

FIRST DIVISION

[G.R. No. 153983, May 26, 2009]

**SAN MIGUEL CORPORATION, PETITIONER, VS. NATIONAL LABOR
RELATIONS COMMISSION AND WILLIAM L. FRIEND, JR.,
RESPONDENTS.**

DECISION

LEONARDO-DE CASTRO, J.:

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Court assailing the Decision^[1] of the Court of Appeals (CA) in CA-G.R. SP No. 65528 dated March 15, 2002, and its Resolution^[2] dated June 11, 2002.

Respondent William L. Friend, Jr. was a route salesman of petitioner San Miguel Corporation Bacoor Sales Office for ten (10) years with a monthly salary of P30,000.00.

On April 3, 1995, Rene de Jesus, respondent's supervisor, conducted an audit of his route on account of complaints of the following customers:

1. Perla Tibayan, Salitan, Dasmariñas, Cavite;
2. Estelita Galay-de Leon, Dara Subd., Salitran, Dasmariñas, Cavite;
3. Clarita Javier/Helena Abay, Topacio, Imus, Cavite;
4. Ester Saguilayan, Malagasan, Imus, Cavite;
5. Generoso Bayot, Anober II, Imus, Cavite;
6. Cynthia Zapanta, Anober II, Imus, Cavite.

These customers complained to the supervisor that respondent padded their accounts in the total amount of P20,540.00.

After the audit, the supervisor found reasonable ground to hold respondent liable for misappropriation of company funds through falsification of private documents. On April 19, 1995, respondent was summoned to petitioner's Canlubang Bottling Plant for investigation.

Petitioner found the following:^[3]

(1) Case of Perla Tibayan

Mr. William Friend issued TCI No. 677539 on March 31, 1995, for the account of Perla Tibayan (Annex'1'). The TCI was for 148 empties and 32 bottles valued at P17,568.00. Perla Tibayan only confirmed that the outstanding account was 82 cases empties in the amount of P9,840.00 (Confirmation Slip of Perla Tibayan dated April 4, 1995 is hereby attached as Annex `1-A'). On April 10, 1995, Perla Tibayan executed an affidavit before notary public Bernard R. Paredes, denying her signature appearing

in Invoice No. 677539 and that she received partial only of the products stated in Invoice No. 677539 in the amount of P9,840.00 or 82 complete empties of PP-320. The affidavit also includes statement that the 40 complete empties PP-320 plus 32 empties bottles were for the account of William Friend and 24 complete empties PP320 were borrowed by Generoso Bayot (Annex `1-B').

(2) Case of Estelita Galay (de Leon)

TCI #677540 was issued by complainant on March 31, 1995, supposedly to cover 116 empties valued at P13,920.00 for the account of Ms. Estelita Galay (Annex `2'). When audited by DSS Rene de Jesus on April 4, 1995, the outlet, Ms. Estelita Galay only confirmed her outstanding account of P6,240.00 for 52 empties cases PP320 (Annex `A'). In support of her claim, she executed an affidavit on April 10, 1995, before Notary Public Bernard Paredes stating that PP52 complete empties was her account while PP40 complete empties were for William Friend and PP24 complete empties were borrowed by Generoso Bayot (Annex `B').

(3) Case of Clarita Javier/Helena Abay

Helena Abay, the caretaker of Clarita Javier, claimed that Mr. William Friend only delivered 25 cases full goods and her container loan was only for 19 cases empties with a total value of P6,530.00 (Confirmation Slip Annex `3') as against the 25 full goods and 29 cases empties reflected in the Temporary Credit Invoice #677531 issued by complainant, William Friend to Clarita Javier in the total amount of P7,730.00 on March 31, 1995 (annex `3-A'). On April 10, 1995, Helena Abay executed an affidavit before Notary Public Bernard R. Paredes, stating among others the fact, that I only receive partial of the products stated in Invoice No. 677531 in the amount of P6,530.00 the breakdown of which is 25 PP-320 content only and 19 cases PP empties (annex'3-B').

(4) Case of Cynthia Zapanta

Temporary Credit Invoice (TCI) #677542 was issued by Mr. William Friend on March 31, 1995, supposedly to cover 99 cases of full goods and 69 cases empties (Annex `4'). However, upon audit, customer confirmed that her outstanding account is only 79 cases full goods and 50 cases empties valued at P19,430.00 (Confirmation Slip, Annex `4-A).

On April 10, 1995, Cynthia B. Zapanta, executed an affidavit before Notary Public Bernard R. Paredes, stating among others:

- a) The signature appearing in Invoice No. 677542 is not my signature;
- b) That I only receive partial of the products stated in Invoice No. 677542 in the amount of P19,430.00 - breakdown, 70PP content only and 50 cases PP empties; and
- c) The discount appearing on TCI #677542 amounting to P140 was not

given to me (Annex `4-B')."

(5) Case of Generoso Bayot

Outlet confirmed that his total outstanding account was in the amount of P29,406.50 which was covered by TCI #667668 issued on March 2, 1995 by complainant, Mr. William Friend for 103 cases full goods, valued at P17,510.00 and 103 empties valued at P12,360.00 or a total value of P29,406.50 (Annex `5'). Mr. William Friend issued on March 31, 1995 TCI #677541 in the name of Generoso Bayot for 245 empties valued at P29,400.00 (Annex `5-A'). In the audit, Mr. Generoso Bayot confirmed his temporary sales account in the amount of P29,400.00 but disclaimed ownership of the signature appearing in TCI #677541 (Annex `5-B'). Allegation of Mr. Bayot was again reiterated, when he executed an affidavit (Annex `5-C') before Notary Public Bernard R. Paredes on April 10, 1995, wherein he stated that, 'the signature appearing on Invoice No. 677541 is not my signature'. This particular transaction was a 'paper renewal' wherein complainant changed the original goods ordered by the outlet from 103 cases full goods and 103 cases empties to 245 empties for the same amount of P29,406.50.

