Republic of the Philippines
SUPREME COURT

THIRD DIVISION

G.R. No. 152012 September 30, 2005

LAND AND HOUSING DEVELOPMENT CORPORATION and ABV ROCK GROUP, Petitioners,
vs.
MARIANITO C. ESQUILLO, Respondent.

D E C I S I O N

PANGANIBAN, *J.:*

uitclaims, releases and other waivers of benefits granted by laws or contracts in favor of workers should be strictly scrutinized to protect the weak and the disadvantaged. The waivers should be carefully examined, in regard not only to the words and terms used, but also the factual circumstances under which they have been executed.

The Case

Before us is a Petition for Review[1] under Rule 45 of the Rules of Court, seeking to set aside the July 27, 2001 Decision[2] and the January 29, 2002 Resolution[3] of the Court of Appeals (CA) in CA-GR SP No. 50679. The dispositive portion of the Decision reads as follows:

"WHEREFORE, premises considered, the decision dated May 30, 1997 of public respondent is hereby**ANNULLED** and **SET ASIDE** and the decision, dated February 27, 1997 of Labor Arbiter Andres Zavalla is**REINSTATED** and **AFFIRMED** in toto. Costs against [herein petitioners]."[4]

The assailed Resolution denied petitioners' Motion for Reconsideration.

The Facts

The antecedents are narrated by the CA as follows:

"[Respondent] Marianito C. Esquillo was hired as a structural engineer by [Petitioner] ABV Rock Group ('ABV') based in Jeddah, Kingdom of Saudi Arabia. He commenced employment on July 27, 1989, with an initial monthly salary of US$1,000.00 that was gradually increased, on account of his good performance and the annual renewal of his employment contract, until it reached US$1,300.00. Private respondent Land & Housing Development Corporation ('LHDC'), a local placement agency, facilitated [respondent's] employment papers.

"Although [respondent's] employment contract was supposed to be valid until July 26, 1995, it was pre-terminated, through an Inter-Office Memo on Notice of Termination, dated November 17, 1994, allegedly, for the reason, 'reduction of force.' Petitioner however, claims that the reason adduced was 'negated by the fact that a lot of transferees from other sites were taken in and promotions as well as re-classifications in the lower ranks were done as shown by the list of fifteen (15) transferees from Riyadh effective November 5, 1994, as well as letters of promotion and re-classification.' He further claimed that [Petitioner] ABV maliciously confiscated his 'iqama' or resident visa despite the fact that it was [respondent's] previous employer, FEAL IBC., which secured his 'iqama.' Consequently, [respondent] was prevented from getting another job in Jeddah.

"[Respondent] subsequently received the amount of twenty-three thousand, one hundred fifty-three Saudi Riyals (SR23,153.00) from [Petitioner] ABV, as final settlement of his claims and was issued an exit visa that required him to immediately go back to the Philippines.

"As a result of the foregoing, [respondent] filed a complaint for breach of contract and/or illegal dismissal, before the Philippine Overseas Employment Administration which was referred to the National Labor Relations Commission, Sub-Regional Arbitration Branch No. IV, San Pablo City, and docketed as SRAB-IV-4-0053-96-L. The parties were required to file their position papers and responsive pleadings.

"In their position paper, [petitioners] maintained that [respondent's] dismissal was for valid cause, that is, reduction of force. Due to the Gulf War, the projects of [Petitioner] ABV were reduced and it was forced to 'terminate the contracts of workers whose job were not so immediate and urgent and retain only those workers whose skills were needed just to maintain the projects.' [Respondent] was informed, one month in advance, of the pre-termination of his contract, and he was paid his salary, overtime pay, bonus and other benefits in the total amount of US$6,716.00 or Saudi Riyals SR25,192.00. With respect to the alleged confiscation of [respondent's] 'iqama,' [petitioners] alleged that the law requires its surrender to the Saudi authorities upon the termination of the employee's contract of employment.

"Upon the submission of the case for resolution, the Hon. Labor Arbiter Andres Zavalla issued his Decision, dated February 27, 1997, decreeing, as follows:

'WHEREFORE, premises considered, judgment is hereby rendered ordering [petitioners] jointly and severally to pay [respondent] his salaries corresponding to the unexpired portion of his contract from December 19, 1994 up to July 26, 1995 in the total amount of NINE THOUSAND FOUR HUNDRED FORTY SEVEN U.S. Dollars (US$9,447.00) and ten percent (10%) of his monetary award as attorney's fees both in Philippine currency to be computed at the prevailing rate at the time of payment.

