

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
THIRD DIVISION**

**CENTRAL PANGASINAN ELECTRIC  
COOPERATIVE, INC.,**

*Petitioner,*

*-versus-*

**G.R. No. 145800  
January 22, 2003**

**GERONIMA MACARAEG and  
MARIBETH DE VERA,**

*Respondents.*

X-----X

**DECISION**

**PUNO, J.:**

In this petition for review on certiorari, petitioner Central Pangasinan Electric Cooperative, Inc. challenges the decision of the Court of Appeals in CA-G.R. SP No. 55128 affirming the decision of the voluntary arbitrator in NCMB-RBI-PM-VA-5-03-99 ordering the reinstatement of respondents to petitioner's employ and payment of their backwages.

Petitioner is an electric cooperative duly organized and existing under Philippine laws. Respondent Geronima Macaraeg and Maribeth de Vera are employees of petitioner at its office in Area V, Bayambang, Pangasinan. Respondent de Vera was employed as teller whose

primary duty was to accept payments from petitioner's consumers in Bayambang and remit her collections to the cashier, herein co-respondent Geronima Macaraeg. Respondent Macaraeg's duty was to deposit the daily collections of the office to petitioner's account at the Rural Bank of Central Pangasinan in Bayambang.

From January 1998 to January 1999, respondent de Vera accommodated and encashed the crossed checks of her sister, Evelyn Joy Estrada. Evelyn issued two hundred eleven (211) crossed checks amounting to P6,945,128.95 payable to petitioner cooperative despite the absence of any transaction or any outstanding obligation with petitioner. In turn, respondent de Vera, with the knowledge and consent of respondent Macaraeg, paid the full value of these checks from the cash collections of petitioner. At the end of the day, respondents credited the checks as part of their collection and deposited the same together with their cash collection to the account of petitioner at the Rural Bank of Central Pangasinan.

Sometime in January 1999, petitioner, through its Finance Department, noticed that several checks payable to petitioner from the collections in the Area V office were returned due to insufficiency of funds.

On January 19, 1999, Josefina Mandapat, Sandra Frias and Marites Radac, petitioner's Finance Manager, Chief Accountant and Legal Assistant, respectively, confronted respondents with their discovery. Respondent de Vera admitted that the checks were issued by her sister and that she encashed them from the money collected from petitioner's customers.

On January 21, 1999, Mrs. Josefina Mandapat submitted a memorandum to petitioner's General Manager, Salvador M. de Guzman, detailing their findings about the bounced checks. On February 2, 1999, she submitted an addendum to her memorandum.

On February 4, 1999, petitioner, through de Guzman, issued a memorandum to respondents placing them under preventive suspension and requiring them to explain in writing within forty-eight (48) hours why they misappropriated cooperative funds. In the same communication, a hearing was set on February 13, 1999 at 9:30

a.m. at the Board Room of petitioner before Atty. Teodoro Fernandez.

In their respective Answers/Explanations, respondents denied having misappropriated the funds of petitioner cooperative. They alleged that: (1) the checks that bounced were redeposited with the Rural Bank of Central Pangasinan; (2) the amount representing the face value of the checks had been used by petitioner as of December 15, 1998; (3) there was never any shortage in the cooperative money or funds in their possession; and (4) they never violated any policy of the cooperative and on the contrary, they have been very religious in remitting the funds and money of petitioner.<sup>[1]</sup>

At the scheduled hearing on February 13, 1999, respondents, with assistance of counsel, appeared before Atty. Teodoro Fernandez. Respondent de Vera testified and admitted that she encashed the checks of Evelyn Joy Estrada because the latter is her older sister and that she has a soft spot for her; that Mrs. Estrada owns a sash factory and that she merely wanted to help her sister meet her business obligations; that sometime in November 1998, Mrs. Marites Radoc, Chief Accountant of petitioner, called her attention to one check which bounced thrice; that this check was eventually replaced by her sister with cash; that despite the bouncing of some other checks, all checks were eventually funded and paid to petitioner, hence, petitioner incurred no losses in its collections; that she has worked for petitioner for nineteen (19) years and this is the first time she has been charged administratively by petitioner.

Respondent Macaraeg admitted that she knew of the accommodations given by respondent de Vera to her sister; that she allowed her subordinate to do it because respondent de Vera is her kumare, and that she knew that Mrs. Estrada's checks were sufficiently funded. She worked for petitioner for twenty-two (22) years and has never had an administrative charge.

