

**CAPRICORN INTERNATIONAL TRAVEL AND TOURS, INC.
PETITIONER, VS. COURT OF APPEALS AND SAMEER OVERSEAS
PLACEMENT AGENCY, RESPONDENTS.**

G.R. No. 91096. April 03, 1990

Ponente: CORTES, J.

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CORTES, J.:

The sole issue in this petition to review the decision of the Court of Appeals is whether or not the cash bond posted by a recruitment agency in the Philippine Overseas Employment Administration (POEA) may be garnished by a judgment creditor of the agency.

In Civil Case No. 86-36195 of the Regional Trial Court of Manila, judgment was rendered in favor of petitioner and against private respondent, ordering the latter to pay Ninety-one Thousand Two Hundred Sixteen Pesos and Sixty Centavos (P91,216.60) with legal interest from the filing of the complaint, 10% attorney's fees, and costs. A writ of execution was issued and a notice of garnishment of the cash bond posted by private respondent was served on the POEA.

The POEA, through its officials, was against delivering the amount of private respondent's cash bond to the sheriff, but subsequently, left with no other recourse but to comply with the trial court's orders, the POEA delivered a check for One Hundred Thousand Pesos (P100,000.00) representing the amount of the cash bond to petitioner's counsel.

In the meantime, private respondent moved to quash the notice of garnishment, but this was denied by the trial court. A motion for reconsideration was filed, but this was also denied.

Private respondent filed a petition for certiorari with the Court of Appeals, alleging that the trial court judge gravely abused his discretion when he denied the motion to quash the notice of garnishment. The Court of Appeals granted the petition and annulled the trial court's orders relative to the notice of garnishment. It also permanently enjoined petitioner from attaching, levying and garnishing private respondent's cash bond and ordered petitioner to return it to the POEA, if still unreturned.

Hence, this petition.

1. Relative to the State's regulation of recruitment and overseas placement activities, the Labor Code provides:

ART. 31. Bonds. - All applicants for license or authority shall post such cash and surety bonds as determined by the Secretary of Labor to guarantee compliance with prescribed recruitment procedures, rules and regulations, and terms and conditions of employment as appropriate.

Implementing this provision, Book II, Rule II of the POEA Rules and Regulations provides:

Section 4. Payment of Fees and Posting of Bonds. Upon approval of the application by the Minister, the applicant shall pay an annual license fee of P6,000.00. It shall also post a cash bond of P100,000.00 and a

surety bond of P150,000.00 from a bonding company acceptable to the Administration duly accredited by the Office of the Insurance Commission. The bonds shall answer for all valid and legal claims arising from violations of the conditions for the grant and use of the license or authority and contracts of employment. The bonds shall likewise guarantee compliance with the provisions of the Labor Code and its implementing rules and regulations relating to recruitment and placement, the rules of the Administration and relevant issuances of the Ministry and all liabilities which the Administration may impose. The surety bonds shall include the condition that notice of garnishment to the principal is notice to the surety.

Section 5. Issuance of License or Authority. The Administration shall issue the corresponding license or authority upon payment in full of the required fees and posting of bonds.

xxx xxx xxx

Section 15. Renewal of License. Within forty-five (45) days before the expiry date of the license, an agency, or entity shall submit an application for the renewal thereof to the Administration. Such application shall be supported by the following documents:

xxx xxx xxx

e. Replenishment of the cash bond in case such or any part thereof is garnished;

xxx xxx xxx

Section 19. Replenishment of Cash or Surety Bonds. Within thirty (30) days from notice by the Administration that the bonds or any part thereof had been garnished, the agency or entity shall replenish the same. Failure to replenish shall cause the suspension or cancellation of the license or authority.

Section 20. Refund of Cash Bond. – A licensed agency or entity which voluntarily surrenders its license or authority shall be entitled to the refund of its cash bond only after posting a surety bond of similar amount valid for three (3) years.

2. Explicit from the provisions abovequoted are:

(a) that the cash bond is a requisite for the issuance and renewal of a license or authority to engage in the business of recruitment and overseas placement;

(b) that the cash bond is to answer for the liabilities of the agency arising from violations of the conditions for the grant or use of the license or authority or the contracts of employment, the Labor Code, the POEA rules and Labor Department issuances and all liabilities that the POEA may impose;

(c) that the amount of the cash bond must be maintained during the lifetime of the license or authority; and

(d) that the amount of the cash bond shall be returned to the agency only when it surrenders its license or authority, and only upon posting of a surety bond of the same amount valid for three (3) years.

It must also be added that the requirement for the posting of a cash bond is also an indispensable adjunct to the requirement that the agency undertakes to assume joint and solidary liability with the employer for all claims and liabilities which may arise in connection with the implementation of the contract of overseas employment and to guarantee compliance with existing labor and social legislation of the Philippines and the country of employment [POEA Rules and Regulations, Book II, Rule II, secs. 1(d), (3) and (4).]

On a broader scale, the undertaking to assume joint and solidary liability and to guarantee compliance with labor laws, and the consequent posting of cash and surety bonds, may be traced all the way back to the constitutional mandate for the State to "afford full protection to labor, local and overseas" [Art. XIII, sec. 3.] The peculiar nature

of overseas employment makes it very difficult for the Filipino overseas worker to effectively go after his foreign employer for employment-related claims and, hence, public policy dictates that, to afford overseas workers protection from unscrupulous employers, the recruitment or placement agency in the Philippines be made to share in the employer's responsibility.

3. Considering the rationale for requiring the posting of a cash bond and its nature, it cannot therefore be argued that the cash bond is not exempt from execution by a judgment creditor simply because it is not one of those enumerated in Rule 39, sec. 12 of the Rules of Court. To accede to such an argument would be tantamount to turning a blind eye to the clear intent of the law to reserve the cash bond for the employment-related claims of overseas workers and for violations of labor laws.

4. From a different angle, neither may it be argued that petitioner's judgment credit, pertaining as it does to the value of airline tickets ostensibly used by private respondent to transport overseas workers abroad, is one of those for which the cash bond should answer. Private respondent's liability to petitioner relates to a purely contractual obligation arising from the purchase and sale of airline tickets. While the liability may have been incurred in connection with the business of recruiting or placing overseas workers, it is definitely not one arising from violations of the conditions for the grant and use of the license or authority and contracts of employment. Nor is it one arising from the violation of labor laws.

5. Thus, it cannot be said that the Court of Appeals erred when it annulled the assailed orders of respondent judge, enjoined petitioner from garnishing the cash bond, and ordered it to return the amount of the bond to the POEA if it had not yet done so.

ACCORDINGLY, after deliberating on the Petition, Comment and Reply, the Court Resolved to DENY the petition for lack merit.

Fernan, C.J., Gutierrez, Jr., Feliciano, and Bidin, JJ., concur.

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