the Board of Directors' inquiry hearing, which constituted gross misconduct, gross disrespect, and loss of trust and confidence.

His acts did not constitute gross misconduct, gross disrespect, or loss of trust and confidence as he only questioned the suspicious transactions of CEO Quevedo regarding the sale of a titled parcel of land owned by the cooperative for an inadequate consideration. He then added that as a member of CPMPC, he has the right to demand transparency of all the transactions made by CEO Quevedo, of which its consequences will affect the cooperative.[33]

HRD 202 File 2008.07.08.098 dated July 8, 2008[34] - Memorandum on his failure to attend the management and operations committee meeting held on July 7, 2008 despite prior notices.

The said meeting was scheduled outside the regular meeting day and he was only informed about it on the day of the meeting at which time, he was personally handling collection cases.[35]

HRD 202 File 2008.07.09.103 dated July 9, 2008[36] - Memorandum relative to the mediation settlements which were forwarded for notarization to one Atty. Miñoza who is not the authorized legal retainer of CPMPC.

He admitted that as head of the Legal Department, he endorsed the documents for notarization to his friend who only charged P50.00 per document as compared to the legal retainers who charged P100.00 per document. He added that "[t]he same is more advantageous and secured rather than having it notarized - by a 'murio-murio' notary public at the back of the Cebu City Hall.[37]

HRD 202 File 2008.07.09.104 dated July 9, 2008[38] - Memorandum on his failure to update the CEO and management committee of the dismissal of the cases filed by CPMPC against Spouses Alex and Alma Monisit in Civil Case No. R-52633 and against Spouses Helen and Rogelio Lopez in Civil Case No. R-53274.

The two cases were re-filed before the Regional Trial Court on May 29, 2008 as the amounts involved were

beyond the jurisdiction of the Municipal Trial Court (MTC). He also explained that he was not aware of the filing of these cases before the MTC as he was occupying the position of the HRD Manager at that time.[39]

HRD 202 File 2008.07.15.106 dated July 15, 2008[40] - Memorandum relative to Carbonilla, Jr.'s instruction to Semblante to pull out important records and vital documents, i.e., Compromise/ Settlement Agreement, Mediation Tracking Form, Agreement to Mediate, Mediator's Report, Evaluation of Mediation, among others, from the head office without the knowledge and approval of the management, which documents were later on returned tampered and altered.

He explained that as head of the Legal Department, he was responsible for the proper disposal of all legal documents and contracts, and the cancellation of said documents were done to protect the interest of the cooperative. Moreover, he claimed that the erasures were caused by the cancellation of the notarial subscription since Carbonilla, Jr. found the requirements of the notary public - which required all 125 respondents to appear personally and present their community tax certificates - impractical. Moreover, he claimed that the cancellation of the documents "was not for the purpose of falsifying or tampering the same[,] but merely to protect the interest of the cooperative against possible sanctions [or] circulating bogus documents." [41]

HRD 202 File 2008.07.16.107 dated July 16, 2008[42] - Memorandum relative to the unliquidated cash advances of the notarial transactions of the mediation agreements.[43]

The delay in liquidation was due to the "agreement" he had with the notary public about the disposition of the notarized documents. He claimed that in the afternoon of the same day, he turned over the amount of P6,250.00 to the Accounting Department.[44]

HRD 202 File 2008.07.19.111 dated July 19, 2008[45] - Memorandum on the alleged tampering and loss of CPMPC's vital records and documents, i.e., two (2) copies of the compromise settlement agreement.

No reply.

Unconvinced by Carbonilla, Jr.'s explanations, CPMPC scheduled several clarificatory hearings,[46] but the former failed to attend despite due notice.[47] Later, CPMPC conducted a formal investigation where it ultimately found Carbonilla, Jr. to have committed acts prejudicial to CPMPC's interests.[48] As such, CPMPC, CEO Quevedo, sent Carbonilla, Jr. a Notice of Dismissal[49] dated August 5, 2008 informing the latter of his termination on the grounds of: (a) loss of trust and confidence; (b) gross disrespect; (c) serious misconduct; (d) gross negligence; (e) commission of a crime of falsification/inducing Aguipo to violate the law or the Land Transportation and Traffic Code; and (e) committing acts highly prejudicial to the interest of the cooperative.[50]

