

FIRST DIVISION

[G.R. NO. 169973, June 26, 2006]

**PLACEWELL INTERNATIONAL SERVICES CORPORATION,
PETITIONER, VS. IRENEO B. CAMOTE, RESPONDENT.**

DECISION

YNARES-SANTIAGO, J.:

This Petition for Review on Certiorari under Rule 45 of the Rules of Court assails the September 27, 2005 Decision^[1] of the Court of Appeals in CA-G.R. SP No. 77145, which set aside the November 20, 2002 Resolution^[2] of the National Labor Relations Commission (NLRC) and reinstated with modifications the May 31, 2002 Decision^[3] of Labor Arbiter Arturo L. Gamolo.

The records show that on August 15, 1999, petitioner Placewell International Services Corporation (PISC) deployed respondent Ireneo B. Camote to work as building carpenter for SAAD Trading and Contracting Co. (SAAD) at the Kingdom of Saudi Arabia (KSA) for a contract duration of two years, with a corresponding salary of US\$370.00 per month.

At the job site, respondent was allegedly found incompetent by his foreign employer; thus the latter decided to terminate his services. However, respondent pleaded for his retention and consented to accept a lower salary of SR 800.00 per month. Thus, SAAD retained respondent until his return to the Philippines two years after.

On November 27, 2001, respondent filed a sworn Complaint^[4] for monetary claims against petitioner alleging that when he arrived at the job site, he and his fellow Filipino workers were required to sign another employment contract written in Arabic under the constraints of losing their jobs if they refused; that for the entire duration of the new contract, he received only SR 590.00 per month; that he was not given his overtime pay despite rendering nine hours of work everyday; that he and his co-workers sought assistance from the Philippine Embassy but they did not succeed in pursuing their cause of action because of difficulties in communication.

On May 31, 2002, the labor arbiter rendered a decision holding that the modification of respondent's employment contract is not allowed under Section 10 of Republic Act No. 8042 (R.A. No. 8042);^[5] thus, he should have received the original contracted salary of US\$370.00 per month instead of the new rate given by SAAD. It was also noted that respondent did not refute petitioner's allegation regarding the non-payment of placement and other processing fees prior to deployment. The labor arbiter also found that there is no differential as far as respondent's overtime pay is concerned considering that he was given overtime pay based on the new rate of SR 800.00. Since respondent rendered one hour of overtime work per day for only 18

months, and not the entire 24 months as claimed, the total overtime pay he received is more or less equivalent to the amount he ought to have received if the original contracted rate of US\$370.00 was used. Finally, the labor arbiter awarded respondent attorney's fees equivalent to 10% of the total judgment award for being compelled to hire a counsel to protect his rights and interests. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ORDERING respondent PLACEWELL INTERNATIONAL SERVICES CORPORATION to pay complainant IRENEO B. CAMOTE the amount of PESOS: TWO HUNDRED FIFTEEN THOUSAND FOUR HUNDRED TWENTY FOUR ONLY (P215,424.00) representing underpayment of wages and attorney's fees.

SO ORDERED.^[6]

On appeal by the petitioner, the NLRC set aside the Decision of the Labor Arbiter, to wit:

WHEREFORE, premises considered, the appealed decision is *Vacated* and *Set Aside*. In lieu thereof, a new judgment is rendered, dismissing the above-entitled case for lack of cause of action.

SO ORDERED.^[7]

Aggrieved, respondent filed a Petition for *Certiorari* under Rule 65 in the Court of Appeals which set aside the Resolution of the NLRC, and reinstated with modifications the Decision of the labor arbiter. The appellate court held that there was a diminution of respondent's salary – from a rate of US\$370.00 to SR 800.00 per month in clear violation of Section 10 of R.A. No. 8042.

As to the alleged incompetence of respondent, the appellate court noted that said allegation has not been substantiated hence should not be given any credence. Thus, for failure of petitioner to show just cause for the demotion of respondent, the appellate court granted the petition, set aside resolution dated November 24, 2000 of the NLRC, and reinstated the decision of the Labor Arbiter dated May 31, 2002, the dispositive portion of which follows:

WHEREFORE, premises considered, the petition is **GRANTED**. The assailed Resolution dated 24 November 2000 of the NLRC, Fifth Division is **SET ASIDE** and the Decision of the Labor Arbiter dated 31 May 2002 is **REINSTATED** and **AFFIRMED with modifications**. The exchange rate shall be that prevailing at the time of actual payment. Private respondent, PLACEWELL INTERNATIONAL SERVICES CORPORATION is hereby ordered jointly and severally liable to pay petitioner, IRENEO B. CAMOTE the following:

Per POEA approved contract or \$370.00 x (rate of exchange at the time of actual payment) x 24 months = Total salary in the original contract
Less:
Salary as Modified or SR 800 x P12.00 x 24 months = P230,400.00
Less:

Unauthorized Deductions or SR 4,885 x P12 = P171,780.00
P 58,620.00

Less:

Unpaid placement fee

Equals:

Total unpaid salary

Add:

Attorney's fees or 5% of the total unpaid salary

Equals:

Total Money Claims.

SO ORDERED.^[8]

Hence, this petition.

Petitioner avers that respondent failed to substantiate the allegation that he was forced to enter into the new employment contract with SAAD which proves that the new contract was actually voluntarily entered and agreed upon between said parties; that if respondent was indeed forced to sign the new contract, his claims are now barred by laches because respondent never informed petitioner of any problem at the job site until two years after his deployment; that the appellate court's award for unauthorized deductions in the amount of P171,780.00 should be deleted for lack of legal or factual basis; that respondent is not entitled to attorney's fees.

R.A. No. 8042 explicitly prohibits the substitution or alteration to the prejudice of the worker, of employment contracts already approved and verified by the Department of Labor and Employment (DOLE) from the time of actual signing thereof by the parties up to and including the period of the expiration of the same without the approval of the DOLE.^[9] Thus, we held in *Chavez v. Bonto-Perez*^[10] that the subsequently executed side agreement of an overseas contract worker with her foreign employer which reduced her salary below the amount approved by the POEA is void because it is against our existing laws, morals and public policy. The said side agreement cannot supersede her standard employment contract approved by the POEA.^[11]

Applying the same rule in the case at bar, the unauthorized alteration in the employment contract of respondent, particularly the diminution in his salary from US\$370.00 to SR 800.00 per month, is void for violating the POEA-approved contract which set the minimum standards, terms, and conditions of his employment.

Moreover, we find that there was no proper dismissal of respondent by SAAD; the "termination" of respondent was clearly a ploy to pressure him to agree to a lower wage rate for continued employment. Thus, the original POEA-approved employment contract of respondent subsists despite the so-called new agreement with SAAD. Consequently, the solidary liability of petitioner with SAAD for respondent's money claims continues in accordance with Section 10 of R.A. 8042.^[12]

Petitioner's contention that respondent is guilty of laches is without basis. Laches