

MIDLAND INSURANCE CORPORATION, PETITIONER, VS. HON. SECRETARY OF LABOR AND EMPLOYMENT, YOLANDO OSORIO, DANTE DELOS SANTOS, OSCAR MANLANGIT, ANGELITO ENRIQUEZ, GUILLERMO LISBOA, ...

G.R. No. 95492. October 15, 1992

Ponente: NOCON, J.

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NOCON, J.:

Petitioner Midland Insurance Corporation (MIDLAND for brevity) questions the March 27, 1990 Order of public respondent Secretary of the Department of Labor and Employment[1] denying its appeal from the decision[2] dated September 25, 1989 of the Regional Director granting the money claims of private respondents against MIDLAND, as well as the July 16, 1990[3] and October 1, 1990[4] Resolutions denying its Motions for Reconsideration of said March 27, 1990 decision.

The Solicitor General summarizes the facts of the case as follows:

"Gleaned from the records, Atty. Armando A. Abad, Jr., a member of the Board of Directors of petitioner and Vice-President for Operations was assigned to operate and head petitioner's branch or extension office at Rooms 204-206, Natividad Bldg., Escolta, Manila. As head of said extension office, Atty. Abad was authorized by petitioner to hire employees (among those hired were private respondents) to comprise the Escolta extension office staff. Wages or salaries of these employees were paid by Atty. Abad from the funds coming from the coffers of petitioner. The same was true with other office expenditures such as office space rentals, and office supplies.

"In its supervision and examination of the performance of the Escolta extension office, petitioner, two (2) to three (3) times a week, sent its Vice-President of the Bonding and Surety Department, Justo de la Cruz and Business Representative Gerry Domingo (representing petitioner's Finance Manager and Corporate Secretary, Estela P. Domingo) to the extension office to conduct conferences with Atty. Abad regarding the operation of the office.

"On August 1987, Atty. Abad suffered a stroke which totally disabled him for work. As a consequence, petitioner's Business Representative Gerry Domingo was tasked to take over Atty. Abad's position as head of the Escolta extension office.

"With Atty. Abad's sudden departure from the office, private respondents' problems began cropping up. Records show that from April 1986 up to May 1989, private respondents were not paid the remaining balance of their respective salaries as well as their corresponding 13th month pay, vacation and sick leave benefits as well as service incentive leave pay for 1986, 1987 and 1988.

"Thus, left with no other recourse, on March 31, 1989, private respondents filed their corresponding complaint before the DOLE.

"Acting thereon, on April 6, 1989, an Order for inspection of the premises of petitioner was issued by DOLE

Regional Director Luna C. Piezas. Thereafter, a preliminary hearing was conducted. Both parties were required to submit their respective position papers. In addition, petitioner was directed to submit its employment/financial records for examination and verification by the Regional Director.

"Instead of submitting the required employment/financial records, however, petitioner, on May 17, 1989 filed a Manifestation/Motion to Dismiss grounded on alleged lack of cause of action. In support thereof, it averred among others, that private respondents were not and have never been its employees, and that Atty. Abad, its general agent, was the main employer of private respondents.

"On May 29, 1989, private respondents filed their Position Paper containing the computation of their claims. For its part, on June 2, 1989, petitioner submitted its Position Paper. On the bases of the Position Papers and other documents submitted, an Inspection Report was prepared by Labor Inspector Nicanor M. Torres recommending that an Order for Compliance be issued by Director Piezas against petitioner to pay private respondents the aggregate amount of P553,343.00 representing their claims for non-payment of wages, 13th month pay and service incentive leave pay.

"After consideration of the Inspection Report, an Order was issued by Director Piezas on September 25, 1989 requiring petitioner to pay private respondents the corresponding amounts as recommended by Inspector Torres.

"Disagreeing with the Order of the Regional Director, petitioner appealed to the Office of the Secretary (DOLE), raising the following issues: a) the Labor Enforcement Development Officer (LEDO) and Inspector as well as the Regional Director have no jurisdiction to take cognizance of the case and issue the questioned Order; and b) the Regional Director committed grave abuse of discretion in proceeding with his decision without indorsing the case to the appropriate NLRC branch.

"On March 27, 1990, Undersecretary Dionisio C. de la Serna, acting for and in behalf of the Secretary of Labor, issued an Order affirming the September 25, 1989 Order of the Regional Director and denying petitioner's appeal for lack of merit.

"Two (2) Motions for Reconsideration subsequently filed by petitioner having been both denied (Orders dated July 16, 1990 and October 1, 1990 respectively), petitioner elevated its case to this Honorable Court via the instant petition for certiorari."^[5]

A Temporary Restraining Order was issued by the Court on October 24, 1990 enjoining the respondents from enforcing the disputed Orders.