(6) Case of Ester Sacquilayan

Temporary Credit Invoice No. 677537 was issued by complainant Mr. William Friend for 29 cases empties, valued at P3,480.00 for a total amount of P8,400.00 (Annex `6'). Upon audit, customer said that TCI #677537 was a paper renewal of her outstanding account of 15 cases full goods and 15 cases empties with a total value of P4,350.00 only (Confirmation Slip, Annex `6-A'). she also executed an affidavit wherein she confirmed that, 'I only received partial of the products stated in Invoice No. 677537 in the amount of P4,350.00 representing 15 cases PP full goods (Annex `6-B').

On October 3, 1995, respondent received a notice of termination^[4] from petitioner which states as follows:

Mr. William L. Friend, Jr.
314 Molave St., Andres Village 2
Bacoor. Cavite

Mr. Friend, Jr.,

After a thorough evaluation of the results of the investigation, please be informed that your services with the company is being terminated effective at the close of business hours of October 5, 1995 for **misappropriation of company funds through falsification of company documents**. Company rules and regulations states that misappropriation of company funds is punishable by discharge for the offense.

Also, you are being given thirty (30) days in which to pay back the

company the amount of P20,540.00 which you have misappropriated or corresponding criminal case as well as civil case will be filed against you.

(SGD) DOMINGO C. MISA, JR.
Manager Sales Operation
Southeastern Tagalog Beer Region.
(emphasis ours)

Hence, respondent filed a complaint for illegal suspension and illegal dismissal docketed as NLRC Case No. RAB-IV-10-7644-95-C. On November 11, 1997, after both parties submitted their respective position paper, the Labor Arbiter rendered a Decision^[5] ordering petitioner to reinstate respondent, thus:

In a case of illegal dismissal, the burden of proving the legality or illegality of the dismissal, once the prior employment was admitted, rests upon the employer. In the case at bar since respondent admits having employed complainant and terminated his employment later, respondents has to prove with convincing evidence that there was valid cause to dismiss him and that he was afforded due process.

It is an established fact that complainant was afforded the opportunity to explain his side anent the charge against him thru question-and-answer form of formal investigation during which, he was even represented by a lawyer of his own choice. This is due process.

On the existence of valid, just or authorized cause, we have these to say:

There is no doubt that complainant committed the acts complained against him.

Admittedly by the complainant, what he committed were acts of paper renewal, resorted to by the salesman to make it appear that the account of a customer is moving. This is done by the salesman so that his customer's account will not "slide" for if it happens, the customer's credit line would be cut-off. In fine, it gives the customer more time to pay his/her account to SMC.

The acts of paper renewal described above, in legal parlance, constitute falsification of private documents.

Under company rule No. 15, falsification of company records or documents is punishable with dismissal (discharge, if the offender or somebody benefits from the falsification.

In the case at bar, certainly the customers benefits from such falsification as it prolonged the time for them to pay their account to SMC.

Respondent failed to prove that complainant misappropriated company funds though. The padding was merely for the purpose of maintaining the line account of complainant's clients.

We find the penalty of dismissal too severe a penalty for the offense

committed. Firstly, there is no showing that complainant's service record was replete with offenses. It appears that this is the first time he was charged of violation of company rule. Secondly, there is no convincing evidence that he materially benefited from the acts committed. Thirdly, SMC did not suffer from any damage or losses by reason thereof.

Suspension of two years and two months would be more appropriate a penalty and would serve complainant a lesson not to repeat the same acts in the future, which penalty is deemed served from October 5, 1995 to December 5, 1997.

WHEREFORE, respondent is hereby directed to reinstate the complainant effective December 6, 1997 to his former position.

SO ORDERED. (emphasis supplied)

Both parties appealed to the NLRC. In a Decision^[6] dated February 23, 2001, the NLRC reversed the decision of the Labor Arbiter, to wit:

We find merit in the appeal.

Paper renewal is falsification of private document because the author makes it appear that the accounts of his customers were moving otherwise the customers' credit line would be severed. When the time frame within which the customers should settle their obligations is extended through "paper renewal" the rule of respondent collection of credit within one (1) week is circumvented to the prejudice of the company.

A high degree of confidence is reposed in salesman as they are entrusted with funds or properties of their employer (CCBPI vs. NLRC, 172 SCRA 751). By his own wrongdoing, it would be an act of oppression to compel his employer to welcome him anew to its fold.

The paper renewal is also beneficial to the salesman because the good credit standing of his customers is a boost to his performance level and continuous employment. This is the moving force for the salesman to resort to paper renewal. And we cannot countenance the salesman's self-interest to the prejudice of the company. We cannot lose sight that under Article 282 © of the Labor Code, an employer is allowed to terminate an employee for willful breach of trust reposed in him.

In short, we sustain respondent's prerogative to dismiss complainant.

However, we find complainant to have been illegally suspended. Complainant was placed under suspension on April 3, 1995 which should end thirty (30) days thereafter. Since he was not allowed to return to his position nor given an assignment after May 3, 1995 complainant is entitled to his wages from May 3 to October 3, 1995 when he was terminated.

WHEREFORE, premises considered, the appeal of San Miguel Corporation