Consequently, Carbonilla, Jr. filed the instant case for illegal dismissal, non-payment of salaries, 13th month pay, as well as damages and backawages, against CPMPC, before the NLRC, docketed as NLRC RAB VII-08-1856-2008.[51] In support of his claims, Carbonilla, Jr. denied the administrative charges against him, asserting that the Management and Board of Directors of CPMPC merely orchestrated means to unjustly dismiss him from employment.[52]

In defense, CPMPC maintained that the totality of Carbonilla, Jr.'s infractions was sufficient to warrant his dismissal, and that it had complied with the procedural due process in terminating him.[53] Further, CPMPC pointed out that Carbonilla, Jr. had been fully paid of all his benefits, notwithstanding his unsettled obligations to it in the form of loans, insurance policy premiums, and cash advances, among others, amounting to a total of P129,455.00.[54]

The LA Ruling

In a Decision[55] dated July 1, 2009, the Labor Arbiter (LA) dismissed Carbonilla, Jr.'s complaint for lack of merit.[56] The LA found that Carbonilla, Jr. committed a litany of infractions, the totality of which constituted just cause for the termination of his employment.[57] Likewise, it was determined that CPMPC afforded Carbonilla, Jr. procedural due process prior to his termination, as evinced by the former's issuance of a series of memoranda, as well as its conduct of investigation with notices to the latter.[58] Furthermore, the LA denied his claims for unpaid salaries and 13[th] month pay, as records show that the aggregate amount of his monetary claims is not even enough to pay his accountabilities to CPMPC in the total amount of P129,455.00.[59]

Aggrieved, Carbonilla, Jr. appealed to the NLRC, which was docketed as NLRC Case No. VAC-10-000977-2009.[60]

The NLRC Ruling

In a Decision[61] dated April 29, 2010, the NLRC affirmed the LA ruling. It found CPMPC to have substantially proven the existence of just causes in dismissing Carbonilla, Jr., i.e., abuse of authority; disrespect to his colleagues and superiors; being remiss in his duties; and commission of acts of misrepresentation.[62] It further held that Carbonilla, Jr. was given the opportunity to present his side and to disprove the charges against him, but failed to do so.[63] Finally, the NLRC explained that while Carbonilla, Jr. may indeed be entitled to his claims for unpaid salaries and 13[th] month pay, the same cannot be granted as his accountabilities with CPMPC were larger than said claims.[64]

Carbonilla, Jr. moved for reconsideration,[65] which was, however, denied in a Resolution[66] dated June 30, 2010. Undaunted, he elevated the matter to the CA via a petition for certiorari.[67]

The CA Ruling

In a Decision[68] dated June 25, 2013, the CA reversed and set aside the NLRC ruling and accordingly, ordered Carbonilla, Jr.'s reinstatement and the remand of the case to the LA for the computation of his full backwages, inclusive of allowances and other benefits, as well as attorney's fees.[69] It held that the NLRC gravely abused its discretion in declaring Carbonilla, Jr.'s dismissal as valid, considering that, other than CPMPC's series of memoranda and self-serving allegations, it did not present substantial documents to support a conclusion that would warrant Carbonilla, Jr.'s valid dismissal.[70] In fine, CPMPC failed to discharge the burden of proving that Carbonilla, Jr.'s dismissal was for just causes.[71]

Dissatisfied, petitioners moved for reconsideration,[72] but the same was denied in a Resolution[73] dated March 17, 2014; hence, this petition.

The Issue Before the Court

The core issue for the Court's resolution is whether or not the CA correctly ascribed grave abuse of discretion on the part of the NLRC in ruling that Carbonilla, Jr.'s dismissal was valid.

The Court's Ruling

The petition is impressed with merit.

To justify the grant of the extraordinary remedy of certiorari, petitioner must satisfactorily show that the court or quasi-judicial authority gravely abused the discretion conferred upon it. Grave abuse of discretion connotes a capricious and whimsical exercise of judgment, done in a despotic manner by reason of passion or personal hostility, the character of which being so patent and gross as to amount to an evasion of positive duty or to a virtual refusal to perform the duty enjoined by or to act at all in contemplation of law.[74]

In labor disputes, grave abuse of discretion may be ascribed to the NLRC when, inter alia, its findings and conclusions are not supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion.[75]

Guided by the foregoing considerations, the Court finds that the CA committed reversible error in granting Carbonilla, Jr.'s certiorari petition since the NLRC did not gravely abuse its discretion in ruling that he was validly dismissed from employment as CPMPC was able to prove, through substantial evidence, the existence of just causes warranting the same.