'All other claims of [respondent] are hereby dismissed for lack of merit.

'SO ORDERED.'

"When [petitioners] filed their joint appeal, docketed as NLRC NCR CA No. 012650-97, [the NLRC] in a Decision, dated May 30, 1997, reversed the aforecited decision and dismissed the [respondent's] complaint for lack of merit. [Respondent's] motion for reconsideration was denied in a Resolution, dated July 10, 1997."[5]

Ruling of the Court of Appeals

The Court of Appeals ruled that despite the absence of a written categorical objection to the sufficiency of the payment received as consideration for the execution of the quitclaim,
jurisprudence supported the right of respondent to demand what was rightfully his under our labor laws. Hence, he should have been allowed to recover the difference between the amount he had actually received and the amount he should have received.

The CA also found that the NLRC had erroneously applied RA 8042 to the case. The appellate court held that respondent was entitled to the salaries corresponding to the unexpired portion of his Contract, in addition to what he had already received.

Hence, this Petition.[6]

The Issues

Petitioners raise the following issues for this Court's consideration:

"A. Whether or not the Honorable Court of Appeals committed reversible error when it took cognizance of an issue of fact which was raised for the first time on appeal.

"B. Whether or not the Honorable Court of Appeals committed reversible error in its 27 July 2001 Decision and 29 January 2002 Resolution by affirming the 27 February 1997 Decision of the Labor Arbiter which rendered as null and void and without binding effect the release and quitclaim executed by the respondent in favor of the petitioners, and, thereafter, granted the respondent monetary award."[7]

In the main, the issue is whether respondent, despite having executed a quitclaim, is entitled to a grant of his additional monetary claims.

The Court's Ruling

The Petition has no merit.

At the outset, the Court notes the Manifestation of the Office of the Solicitor General (OSG), recommending that "the decision dated May 30, 1997 of the NLRC be annulled and set aside and that [Respondent] Esquillo be awarded the total amount of his salaries corresponding to the unexpired portion of his contract of employment."[8]

Main Issue:

Entitlements of a Dismissed

Employee Who Has Executed a Quitclaim

The factual findings of labor officials, who are deemed to have acquired expertise in matters within their respective jurisdictions, are generally accorded not only respect but finality.[9] In the present case, the labor arbiter found respondent's dismissal to be illegal and devoid of any just or authorized cause. The factual findings of the NLRC and the CA on this matter were not contradictory. Hence, the Court finds no reason to deviate from their *factual* finding that respondent was dismissed without any legal cause.

Indeed, an employee cannot be dismissed except for cause, as provided by law, and only after due notice and hearing.[10] Employees who are dismissed without cause have the right to be reinstated without loss of seniority rights and other privileges; and to be paid full back wages, inclusive of allowances and other benefits, plus proven damages.

With regard to contract workers, in cases arising before the effectivity of RA 8042 (the Migrant Workers and Overseas Filipinos Act[11]), it is settled that if "the contract is for a fixed term and the employee is dismissed without just cause, he is entitled to the payment of his salaries corresponding to the unexpired portion of his contract."[12] In the present case, the Contract of respondent was until July 26, 1995. Since his dismissal from service effective December 18, 1994, was not for a just cause, he is entitled to be paid his salary corresponding to the unexpired portion of his Contract, in the total amount of US$9,447.

We now go to the Release and Quitclaim signed by respondent. The document, which was prepared by Petitioner ABV Rock Group,[13] states:

"KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Saudi Riyals SR: TWENTY THREE THOUSAND ONE HUNDRED FIFTY THREE (SR23,153) receipt of which is hereby acknowledged to my full and complete satisfaction, I,MARIANITO C. ESQUILLO do discharge my employer, ABV ROCK GROUP KB, JEDDAH, & its recruitment agent, the LAND & HOUSING DEV'P. CORP., from any and all claims, demands, debts, dues, actions, or causes of action, arising from my employment with aforesaid company/firm/entity.

"I hereby certify that I am of legal age, that I fully understand this instrument and agree that this is a full and final release and discharge of the parties referred to herein, and I further agree that this release may be pleaded as absolute and final bar to any suit or suits or legal proceedings that may hereafter be prosecuted by me against aforementioned companies/entities.