Mrs. Josefina Mandapat, Finance Manager of petitioner, testified as petitioner's witness. She stated that she prepared a report on the findings of their accountant regarding the encashment of Evelyn Joy Estrada's checks, and that the encashment of said checks is prohibited under an office memorandum.

On March 10, 1999, Atty. Fernandez submitted his findings to the General Manager of petitioner. On March 19, 1999, on the basis of said findings and recommendation, the General Manager issued to respondents separate notices of termination, effective April 9, 1999, for “serious misconduct, and breach of trust and confidence reposed on them by management.” <sup>[2]</sup>

Respondents, with the help of the President and representative of the Union, Central Pangasinan Electric Cooperative (CENPELCO) Employees’ Association-Tupas Local Chapter No. R01-0012, questioned their dismissal before the National Conciliation and Mediation Board (NCMB). They claimed that their dismissal was without just cause and in violation of the Collective Bargaining Agreement (CBA), which requires that the case should first be brought before a grievance committee. Eventually, the parties agreed to submit the case to a voluntary arbitrator for arbitration.

On August 12, 1999, the voluntary arbitrator rendered a decision in favor of respondents, viz.:

“WHEREFORE, in view of the foregoing, the undersigned arbitrator finds and so holds:

- (1) That the parties failed to comply with the provisions of the GRIEVANCE PROCEDURE of the Collective Bargaining Agreement;
- (2) Reinstate immediately upon receipt of the Decision complainants GERONIMA MACARAEG and MARIBETH DE VERA to their former positions without loss of seniority rights;
- (3) Pay complainants their backwages to be reckoned from the time their employment has been [sic] illegally terminated up to their actual reinstatement based on their last salary.

Parties are hereby enjoined to be faithful with their commitment to abide by this Decision which under their

Collective Bargaining Agreement is final, executory and not subject to appeal.

SO ORDERED.”<sup>[3]</sup>

Petitioner appealed to the Court of Appeals via a petition for review. On August 17, 2000, the Court of Appeals rendered a decision dismissing the petition and affirming the decision of the voluntary arbitrator. Hence, the present course of action.

Petitioner claims that:

“(1) The Honorable Court of Appeals gravely abused its discretion in finding that the procedure leading to the termination of respondents Maribeth de Vera and Geronima Macaraeg was in violation of the provisions of the Collective Bargaining Agreement (CBA) particularly Steps 1-4, Article XIII of the said Agreement.

(2) The Honorable Court of Appeals gravely abused its discretion in holding that petitioner illegally terminated the services of herein private respondents.”<sup>[4]</sup>

The petition is impressed with merit.

At the outset, we hold that the first issue raised in the petition pertaining to the alleged violation of the CBA grievance procedure is moot and academic. The parties’ active participation in the voluntary arbitration proceedings, and their failure to insist that the case be remanded to the grievance machinery, shows a clear intention on their part to have the issue of respondents’ illegal dismissal directly resolved by the voluntary arbitrator. We therefore find it unnecessary to rule on the matter in light of their preference to bring the illegal dismissal dispute to voluntary arbitration without passing through the grievance machinery.

This leads us to the next issue of whether respondents were validly dismissed. To constitute a valid dismissal from employment, two requisites must be met, namely: (1) it must be for a just or authorized cause, and (2) the employee must be afforded due process.<sup>[5]</sup>

We hold that there exist a valid reason to dismiss both employees. Article 282(c) of the Labor Code allows an employer to dismiss employees for willful breach of trust or loss of confidence.<sup>[6]</sup> Proof beyond reasonable doubt of their misconduct is not required, it being sufficient that there is some basis for the same or that the employer has reasonable ground to believe that they are responsible for the misconduct and their participation therein rendered them unworthy of the trust and confidence demanded of their position.<sup>[7]</sup>

To be sure, the acts of the respondents were clearly inimical to the financial interest of the petitioner. During the investigation, they admitted accommodating Evelyn Joy Estrada by encashing her checks from its funds. They did so without petitioner's knowledge, much less its permission. These inimical acts lasted for more than a year, and probably would have continued had it not been discovered in time. All along, they were aware that these acts were prohibited by the Coop Checks Policy.<sup>[8]</sup> Clearly, there was willful breach of trust on the respondents' part, as they took advantage of their highly sensitive positions to violate their duties.