Basic is the rule that an employer may validly terminate the services of an employee for any of the just causes enumerated under Article 296 (formerly Article 282) of the Labor Code,[76] namely:

- (a) Serious misconduct or willful disobedience by the employee of the lawful orders of his employer or representative in connection with his work;
- (b) Gross and habitual neglect by the employee of his duties;
- (c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;
- (d) Commission of a crime or offense by the employee against the person of his employer or any immediate member of his family or his duly authorized representatives; and
- (e) Other causes analogous to the foregoing.

As may be gathered from the tenor of CPMPC's Notice of Dismissal, it is apparent that Carbonilla, Jr.'s employment was terminated on the grounds of, among others, serious misconduct and loss of trust and confidence.[77]

On the first ground, case law characterizes misconduct as a transgression of some established and definite rule of action, a forbidden act, a dereliction of duty, willful in character and implies wrongful intent and not mere error in judgment.[78] For misconduct to be considered as a just cause for termination, the following requisites must concur: (a) the misconduct must be serious; (b) it must relate to the performance of the employee's duties showing that the employee has become unfit to continue working for the employer; and (c) it must have been performed with wrongful intent.[79]

All of the foregoing requisites have been duly established in this case. Records reveal that Carbonilla, Jr.'s serious misconduct consisted of him frequently exhibiting disrespectful and belligerent behavior, not only to his colleagues, but also to his superiors. He even used his stature as a law graduate to insist that he is "above" them, often using misguided legalese to weasel his way out of the charges against him, as well as to strong-arm his colleagues and superiors into succumbing to his arrogance. Carbonilla, Jr.'s obnoxious attitude is highlighted by the following documents on record: (a) his reply to HRD 202 File 2008.02.26.036 dated February 26, 2008 wherein he threatened HRD Manager Marquez with a lawsuit, stating that if the memorandum is "proven malicious, [she] might be answerable to a certain degree of civil liability which the 1987 Constitution has given to individuals";[80] (b) HRD 202 File 2008.06.26.086 dated June 26, 2008[81] wherein he berated COO Bentillo in front of her subordinates with the statement: "[I]kaw ra may di mosalig ba, ka kwalipikado adto niya, maski mag contest pa mo, lupigon gani ka"[82] or "[y]ou're the only one who doesn't trust her, she is very qualified, you even lose in comparison to her[,]"[83] and his reply thereto wherein he dismissed the charge as made with malicious intent and aimed to discredit his person;[84] (c) HRD 202 File 2008.06.26.088 dated June 26, 2008[85] wherein he argued with the CEO Quevedo, insisting that he had the authority to hire a new staff, and his reply thereto where he cited the Philippine Law Dictionary to maintain that his act did not amount to insubordination;[86] (d)

HRD 202 File 2008.06.26.0[87] dated June 26, 2008 wherein he openly questioned the authority of HRD Manager Marquez in refusing to hire a new staff and his reply thereto where he again cited the Philippine Law Dictionary to insist that he did not commit acts of insubordination;[88] and (e) HRD 202 File 2008.07.04.095 dated July 4, 2008[89] wherein he openly and improperly confronted the CPMPC CEO during a Board of Directors' inquiry hearing, to which he again maintained that his acts did not constitute misconduct, gross disrespect, and loss of trust and confidence as he was only looking after the welfare of the cooperative.[90]

Indisputably, Carbonilla, Jr.'s demeanor towards his colleagues and superiors is serious in nature as it is not only reflective of defiance but also breeds of antagonism in the work environment. Surely, within the bounds of law, management has the rightful prerogative to take away dissidents and undesirables from the workplace. It should not be forced to deal with difficult personnel, especially one who occupies a position of trust and confidence, as will be later discussed, else it be compelled to act against the best interest of its business. Carbonilla, Jr.'s conduct is also clearly work-related as all were incidents which sprung from the performance of his duties. Lastly, the misconduct was performed with wrongful intent as no justifiable reason was presented to excuse the same. On the contrary, Carbonilla, Jr. comes off as a smart aleck who would even go to the extent of dangling whatever knowledge he had of the law against his employer in a combative manner. As succinctly put by CPMPC, "[e]very time [Carbonilla, Jr.'s] attention was called for some inappropriate actions, he would always show his Book, Philippine Law Dictionary and would ask the CEO or HRD Manager under what provision of the law he would be liable for the complained action or omission." [91] Irrefragably, CPMPC is justified in no longer tolerating the grossly discourteous attitude of Carbonilla, Jr. as it constitutes conduct unbecoming of his managerial position and a serious breach of order and discipline in the workplace.[92]

With all these factored in, CPMPC's dismissal of Carbonilla, Jr. on the ground of serious misconduct was amply warranted.

For another, Carbonilla, Jr.'s dismissal was also justified on the ground of loss of trust and confidence. According to jurisprudence, loss of trust and confidence will validate an employee's dismissal when it is shown that: (a) the employee concerned holds a position of trust and confidence; and (b) he performs an act that would justify such loss of trust and confidence.[93] There are two (2) classes of positions of trust: first, managerial employees whose primary duty consists of the management of the establishment in which they are employed or of a department or a subdivision thereof, and to other officers or members of the managerial staff; and second, fiduciary rank-and-file employees, such as cashiers, auditors, property custodians, or those who, in the normal exercise of their functions, regularly handle significant amounts of money or property. These employees, though rank-and-file, are routinely charged with the care and custody of the employer's money or property, and are thus classified as occupying positions of trust and confidence.[94]

Records reveal that Carbonilla, Jr. occupied a position of trust and confidence as he was employed as Credit and Collection Manager, and later on, as Legal and Collection Manager, tasked with the duties of, among others, handling the credit and collection activities of the cooperative, which included recommending loan approvals, formulating and implementing credit and collection policies, and conducting trainings.[95] With such responsibilities, it is fairly evident that Carbonilla, Jr. is a managerial employee within the ambit of the first classification of employees afore-discussed. The loss of CPMPC's trust and confidence in Carbonilla, Jr., as imbued in that position, was later justified in light of the latter's commission of the following acts: (a) the forwarding of the mediation settlements for notarization to a lawyer who was not the authorized legal retainer of CPMPC (HRD 202 File 2008.07.09.103 dated July 9, 2008[96]); (b) the pull-out of important records and vital documents from the office premises, which were either lost or returned already tampered and altered (HRD 202 File 2008.07.15.106 dated July 15, 2008[97] and HRD 202 File 2008.07.19.111 dated July 19, 2008[98]); and (c)

the incurring of unliquidated cash advances related to the notarial transactions of the mediation agreements (HRD 202 File 2008.07.16.107 dated July 16, 2008[99]). While Carbonilla, Jr. posited that these actuations were resorted with good intentions as he was only finding ways for CPMPC to save up on legal fees, this defense can hardly hold, considering that all of these transactions were not only highly irregular, but also done without the prior knowledge and consent of CPMPC's management. Cast against this light, Carbonilla, Jr.'s performance of the said acts therefore gives CPMPC more than enough reason to lose trust and confidence in him. To this, it must be emphasized that "employers are allowed a wider latitude of discretion in terminating the services of employees who perform functions by which their nature require the employer's full trust and confidence. Mere existence of basis for believing that the employee has breached the trust and confidence of the employer is sufficient and does not require proof beyond reasonable doubt. Thus, when an employee has been guilty of breach of trust or his employer has ample reason to distrust him, a labor tribunal cannot deny the employer the authority to dismiss him,"[100] as in this case.

Perforce, having established the actual breaches of duty committed by Carbonilla, Jr. and CPMPC's observance of due process, the Court no longer needs to further examine the other charges against Carbonilla, Jr., as it is already clear that the CA erred in ascribing grave abuse of discretion on the part of the NLRC when the latter declared that CPMPC validly dismissed Carbonilla, Jr. from his job. The totality and gravity of Carbonilla, Jr.'s infractions throughout the course of his employment completely justified CPMPC's decision to finally terminate his employment. The Court's pronouncement in *Realda v. New Age Graphics, Inc.*[101] is instructive on this matter, to wit:

The totality of infractions or the number of violations committed during the period of employment shall be considered in determining the penalty to be imposed upon an erring employee. The offenses committed by petitioner should not be taken singly and separately. Fitness for continued employment cannot be compartmentalized into tight little cubicles of aspects of character, conduct and ability separate and independent of each other. While it may be true that petitioner was penalized for his previous infractions, this does not and should not mean that his employment record would be wiped clean of his infractions. After all, the record of an employee is a relevant consideration in determining the penalty that should be meted out since an employee's past misconduct and present behavior must be taken together in determining the proper imposable penalty[.] Despite the sanctions imposed upon petitioner, he continued to commit misconduct and exhibit undesirable behavior on board. Indeed, the employer cannot be compelled to retain a misbehaving employee, or one who is guilty of acts inimical to its interests.[102] (Emphases and underscoring supplied)

On a final point, the Court notes that Carbonilla, Jr.'s award of unpaid salaries and 13[th] month pay were validly offset by his accountabilities to CPMPC in the amount of P129,455.00.[103] Pursuant to Article 1278[104] in relation to Article 1706[105] of the Civil Code and Article 113 (c)[106] of the Labor Code, compensation can take place between two persons who are creditors and debtors of each other.[107] Considering that Carbonilla, Jr. had existing debts to CPMPC which were incurred during the existence of the employer-employee relationship, the amount which may be due him in wages was correctly deducted therefrom.

WHEREFORE, the petition is GRANTED. The Decision dated June 25, 2013 and the Resolution dated March 17, 2014 of the Court of Appeals in CA-G.R. CEB SP No. 05403 are hereby REVERSED and SET ASIDE. Accordingly, the Decision dated April 29, 2010 and the Resolution dated June 30, 2010 of the National Labor Relations Commission in NLRC Case No. VAC-10-000977-2009 declaring respondent Nicerato E. Carbonilla, Jr. to have been validly dismissed by petitioner Cebu People's Multi-Purpose Cooperative are REINSTATED.

SO ORDERED.

Sereno, C.J., (Chairperson), Leonardo-De Castro, Bersamin, and Jardeleza, JJ., concur.

[1] Rollo, pp. 33-90.

[2] Id. at 97-108. Penned by Associate Justice Ramon Paul L. Hernando with Associate Justices Carmelita Salandanan-Manahan and Maria Luisa C. Quijano-Padilla concurring.

[3] Id. at 110-115.

[4] Id. at 115-A-132. Penned by Presiding Commissioner Violeta Ortiz-Bantug with Commissioners Aurelio D. Menzon and Julie C. Rendoque concurring.

[5] Id. at 133-134.

[6] Id. at 135. See also id. at 248.

[7] Id. at 136. See also id. at 248.

[8] Id. at 97-98.

[9] Id. at 174.

[10] Id. at 175.

[11] Id. at 185.

[12] Id. at 176.

[13] Id. at 178.

[14] Id. at 177.

[15] Id. at 179.

[16] Id. at 180.

[17] Id. at 186.

[18] See Incident Report dated June 20, 2008 signed by COO Bentillo; id. at 187.

[19] See id. at 69.

[20] Id. at 188.

[21] Id. at 183.

[22] Id. at 136-137. See also id. at 184.

[23] Id. at 181.

[24] Id. at 137. See also id. at 182.

[25] Not attached to the rollo.

[26] Rollo, p. 138.

[27] Id. at 138-139.

[28] Id. at 189-191.

[29] Id. at 192-194.

[30] Id. at 193.

[31] Id. at 141-143.

[32] Id. at 195.

[33] Id. at 196.

[34] Id. at 197.

[35] Id. at 198.

[36] Id. at 202.

[37] Id. at 203.

[38] Id. at 199.

[39] Id. at 200.

[40] Id. at 207-208.

[41] Id. at 209; emphasis and underscoring omitted.

[42] Not attached to the rollo.

[43] Rollo, pp. 146-147.

[44] Id. at 147-148.

[45] Id. at 210-211.

[46] See HRD 202 File 2008.07.08.102 (id. at 212), HRD 202 File 2008.07.14.105 (id. at 213), and HRD 202 File 2008.07.19.110 (id. at 214).

[47] Id. at 242. Except HRD 202 File 2008.07.08.102 (id. at 212), which scheduled hearing was cancelled despite Carbonilla, Jr.'s attendance (see id. at 145).

[48] See id. at 101 and 125.

[49] HRD 202 File 2008.05.112. Id. at 215-222.

[50] Id. at 221-222.

[51] See id. at 135.

[52] Id. at 300.