MIDLAND's fate lies in the answer to the question of whether the Regional Director had jurisdiction to entertain the claims of private respondent. If he had none, then public respondent Secretary of Labor did gravely abuse his discretion and We would rule in petitioner's favor. If he had, then this petition must be denied as there would have been no grave abuse of discretion.

The pertinent law involved is Article 129 of the Labor Code, as amended, which reads as follows:

"ART. 129. Recovery of wages, simple money claims and other benefits. - Upon complaint of any interested party, the regional director of the Department of Labor and Employment or any of the duly authorized hearing officers of the Department is empowered, through summary proceeding and after due notice, to hear and decide any matter involving the recovery of wages and other monetary claims and benefits, including legal interests, owing to an employee or person employed in domestic or household service or househelper under this Code, arising from employer-employee relations: Provided, That such complaint does not include a claim for reinstatement, PROVIDED further, that the aggregate money claims of each employee or househelper does NOT exceed five thousand pesos (P5,000.00). The regional director or hearing officer shall decide or resolve the complaint within thirty (30) calendar days from the date of the filing of the same. x x x." (Emphasis and

italics supplied)

When petitioner MIDLAND was sued by the private respondents for non-payment of salaries, 13th month pay and service incentive leave pay for the years 1986, 1987 and 1988, it claimed that said employees were not its employees but employees of Atty. Armando Abad, Jr., its general agent and refused to submit its employment/financial records to the Regional Director for inspection and verification in spite of being ordered thrice[6] to do so.

Thus, the Regional Director ruled against MIDLAND, as follows:

"The following computation of claims submitted by herein complainants on May 29, 1989 has been found to be in order and is hereby adopted to form an integral part of this Order.

COMPLAINANTS

Unpd.

Salaries

13th Mo.

Pay

S.I.L.

TOTAL

G. Lisbon

P75,950.00

P12,000.00

P2,727.30

P 90,677.50

D. delos

Santos

55,450.00

7,500.00

1,704.60

64,654.60

E. Enriquez

33,650.00

6,000.00

1,363.65

41,013.65

O. Manlangit

41,280.12

5,840.01

960.00

48,080.13

J. Villanueva

41,280.12

5,840.01

960.00

48,080.13

R. Villanueva

41,280.12

5,840.01

960.00

48,080.13

I. Osorio

41,280.12

5,040.01

960.00

48,080.13

J. G. Doria

48,272.92

5,840.01

960.00

55,272.93

A. Doria

54,526.76

5,840.01

960.00

61,326.77

GRAND TOTAL P553,343.90

"WHEREFORE, premises considered, respondent Midland Insurance Corporation is hereby ordered to pay the complainants the total amount of FIVE HUNDRED FIFTY THREE THOUSAND THREE HUNDRED

FORTY THREE and 90/100 PESOS (P553,343.90) by way of unpaid salaries from April 1986 to May 1989, and 13th month pay and service incentive leave pay from 1986 to 1988, within ten (10) days from receipt of this order."[7]

One glance tells Us why the Regional Director should have immediately referred their claims to the Labor Arbiter -- each claim is more than Five Thousand Pesos (P5,000.00) Pesos. The Regional Director must have been peeved at MIDLAND'S refusal to submit its employment/financial records when ordered to do so thrice that he forgot that his jurisdiction lies only when the claim does not exceed Five Thousand (P5,000.00) Pesos and thus proceeded to rule against MIDLAND.

Money claims for more than Five Thousand (P5,000.00) Pesos per employee fall under the jurisdiction of the Labor Arbiter as mandated by Article 217 of the Labor Code, as amended, which reads as follows:

"ART. 217. Jurisdiction of Labor Arbiters and the Commission. -- (a) Except as otherwise provided under this Code the Labor Arbiters shall have original and exclusive jurisdiction to hear and decide, within thirty (30) calendar days after the submission of the case by the parties for decision without extension, even in the absence of stenographic notes, the following cases involving all workers, whether agricultural or non-agricultural:

x x x x x x x x

6. Except claims for Employees Compensation, Social Security, Medicare and maternity benefits, all other claims, arising from employer-employee relations, including those of persons in domestic or household service, involving an amount exceeding five thousand pesos (P5,000.00) regardless of whether or not accompanied with a claim for reinstatement.

x x x x x x x x."

Ever since Briad Agro Development Corporation vs. de la Serna[8] was reconsidered and set aside by this Court in a Resolution promulgated in November 9, 1989,[9] followed by South Motorist's Enterprises vs. Tosoc,[10] Brokenshire Memorial Hospital, Inc. vs. Minister of Labor and Employment,[11] Servando's Inc. vs. Secretary of Labor and Employment,[12] which became subject of a motion for reconsideration but which was affirmed in a Resolution of this Court promulgated on June 5, 1991,[13] it has been the consistent rule, the latest of which is Baritua vs. Secretary of the Department of Labor and Employment,[14] that the Regional Directors can try money claims, provided the following requisites concur, to wit:

"1. The claim is presented by an employee or person employed in domestic or household service, or househelper under the code;

"2. The claimant, no longer being employed, does not seek reinstatement; and

"3. The aggregate money claim of the employee or housekeeper does not exceed five thousand pesos (P5,000.00)."[15]

The Regional Director, therefore, did not have jurisdiction to entertain the money claims of private respondents which they filed against MIDLAND.

WHEREFORE, the petition is granted. The questioned orders of the public respondent are hereby SET ASIDE and the case is referred to the Labor Arbiter for proper proceedings. The temporary restraining order issued is hereby MADE PERMANENT.

SO ORDERED.

Narvasa, C.J., (Chairman), Feliciano, Regalado, and Campos, Jr., JJ., concur.

[1] Penned by the Hon. Dionisio C. de la Serna; Rollo, pp. 23-27.

[2] Penned by the Hon. Luna C. Piezas; Rollo, pp. 43--45.

[3] Penned by the Hon. Bienvenido E. Laguesma; Rollo, pp. 28-33.

[4] Penned by the Hon. Cresenciano B. Trajano; Rollo, pp. 35-36.

[5] Rollo, pp. 159-162.

[6] Ibid, p. 25.

[7] Ibid, p. 44.

[8] Where the Court ruled that the then prevailing law, E.O. 111 (s'86) intended to make the jurisdiction to pass upon money claims concurrent between the Secretary of Labor (or Regional Directors) and the Labor Arbiter (174 SCRA 524, 532).

[9] Where the Court ruled that reconsideration is proper in view of the enactment of RA 6715 approved on March 2, 1989, Section 9 of said law amended Article 217 of the Labor Code divested Regional Directors of the power to hear money claims where the claims exceed P5,000.00, whether or not accompanied with a claim for reinstatement (179 SCRA 269, 274).

[10] 181 SCRA 386.

[11] 182 SCRA 5.

[12] A Second Division Case Penned by Padilla, J., concurred in by Melencio-Herrera, Paras, Sarmiento and Regalado, JJ.

[13] It was affirmed by the Court En Banc, with Padilla, J., as ponente, concurred in by Melencio-Herrera, Gutierrez, Jr., Paras, Bidin, Sarmiento, Griño-Aquino, Regalado and Davide, Jr., JJ. with a dissenting opinion by Narvasa, J., and joined in by Fernan, C.J., Cruz, Feliciano, Gancayco and Medialdea, JJ. (198 SCRA 156).

In their motion for reconsideration filed therein, the private respondents contended "that Art. 217 (a)(6) of the Labor Code granting original and exclusive jurisdiction to Labor Arbiters over all money claims arising from employer-employee relations involving an amount exceeding P5,000.00, whether or not accompanied with a claim for reinstatement, should not be interpreted as an amendment to Art. 128(b), i.e., as providing for an additional exception to the visitorial and enforcement power of the Secretary of Labor." (at pp. 158-159)

The majority opinion said that "To sustain the respondents' position would, in effect, sanction a situation where all employees' claims regardless of amount, can be heard and determined by the Secretary of Labor under his visitorial power. This does not, however, appear to be the legislative intent." (at p. 160)

The dissenting opinion's main thesis is that "the fact that both provisions deal with distinct and distinguishable powers, the grant in Article 217 to the Labor Arbiters of original and exclusive jurisdiction over claims in excess of P5,000.00 arising from employer-employee relations, does not operate to oust Regional Directors of their visitorial and enforcement powers vis-a-vis labor standards infractions also involving amounts exceeding such

sum. A contrary reading would do violence to the language of said phrase and render it entirely meaningless." (at p. 171)

(NOTE: The Court took cognizance of this majority opinion when it "note(d) that refusal by sugar planters to carry out this distribution (of the share corresponding to the laborers to be made under the supervision of the Department of Labor) would also activate the exercise of the visitorial and enforcement powers of the Secretary under Article 128(b) of the Labor Code, in a proceeding summary in nature, PROVIDED THAT the individual laborers' individual claims for each crop year did not exceed P5,000.00. [Page 13, Decision, Independent Sagay-Escalante Planters, Inc. vs. National Labor Relations Commission, Fourth Division, Cebu City, G.R. No. 100926, March 13, 1992; Feliciano, J. ponente; emphasis and italics supplied])

[14] 204 SCRA 332.

[15] Ibid., at p. 336.

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