Moreover, the acts of the respondents caused damage to the petitioner. During those times the checks were illegally encashed, petitioner was not able to fully utilize the collections, primarily in servicing its debts. In her memorandum<sup>[9]</sup> dated January 21, 1999, Finance Manager Josefina Mandapat reported how petitioner is prejudiced, thus:

“Though the checks were funded, it constitutes a violation of Coop Policy. Checks that are covered even by local clearing only take three days to be converted to cash and when returned another three (3) days to retry clearing. The cooperative is deprived of the privilege to maximize use of its collections primarily in servicing its debts considering the state of calamity and even at the moment wherein we worry every time if we can payoff (sic) our NAPOCOR power bill.”<sup>[10]</sup>

It is not material that they did not “misappropriate any amount of money, nor incur any shortage relative to the funds in their possession.”<sup>[11]</sup> The basic premise for dismissal on the ground of loss

of confidence is that the employees concerned hold positions of trust. The betrayal of this trust is the essence of the offence for which an employee is penalized.<sup>[12]</sup> In the case at bar, the respondents held positions of utmost trust and confidence. As teller<sup>[13]</sup> and cashier,<sup>[14]</sup> respectively, they are expected to possess a high degree of fidelity. They are entrusted with a considerable amount of cash. Respondent de Vera accepted payments from petitioner's consumers while respondent Macaraeg received remittances for deposit at petitioner's bank. They did not live up to their duties and obligations.

Nor is there any doubt that petitioner observed procedural due process in dismissing the respondents. In separate memoranda dated February 4, 1999 and signed by the General Manager (De Guzman), the respondents were both appraised of the particular acts or omissions constituting the charges against them. They gave their own "answer/explanation" to the charges. They participated in the investigation conducted at petitioner's board room on February 13, 1999 at 11:30 a.m. They were represented by counsel during the investigation. Finally, notices were sent to them on March 19, 1999, informing them of the basis of their termination. In fine, private respondents were given due process before they were dismissed. Time and again, we have stressed that due process is simply an opportunity to be heard. <sup>[15]</sup>

We are aware that the respondents Macaraeg and de Vera have been employed with the petitioner for 22 and 19 years of continuous service, respectively, and this is the first time that either of them has been administratively charged. Nonetheless, it is our considered view that their dismissal is justified considering the breach of trust they have committed. Well to emphasize, the longer an employee stays in the service of the company, the greater is his responsibility for knowledge and compliance with the norms of conduct and the code of discipline in the company.<sup>[16]</sup> Considering that they have mishandled the funds of the cooperative and the danger they have posed to its members, their reinstatement is neither sound in reason nor just in principle. It is irreconcilable with trust and confidence that has been irretrievably lost.<sup>[17]</sup>

**IN VIEW WHEREOF**, the petition is **GRANTED**. The Decision and Resolution of the Court of Appeals in CA-G.R. SP No. 55128

(affirming the decision of the voluntary arbitrator in NCMB-RBI-PM-VA-5-03-99) are reversed and set aside.

**SO ORDERED.**

Panganiban, Sandoval-Gutierrez, Corona, and Carpio-Morales, *JJ.*, concur.

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[1] Rollo, pp. 69-70.

[2] Rollo, pp. 85-86.

[3] Decision, p. 11; Rollo, p. 133.

[4] Petition, p. 9; Rollo, p. 16.

[5] *Lagatic vs. NLRC*, 285 SCRA 251 (1998).

[6] “Art. 282. Termination by the Employer.—An employer may terminate an employee for any of the following causes:

X X X

(c) Fraud or willful breach by the employee of the trust reposed in him by his employer or duly authorized representative;

X X X.”

[7] *Auxilio, Jr. vs. NLRC*, 188 SCRA 263 (1990).

[8] Decision, p. 5; Rollo, p. 127.

[9] Detailing the result of the reconciliation of bank account under the custodianship of petitioner Cashier Geronima Macaraeg.

[10] Memorandum, p. 2; Rollo, p. 51.

[11] See Answer/Explanation of Geronima Macaraeg, Rollo, p. 35; See also Answer/Explanation of Maribeth de Vera, Rollo, p. 38.

[12] See *Quezon Electric Cooperative vs. NLRC*, 172 SCRA 88 (1989).

[13] See *Allied Banking Corporation vs. Castro, et al.*, 156 SCRA 789 (1987), and *Galsim vs. Philippine National Bank*, 29 SCRA 293 (1969), where we held that the position of a teller is one of utmost confidence.

[14] See *Metro Drug Corporation vs. National Labor Relations*, 143 SCRA 132 (1986), where we held that the position of a cashier is one of utmost trust.

[15] *Maranaw Hotel & Resort Corporation (Century Park Sheraton Manila) vs. NLRC*, 244 SCRA 375 (1995).

[16] *Citibank, N.A. vs. Gatchalian*, 240 SCRA 212 (1995).

[17] *Galsim vs. Philippine national Bank*, *supra* at 13.