[53] See id. at 242-243.

[54] Id. at 244.

[55] Id. at 135-158. Penned by Labor Arbiter Jose G. Gutierrez.

[56] Id. at 158.

[57] Id. at 157.

[58] Id.

[59] Id. at 158.

[60] See id. at 115A.

[61] Id. at 115A-132.

[62] Id. at 127-130.

[63] Id. at 130.

[64] Id. at 131.

[65] Not attached to the rollo.

[66] Rollo, pp. 133-134.

[67] Id. at 356-410.

[68] Id. at 97-108.

[69] Id. at 107.

[70] Id. at 106.

[72] Not attached to the rollo.

[73] Rollo, pp. 110-115.

[74] See *Bahia Shipping Services, Inc. v. Hipe, Jr.*, G.R. No. 204699, November 12, 2014.

[75] See id.

[76] As amended and renumbered by Republic Act No. 10151, entitled "AN ACT ALLOWING THE EMPLOYMENT OF NIGHT WORKERS, THEREBY REPEALING ARTICLES 130 AND 131 OF PRESIDENTIAL DECREE NUMBER FOUR HUNDRED FORTY-TWO, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES," approved on June 21, 2011.

[77] See rollo, pp. 221-222.

[78] See *Imasen Philippine Manufacturing Corporation v. Alcon*, G.R. No. 194884, October 22, 2014, citing *Yabut v. Manila Electric Company*, 679 Phil. 97, 110-111 (2012).

[79] See *Imasen Philippine Manufacturing Corporation v. Alcon*, id.

[80] Rollo, p. 180.

[81] Id. at 186.

[82] Id. at 187.

[83] See id. at 69.

[84] Id. at 188.

[85] Id. at 181.

[86] Id. at 182.

[87] Id. at 183.

[88] Id. at 184.

[89] Id. at 195.

[90] Id. at 196.

[91] Id. at 39.

[92] See *Nissan Motors Phils., Inc. v. Angelo*, 673 Phil. 150 (2011). See also *Garcia v. Manila Times*, G.R. No. 99390, July 5, 1993, 224 SCRA 399; *St. Mary's College v. NLRC*, 260 Phil. 63 (1990); and *Asian Design and Manufacturing Corp. v. Lavarez, Jr.*, 226 Phil. 20 (1986).

[93] See *Alvarez v. Golden Tri Bloc, Inc.*, G.R. No. 202158, September 25, 2013, 706 SCRA 406, 417-418, citing *Philippine Plaza Holdings, Inc. v. Episcopo*, G.R. No. 192826, February 27, 2013, 692 SCRA 227, 235.

[94] See *Alvarez v. Golden Tri Bloc, Inc.*, id. at 418, citing *Philippine Plaza Holdings, Inc. v. Episcopo*, id. at 235-236.

[95] Rollo, pp. 97-98.

[96] Id. at 202.

[97] Id. at 207-208.

[98] Id. at 210-211.

[99] Id. at 147.

[100] *Philippine Plaza Holdings, Inc. v. Episcopo*, supra note 93, at 237, citing *Bristol Myers Squibb (Phils.), Inc. v. Baban*, 594 Phil. 620, 631-632 (2008), further citing *Atlas Fertilizer Corporation v. NLRC*, G.R. No. 120030, June 17, 1997, 273 SCRA 551, 558.

[101] 686 Phil. 1110 (2012).

[102] Id. at 1120, citing *Merin v. NLRC*, 590 Phil. 596, 602 (2008).

[103] See *Deoferio v. Intel Technology Philippines, Inc.*, G.R. No. 202996, June 18, 2014, 726 SCRA 676, 692-693.

[104] Article 1278 of the Civil Code provides:

Art. 1278. Compensation shall take place when two persons, in their own right, are creditors and debtors of each other.

[105] Article 1706 of the Civil Code provides:

Art. 1706. Withholding of the wages, except for a debt due, shall not be made by the employer.

[106] Article 113 (c) of the Labor Code provides:

Art. 113. Wage Deduction. - No employer, in his own behalf or in behalf of any person, shall make any deduction from the wages of his employees, except: x x x x

(c) In cases where the employer is authorized by law or regulations issued by the Secretary of Labor.

[107] See *Deoferio v. Intel Technology Philippines, Inc.*, supra note 103, at 692-693.

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