

## SECOND DIVISION

[ G.R. No. 189686, July 15, 2013 ]

**UNIVERSAL ROBINA CORPORATION AND LANCE Y. GOKONGWEI,  
PETITIONERS, VS. WILFREDO Z. CASTILLO, RESPONDENT.**

### D E C I S I O N

**PEREZ, J.:**

Whether a validly dismissed employee is entitled to separation pay is the meat of this controversy.

The instant petition for review assails the Decision<sup>[1]</sup> and Resolution<sup>[2]</sup> of the Court of Appeals dated 20 July 2009 and 17 September 2009, respectively, in CA-G.R. SP. No. 105604.

The facts, as culled from the records, follow.

Respondent Wilfredo Z. Castillo (Castillo) was hired by petitioner Universal Robina Corporation (URC) as a truck salesman on 23 March 1983 with a monthly salary of P4,000.00. He rose from the ranks and became a Regional Sales Manager, until his dismissal on 12 January 2006.

As Regional Sales Manager, respondent was responsible for planning, monitoring, leading and controlling all activities affecting smooth sales operation. He is particularly in charge of the operational and administrative functions encompassing the formulation of sales forecast, selling expense, budget preparation and control, sales analysis, formulation and review of policies and procedures affecting the sales force and service provided to customers, including representation in keeping and maintaining key accounts of the company. He is likewise tasked to transact, sign and represent the company in all its dealings with key accounts or customers subject however to his selling expense budget duly approved by URC Management. Consequently, he is obliged to give an account of all his dealings or transactions with all his customers to URC.<sup>[3]</sup> His area of responsibility covered some parts of Laguna, including Liana's Supermart (Liana) in San Pablo City, Laguna.

On 19 August 2005, URC's Credit and Collection Department (CCD) Analyst in Silangan, Laguna Branch noted an outright deduction in the amount of P72,000.00 tagged as Gift Certificate (GC) per Original Receipt No. 625462 dated 18 August 2005. The CCD Analyst found the issuance of GCs as unusual. This finding prompted URC's Corporate Internal Audit (CIA) to conduct a routine audit of the unresolved accounts of Liana's account receivables.

Based on its investigation, CIA came up with the following findings:

1. Per Ms. Prezy Manansala, Liana's San Pablo Branch Manager, URC agreed to sponsor their "Back to School Promo".
2. She showed us their copy of the Account Development Agreement x x x signed by URC Salesman and Ms. Manansala as proof that there was indeed an agreed promotional activity.
3. Liana's issued GCs worth P72,000.00 to RSM Castillo. Issuance of Liana's GCs was covered by Charge Sales Invoice Nos. 2189 and 2190 dated June 25, 2005. As claimed by Ms. Manansala, this issuance of GC is part of the promo activity.

x x x x

[4.] Ms. Manansala informed us that the "Back to School Raffle Promo" was cancelled. x x x.

[5.] We showed her photocopies of Charged Invoices [N]os. 2189 and 2190 x x x. Ms. Manansala confirmed that RSM Castillo is the one who signed on the received x x x portion of the documents we showed.

[6.] Copies of the Charged Invoice [N]os. 2189 and 2190 were marked/stamped paid as these charges were already deducted from their payment to URC.

x x x x

[7.] Based on the report of Mr. Patrick Ong, Trade Marketing personnel, dated August 29, 2005, he mentioned the following exceptions with regard to the subject promo activity:

- a. The "cut case" display was only implemented in June 2005.
- b. No shelf space added.
- c. According to Liana's San Pablo Branch Manager, URC through RSM Wilfredo Castillo received Gift Certificates worth P72,000.00 from Liana's.

x x x x

[8.] On September 29, 2005, Liana's HO officer confirmed that P72,000.00 worth of Gift Certificates were issued per Charged Invoice Nos. 2189 and 2190 dated June 25, 2005.

[9.] As of audit date, the P72,000.00 worth of promo deductions represented by the Gift Certificates allegedly received by RSM Castillo still floats or remains unresolved in the URC Account Receivable records.

x x x. <sup>[4]</sup>

The CIA suspected that respondent might have committed an act of fraud against the company and Liana's for his personal gain.