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HANDS THIS 29 day of NOV, 1994 at JEDDAH.

SIGNED

MARIANITO C. ESQUILLO."[14]

Petitioners claim that the foregoing Release and Quitclaim has forever released them from "any and all claims, demands, dues, actions, or causes of action" arising from respondent's employment with them. They also contend that the validity of the document can no longer be questioned.

Unfortunately for petitioners, jurisprudence does not support their stance. The fact that employees have signed a release and/or quitclaim does not necessarily result in the waiver of their claims. The law strictly scrutinizes agreements in which workers agree to receive less compensation than what they are legally entitled to. That document does not always bar them from demanding benefits to which they are legally entitled.[15] The reason for this policy was explained, *inter alia,* in *Marcos v. National Labor Relations Commission*, which we quote:

"We have heretofore explained that the reason why quitclaims are commonly frowned upon as contrary to public policy, and why they are held to be ineffective to bar claims for the full measure of the workers' legal rights, is the fact that the employer and the employee obviously do not stand on the same footing. The employer drove the employee to the wall. The latter must have to get hold of money. Because, out of a job, he had to face the harsh necessities of life. He thus found himself in no position to resist money proffered. His, then, is a case of adherence, not of choice. One thing sure, however, is that petitioners did not relent on their claim. They pressed it. They are deemed not [to] have waived any of their rights. *Renuntiatio non praesumitur.*

"Along this line, we have more trenchantly declared that quitclaims and/or complete releases executed by the employees do not estop them from pursuing their claims arising from unfair labor practices of the employer. The basic reason for this is that such quitclaims and/or complete releases are against public policy and, therefore, null and void. The acceptance of termination does not divest a laborer of the right to prosecute his employer for unfair labor practice acts. While there may be possible exceptions to this holding, we do not perceive any in the case at bar.

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"We have pointed out in *Veloso, et al. vs. Department of Labor and Employment, et al.,* that:

'While rights may be waived, the same must not be contrary to law, public order, public policy, morals or good customs or prejudicial to a third person with a right recognized by law.

'Article 6 of the Civil Code renders a quitclaim agreement void *ab initio* where the quitclaim obligates the workers concerned to forego their benefits while at the same time exempting the employer from any liability that it may choose to reject. This runs counter to Art. 22 of the Civil Code which provides that no one shall be unjustly enriched at the expense of another.'"[16]

In *Periquet v. NLRC*, this Court set the guidelines and the current doctrinal policy regarding quitclaims and waivers, as follows:

"Not all waivers and quitclaims are invalid as against public policy. If the agreement was voluntarily entered into and represents a reasonable settlement, it is binding on the parties and may not later be disowned simply because of a change of mind. It is only where there is clear proof that the waiver was wangled from an unsuspecting or gullible person, or the terms of settlement are unconscionable on its face, that the law will step in to annul the questionable transaction. But where it is shown that the person making the waiver did so voluntarily, with full understanding of what he was doing, and the consideration for the quitclaim is credible and reasonable, the transaction must be recognized as a valid and binding undertaking."[17]

Hence, quitclaims in which employees voluntarily accept a reasonable amount or consideration as settlement are deemed valid. These agreements cannot be set aside merely because the parties have subsequently changed their minds.[18] Consistent with this doctrine, a tribunal has the duty of scrutinizing quitclaims brought to its attention by either party, in order to determine their validity.

In the present case, petitioners themselves offered the Release and Quitclaim as a defense. Even though respondent -- in his pleadings before the labor arbiter -- was silent on the matter, he nonetheless filed this case and questioned his dismissal immediately, a few days after setting foot in the Philippines. In asking for payment for the unexpired portion of his employment Contract, he was eloquently taking issue with the validity of the quitclaim. His actions spoke loudly enough; words were not necessary.

To determine whether the Release and Quitclaim is valid, one important factor that must be taken into account is the consideration accepted by respondent; the amount must constitute a "reasonable settlement." The NLRC considered the amount of US$6,716 or SR23,153 reasonable, when

compared with (1) $3,900, the three-month salary that he would have been entitled to recover if RA 8042 were applied; and (2) US$9,447, his salaries for the unexpired portion of his Contract.

It is relevant to point out, however, that respondent was dismissed prior to the effectivity of RA 8042. As discussed at the outset, he is entitled to his salaries corresponding to the unexpired portion of his Contract. This amount is exclusive of the SR23,153 that he received based on the November 29, 1994 Final Settlement. The latter amount was comprised of overtime pay, vacation pay, indemnity, contract reward and notice pay -- items that were due him under his employment Contract. For these reasons, the *consideration* stated in the Release and Quitclaim cannot be deemed a reasonable settlement; hence, that agreement must be set aside.

That respondent is a professional structural engineer did not make him less susceptible to disadvantageous financial offers, faced as he was with the prospect of unemployment in a country not his own. "This Court has allowed supervisory employees to seek payment of benefits and a manager to sue for illegal dismissal even though, for a consideration, they executed deeds of quitclaims releasing their employers from liability."[19]

To stress, "in case of doubt, laws should be interpreted to favor the working class -- whether in the government or in the private sector -- in order to give flesh and vigor to the pro-poor and pro-labor provisions of our Constitution."[20]

WHEREFORE, the Petition is ***DENIED*** and the assailed Decision and Resolution ***AFFIRMED***. Costs against petitioners.

SO ORDERED.

ARTEMIO V. PANGANIBAN

Associate Justice

Chairman, Third Division

W E C O N C U R:

ANGELINA SANDOVAL-GUTIERREZ, RENATO C. CORONA

Associate Justice Associate Justice

CONCHITA CARPIO MORALES, CANCIO C. GARCIA

Associate Justice Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ARTEMIO V. PANGANIBAN

Associate Justice

Chairman, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairman's Attestation, it is hereby certified that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

HILARIO G. DAVIDE, JR.

Chief Justice

Footnotes

[1] Rollo, pp. 8-25.

[2] Id., pp. 26-34. Penned by Justice Teodoro P. Regino and concurred in by Justices Delilah Vidallon-Magtolis (Division chair) and Josefina Guevara-Salonga (member).

[3] Id., p. 35.

[4] CA Decision, p. 8; rollo, p. 33.

[5] Id., pp. 1-3 & 26-28. Citations omitted.

[6] The case was deemed submitted for decision on August 9, 2004, upon this Court's receipt of petitioners' Memorandum, signed by Attys. Victor Pablo C. Trinidad and Charlo de la Costa Paredes. Respondent's Memorandum, signed by Atty. Benito Ching Jr., was filed on July 16, 2004.

[7] Petitioners' Memorandum, p. 5; rollo, p. 182. Original in uppercase.

[8] OSG's Manifestation and Motion dated August 5, 2004, p. 3, rollo, p. 173.

[9] *Asia World Recruitment, Inc. v. NLRC*, 371 Phil. 745, August 24, 1999; *Hacienda Fatima v. National Federation of Sugarcane Workers-Food and General Trade*, 396 SCRA 518, January 28, 2003; *Tres Reyes v. Maxim's Tea House*, 398 SCRA 288, February 27, 2003.

[10] Art. 279 of the Labor Code. *Anderson v. NLRC,* 252 SCRA 116, 126, January 22, 1996.

[11] This law was approved on June 7, 1995.

[12] *Anderson v. NLRC*, supra, p.126, January 22, 1996, per Mendoza, *J*. See also *Teknika Skills and Trade Services, Inc. v. NLRC*, 212 SCRA 132, August 4, 1992.

[13] Respondent's Memorandum, p. 2; rollo, p. 164.

[14] CA rollo, p. 45.

[15] *Fuentes v. NLRC et al*., GR No. 76835, November 24, 1988, 167 SCRA 767; see also *Garcia v. NLRC et al.,* GR No. 67825, September 4, 1987, 153 SCRA 639.

[16] 248 SCRA 146, 152-153, September 8, 1995, per Regalado, *J*.

[17] 186 SCRA 724, June 22, 1990, per Cruz, *J*.

[18] *Galicia v. NLRC* (Second Division), 276 SCRA 381, 387-388, July 28, 1997.

[19] *Ariola v. Philex*, GR No. 147756, August 9, 2005, per Carpio, *J*. (citing *De Leon v. NLRC,* 100 SCRA 691, October 30, 1980).

[20] *PPA Employees Hired After July 1, 1989 v. Commission on Audit*, GR No. 160396, September 6, 2005, per Panganiban, then acting *CJ*.

G.R. No. 168445 November 11, 2005

PEOPLE OF THE PHILIPPINES, Appellee,
vs.
CAPT. FLORENCIO O. GASACAO, Appellant.

D E C I S I O N

YNARES-SANTIAGO, *J.*:

This is an appeal from the May 18, 2005 Decision[1] of the Court of Appeals in CA-G.R. CR No. 00800 dismissing the appeal of appellant, Florencio O. Gasacao and affirming the March 5, 2001 Joint Decision[2] of the Regional Trial Court (RTC) of Quezon City, Branch 218, finding appellant guilty beyond reasonable doubt of Large Scale Illegal Recruitment in Crim. Case No. Q-00-94240 and acquitting him of the charge in Crim. Case No. Q-00-94241.

The factual antecedents are as follows:

Appellant was the Crewing Manager of Great Eastern Shipping Agency Inc., a licensed local manning agency, while his nephew and co-accused, Jose Gasacao, was the President. As the crewing manager, appellant's duties included receiving job applications, interviewing the applicants and informing them of the agency's requirement of payment of performance or cash bond prior to deployment.

On August 4, 2000, appellant and Jose Gasacao were charged with Large Scale Illegal Recruitment defined under Section 6, paragraphs (a), (l) and (m) of Republic Act (RA) No. 8042 or the Migrant Workers and Overseas Filipinos Act of 1995, and penalized under Section 7 (b) of the same law, before the RTC of Quezon City.

The informations read:

In Criminal Case No. Q-00-94240

That sometime in the months of May to December, 1999 or thereabout, in Quezon City, Metro Manila, Philippines, and within the jurisdiction of this Honorable Court, the above-named accused, conspiring, confederating and mutually helping one another, did then and there willfully, unlawfully and criminally recruit, enlist and promise overseas employment to the private complainants, namely, Lindy M. Villamor, Dennis Cabangahan, Erencio C. Alaba, Victorino U. Caderao, Rommel B. Patolen, Joseph A. Demetria and Louie A. Arca, as overseas seamen/seafarers, the said accused thereby charging, exacting and collecting from the said private complainants cash bonds and/or performance bonds in amounts ranging from P10,000.00 to P20,000.00 without any authority to do so and despite the fact that the same is prohibited by the POEA Rules and Regulations, which amount is greater than that specified in the schedule of allowable fees prescribed by the Secretary of Labor and Employment, and despite the payment of the said fees, the said accused failed to actually deploy the private complainants without valid reasons as determined by the Department of Labor and Employment and despite the failure of deployment, the said accused failed to reimburse the expenses incurred by the said private complainants in connection with their documentation and processing for the purpose of their supposed deployment.

CONTRARY TO LAW.[3]

In Criminal Case No. Q-00-94241

That sometime in the months of September to November 1999 or thereabout, in Quezon City, Metro Manila, Philippines, and within the jurisdiction of this Honorable Court, the above-named accused, conspiring, confederating and mutually helping one another, did then and there willfully, unlawfully and criminally recruit, enlist and promise overseas employment to the private complainants, namely, Melvin I. Yadao, Frederick Calambro and Andy Bandiola, as overseas seamen/seafarers, the said accused thereby charging, exacting and collecting from the said private complainants cash bonds and/or performance bonds in amounts ranging from P10,000.00 to P20,000.00 without any authority to do so and despite the fact that the same is prohibited by the POEA Rules and Regulations, which amount is greater that that specified in the schedule of allowable fees prescribed by the Secretary Labor and Employment, and despite the payment of said fees, the said accused failed to actually deploy the private complainants without valid reasons as determined by the Department of Labor and Employment and despite the failure of deployment, the said accused failed to reimburse the expenses incurred by the said private complainants in connection with their documentation and processing for the purpose of their supposed deployment.

SO ORDERED.[4]

Only the appellant was arrested while Jose Gasacao remained at large. When arraigned, appellant pleaded not guilty to the offense charged. Thereafter, trial on the merits ensued. On March 5, 2001, the RTC of Quezon City, Branch 218, rendered its Joint Decision convicting appellant of Large Scale Illegal Recruitment in Crim. Case No. Q-00-94240 and acquitting him of the charge in Crim. Case No. Q-00-94241. The dispositive portion of the joint decision reads:

WHEREFORE, judgment is hereby rendered as follows:

1. In Crim. Case No. Q-00-94240, the prosecution having established the guilt of the accused beyond reasonable doubt, the Court finds Florencio O. Gasacao GUILTY of Large Scale Illegal Recruitment punishable under Section 7, (b) of R.A. 8042. He is sentenced to suffer life imprisonment and a fine of P500,000.00. He shall also indemnify Dennis C. Cabangahan in the amount of P8,750.00; Lindy M. Villamor for P20,000.00; Victorino U.

Caderao for P20,000.00; Rommel B. Patolen for P20,000.00; and Erencio C. Alaba for P20,000.00. Complainants Louie A. Arca and Joseph A. Demetria did not testify.

2. In Crim. Case No. Q-00-94241, complainants Melvin I. Yadao, Frederick Calambro and Andy Bandiola did not testify. Moreover, the Court believes all these complainants should have been grouped in just one (1) information. Hence, for failure of the prosecution to prove the guilt of the accused beyond reasonable doubt, the Court finds Florencio O. Gasacao NOT GUILTY of the offense charged.

SO ORDERED.[5]

Conformably with our pronouncement in *People v. Mateo*,[6] which modified pertinent provisions of the Rules of Court insofar as they provide for direct appeals from the RTC to the Supreme Court in cases where the penalty imposed is death, *reclusion perpetua* or life imprisonment, as in this case, as well as this Court's Resolution dated September 19, 1995, we resolved on February 2, 2005 to transfer the case to the Court of Appeals for appropriate action and disposition.[7]

On May 18, 2005, the Court of Appeals promulgated the assailed Decision, the dispositive portion of which reads:

WHEREFORE, premises considered, the present appeal is hereby DISMISSED for lack of merit. The appealed Joint Decision dated March 5, 2001 of the trial court in Criminal Case No. Q-00-94240 is hereby AFFIRMED and UPHELD.

With costs against the accused-appellant.

SO ORDERED.[8]

Hence, this appeal.

The core issue for resolution is whether error attended the trial court's findings, as affirmed by the Court of Appeals, that appellant was guilty beyond reasonable doubt of the crime of large scale illegal recruitment.

RA No. 8042 defines illegal recruitment as follows:

II. ILLEGAL RECRUITMENT

Sec. 6. DEFINITIONS. – For purposes of this Act, illegal recruitment shall mean any act of canvassing, enlisting, contracting, transporting, utilizing, hiring, procuring workers and includes referring, contract services, promising or advertising for employment abroad, whether for profit or not, when undertaken by a non-licensee or non-holder of authority contemplated under Article 13(f) of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines: Provided, that such non-licensee or non-holder who, in any manner, offers or promises for a fee employment abroad to two or more persons shall be deemed so engaged. It shall likewise include the following acts, whether committed by any persons, whether a non-licensee, non-holder, licensee or holder of authority.

(a) To charge or accept directly or indirectly any amount greater than the specified in the schedule of allowable fees prescribed by the Secretary of Labor and Employment, or to make a worker pay any amount greater than that actually received by him as a loan or advance;

....

(l) Failure to actually deploy without valid reason as determined by the Department of Labor and Employment; and

(m) Failure to reimburse expenses incurred by the workers in connection with his documentation and processing for purposes of deployment, in cases where the deployment does not actually take place without the worker's fault. Illegal recruitment when committed by a syndicate or in large scale shall be considered as offense involving economic sabotage.

Illegal recruitment is deemed committed by a syndicate carried out by a group of three (3) or more persons conspiring or confederating with one another. It is deemed committed in large scale if committed against three (3) or more persons individually or as a group.

A license is a document issued by the Department of Labor and Employment (DOLE) authorizing a person or entity to operate a private employment agency, while an authority is a document issued by the DOLE authorizing a person or association to engage in recruitment and placement activities as a private recruitment entity. However, it appears that even licensees or holders of authority can be held liable for illegal recruitment should they commit any of the above-enumerated acts.

Thus, it is inconsequential that appellant committed large scale illegal recruitment while Great Eastern Shipping Agency, Inc. was holding a valid authority. We thus find that the court below committed no reversible error in not appreciating that the manning agency was a holder of a valid authority when appellant recruited the private complainants.

There is no merit in appellant's contention that he could not be held liable for illegal recruitment since he was a mere employee of the manning agency, pursuant to Section 6 of RA No. 8042 which provides:

The persons criminally liable for the above offenses are the principals, accomplices and accessories. In case of juridical persons, the officers having control, management or direction of their business shall be liable.

Contrary to appellant's claim, he is not a mere employee of the manning agency but the crewing manager. As such, he receives job applications, interviews applicants and informs them of the agency's requirement of payment of performance or cash bond prior to the applicant's deployment. As the crewing manager, he was at the forefront of the company's recruitment activities.

Private complainant Lindy Villamor testified that it was appellant who informed him that if he will give a cash bond of P20,000.00, he will be included in the first batch of applicants to be deployed. Notwithstanding the payment of the cash bond as evidenced by a receipt dated December 15, 1999 and issued by the appellant, Villamor was not deployed overseas. He further testified that when he found out that appellant was no longer connected with Great Eastern Shipping Agency Inc., he confronted Jose Gasacao and showed to him a photocopy of the receipt. Jose Gasacao gave him the address of the appellant but he failed to recover the amount from the latter.

Another private complainant, Erencio C. Alaba testified that he applied as a seaman with Great Eastern Shipping Agency Inc. in May 1999 and submitted all the requirements to appellant. The latter told Alaba that after payment of a cash bond, he will be deployed within three months. On June 3, 1999, Alaba gave P10,000.00 to the appellant as evidenced by a cash voucher which was approved and signed by the appellant in the presence of Alaba.

Afterwards, appellant asked Alaba to have his medical examination. He was also informed that those who had completed paying the P20,000.00 cash bond will have priority in deployment. Thus, Alaba gave another P10,000.00 to appellant on August 2, 1999 and was again informed that he will be deployed in a dredging or supply boat within three months from August 1999. Despite appellant's representations, Alaba was never deployed and was also unable to recover the amount of the cash bond that he paid.

Private complainant Dennis Cabangahan testified that he applied as a seaman with Great Eastern Shipping Agency Inc. on July 27, 1999 and paid the cash bond of P19,000.00 as evidenced by a receipt issued by appellant. The latter informed him that he will be deployed abroad within three months. As what had happened to the other complainants, Cabangahan was never deployed overseas nor did he recover his money.

Victoriano Cadirao[9] also testified that on August 1, 1999, he applied with the manning agency for the position of mess man. He submitted his application to appellant who told him to come back when he has the money to cover the cash bond of P20,000.00. Appellant told him that the payment of the cash bond is optional, but that his deployment will be fast-tracked if he pays the cash bond. On August 10, 1999, he gave P20,000.00 to appellant who issued a receipt. When the promised employment failed to materialize, the appellant told Cadirao to wait for another dredging vessel. In December 1999, he found out that appellant was no longer connected with Great Eastern Shipping Agency Inc. so he went to his residence and demanded the return of his money. Appellant however refused to return the amount of the cash bond.

On the other hand, Rommel B. Patolen testified that he applied with Great Eastern Shipping Agency Inc. as an ordinary seaman in May 1999. After complying with the requirements, appellant told him to report to the agency thrice a week. From May to December 1999, Patolen reported to the agency as instructed. On December 11, 1999, he gave P20,000.00 to appellant who acknowledged its receipt. Patolen further testified that he paid the cash bond because appellant told him that his prospective employer will arrive in December 1999 from Saudi Arabia with a vessel to accommodate him. He was further advised that he could leave within three months if he paid the cash bond. However, Patolen was never deployed and when he found out that appellant was no longer connected with Great Eastern Shipping Agency Inc., he went to the house of the latter and informed him that he was withdrawing his application. Appellant asked him to wait for his new agency, Ocean Grandeur, which has no license yet.

The foregoing testimonies of the private complainants clearly established that appellant is not a mere employee of Great Eastern Shipping Agency Inc. As the crewing manager, it was appellant who made representations with the private complainants that he can secure overseas employment for them upon payment of the cash bond.

It is well settled that to prove illegal recruitment, it must be shown that appellant gave complainants the distinct impression that he had the power or ability to send complainants abroad for work such that the latter were convinced to part with their money in order to be employed.[10] Appellant's act of promising the private complainants that they will be deployed abroad within three months after they have paid the cash bond clearly shows that he is engaged in illegal recruitment.

The trial court's appreciation of the complainants' testimonies deserves the highest respect since it was in a better position to asses their credibility.

Even assuming that appellant was a mere employee, such fact is not a shield against his conviction for large scale illegal recruitment. In the case of *People v. Cabais*,[11] we have held that an employee of a company or corporation engaged in illegal recruitment may be held liable as principal, together with his employer, if it is shown that he actively and consciously participated in the recruitment process. We further stated that:

In this case, evidence showed that accused-appellant was the one who informed complainant of job prospects in Korea and the requirements for deployment. She also received money from them as placement fees. All of the complainants testified that they personally met the accused-appellant and transacted with her regarding the overseas job placement offers. Complainants parted with their money, evidenced by receipts signed by accused Cabais and accused Forneas. Thus, accused-appellant actively participated in the recruitment of the complainants.[12]

Clearly, the acts of appellant vis-à-vis the private complainants, either as the crewing manager of Great Eastern Shipping Agency Inc. or as a mere employee of the same, constitute acts of large scale illegal recruitment which should not be countenanced.

We find no reason to deviate from the findings of the trial court that appellant is guilty beyond reasonable doubt of large scale illegal recruitment. It was established that he promised overseas employment to five applicants, herein private complainants. He interviewed and required them to complete and submit documents purportedly needed for their employment. Although he informed them that it is optional, he collected cash bonds and promised their deployment notwithstanding the proscription against its collection under Section 60 of the Omnibus Rules and Regulations Implementing R.A. No. 8042[13] which state that:

SEC. 60. **Prohibition on Bonds and Deposits. –** In no case shall an employment agency require any bond or cash deposit from the worker to guarantee performance under the contract or his/her repatriation.

We find as flimsy and self serving appellant's assertion that he was unaware of the prohibition against the collection of bonds or cash deposits from applicants. It is an established dictum that ignorance of the law excuses no one from compliance therewith.[14] The defense of good faith is neither available.

It is also undisputed that appellant failed to deploy the private complainants without any valid reason, this notwithstanding his promise to them that those who can pay the cash bond will be deployed within three months from payment of the same. Such failure to deploy constitutes a violation of Section 6 (l) of RA No. 8042. Worse, when it became clear that appellant cannot deploy the private complainants without their fault, he failed to return the amount of the cash bond paid by them.

Illegal recruitment is deemed committed in large scale if committed against three or more persons individually or as a group. In this case, five complainants testified against appellant's acts of illegal recruitment, thereby rendering his acts tantamount to economic sabotage. Under Section 7 (b) of RA No. 8042, the penalty of life imprisonment and a fine of not less than P500,000.00 nor more than P1,000.000.00 shall be imposed if illegal recruitment constitutes economic sabotage.

Verily, the trial court and the Court of Appeals correctly found appellant guilty beyond reasonable of large scale illegal recruitment.

WHEREFORE, the May 18, 2005 Decision of the Court of Appeals in CA-G.R. CR No. 00800 is **AFFIRMED.**

SO ORDERED.

CONSUELO YNARES-SANTIAGO

Associate Justice

WE CONCUR:

(On Official Leave)

HILARIO G. DAVIDE, JR.

Chief Justice

LEONARDO A. QUISUMBING, ANTONIO T. CARPIO

Associate Justice Associate Justice

ADOLFO S. AZCUNA

Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

LEONARDO A. QUISUMBING

Associate Justice Acting Chairman, First Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

REYNATO S. PUNO

Acting Chief Justice

Footnotes

[1] Rollo, pp. 131-143. Penned by Associate Justice Martin S. Villarama, Jr. and concurred in by Associate Justices Regalado E. Maambong and Fernanda Lampas Peralta.

[2] *Id*. at 25-32. Penned by Judge Hilario L. Laqui.

[3] *Id*. at 11-12.

[4] *Id*. at 14-15.

[5] *Id*. at 32.

[6] G.R. Nos. 147678-87, July 7, 2004, 433 SCRA 640.

[7] Rollo, p. 129.

[8] *Id*. at 142.

[9] Spelled as Caderao in other parts of the records.

[10] People v. Angeles, 430 Phil. 333, 343 (2002).

[11] G.R. No. 129070, March 16, 2001, 354 SCRA 553, 561.

[12] *Id*. at 562.

[13] Issued on February 29, 1996.

[14] Article 3, Civil Code of the Philippines.