Liana's Vice President for Marketing Mr. Peter Sy confirmed the receipt of the GCs by respondent.<sup>[5]</sup>

On 14 November 2005, respondent was asked to explain in writing why the company should not institute the appropriate disciplinary action against him for possible violation of Offenses Subject to Disciplinary Action 2.04, to wit:

Directly or indirectly obtaining or accepting money or anything of value by entering into unauthorized arrangement/s with supplier/s, client or other outsider/s.<sup>[6]</sup>

On 17 November 2005, respondent submitted his explanation. He recounted that Liana's launched a "Back to School Raffle Promo" sponsored by URC and covered by Account Development Agreement (ADA) No. WZC-05-046. The promotion cost URC sponsorship expenses amounting to P92,431.00. The trade-offs included in said promo are:

1. Raffle Draw
2. Additional shelf Space for New products
3. Cut case display
4. Increment of 15% (Value)<sup>[7]</sup>

The raffle draw portion of the promotion, however, was cancelled by Liana's due to cost implications and difficulty in obtaining permits. In lieu of the raffle draw, additional cut case display for 3 categories (snacks, beverages and foods), together with 15% sales increment, was offered by Liana's. By virtue of said revisions, Liana's charged and deducted P72,000.00 from URC's collectibles which correspond to the monthly rentals of the cut case display.<sup>[8]</sup> Respondent denied accepting any gift certificate.

Another memo was sent to respondent on 8 December 2005 directing him to explain why no administrative sanctions should be meted against him for the following acts which are deemed inimical to the interest of the company:

1. You entered into an agreement with Liana's Supermarket for the use of cut-case displays for the period from June 1, 2005 to August 31, 2005, inclusive, coinciding with the inclusive period of the implementation of the Account Development Agreement (ADA No. WZC-05-046), and admitted that you did not have any authority to enter into such contract.
2. You signed two (2) blank Charge Invoices of Liana's Supermarket to warrant the payment of the rentals for three (3) cut-case displays during the said period with the use thereof as basis for deducting the amount of PHP 72,000.00 from the account of the Company, without the authority to do so.
3. Your act of signing the blank Charge Invoices included the payment of rental for the cut-case display that should have been part of the

concessions without rental fees as per the supposed revised ADA prepared by Salesman Jose Moises C. Villareal, thereby resulting in undue payment to Liana's Supermarket amounting to PHP 24,000.00.<sup>[9]</sup>

Respondent repeatedly denied that he signed two (2) blank Charge invoices intended for GCs. He also admitted that only two (2) cut-cases should have been charged and he assumed liability for the undue payment of one (1) cut-case display.

Clarification inquiries were likewise held on 8 December 2005.

On 9 January 2006, respondent was served a written notice of termination in the following tenor:

W[ith] deep regret, we hereby inform you that, after DUE PROCESS, you were found guilty of acts inimical to the interest of the Company and for breach of trust & confidence.

In the series of administrative investigations, the following has been clearly established;

1. You signed two (2) blank Charge Invoices of Liana's Supermarket. You failed to satisfactorily explain your failure to exercise the slightest degree of prudence required of your position as SENIOR MANAGER, when you signed the "blank" Charge Invoices despite full knowledge that the same will be used to cause the deduction of the subject amount from the account of URC.
2. You authorized the changes in ADA despite of the fact that you have no authority to enter into any short term or long term contract for the rental of cut-case displays and shelf spaces.

In view of the above, your services shall be terminated for cause effective immediately. In addition, you are required to restitute the amount of P72,000.00 that Liana's Supermarket charged against the account of URC for the gift certificate you unduly received.<sup>[10]</sup>

On 30 May 2006, respondent filed a complaint for illegal dismissal against petitioners URC and its President and Chief Operating Officer (COO) Lance Gokongwei. He alleged that the grounds for which he was dismissed were totally different from the charges leveled against him during the investigation.<sup>[11]</sup>

On the other hand, URC countered that respondent was dismissed for a just and valid cause.

On 12 June 2007, the labor arbiter rendered a decision declaring respondent to have been illegally dismissed and ordered the payment of backwages and separation pay. The dispositive portion of the Decision reads: