

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT  
FIRST DIVISION**

**ARTURO DE GUZMAN,  
*Petitioner,***

***-versus-***

**G.R. No. 90856  
February 1, 1996**

**NATIONAL LABOR RELATIONS  
COMMISSION, (2<sup>ND</sup> DIVISION), LABOR  
ARBITER MA. LOURDES A. SALES,  
AVELINO D. VALLESTEROL,  
ALEJANDRO Q. FRIAS, LINDA DELA  
CRUZ, CORAZON M. DELA FUENTE,  
LILIA F. FLORO, and MARIO F.  
JAYME,**

***Respondents.***

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**RESOLUTION**

**FRANCISCO, R., J.:**

This is a Motion filed by petitioner Arturo de Guzman seeking the reconsideration of the decision of this Court, promulgated on July 23, 1992,<sup>[1]</sup> which modified the Decisions of the Labor Arbiter and the National Labor Relations Commission in NLRC-NCR Case No. 7-2739-86 and ordered as follows:

“WHEREFORE, the questioned decision is AFFIRMED but with modification that the petitioner shall not be held jointly and severally liable with AMAL for the private respondents’ money claims against the latter. However, for his bad faith in arrogating to himself AMAL’s properties to the prejudice of the private respondents, the petitioner is ordered: 1) to pay the private respondents moral damages in the sum of P220,000.00 and exemplary damages in the sum of P20,000.00; and 2) to return the assets of AMAL that he has appropriated, or the value thereof, with legal interest thereon from the date of the appropriation until they are actually restored, these amounts to be proportionately distributed among private respondents in satisfaction of the judgment rendered in their favor against AMAL.”<sup>[2]</sup> Petitioner was the general manager of the Manila Office of Affiliated Machineries Agency, Ltd. (AMAL) and among the respondents in a complaint for illegal dismissal and non-payment of statutory benefits filed by herein respondents who were former employees of AMAL. Respondent employees initiated the complaint following AMAL’s refusal to pay the former’s monetary claims after AMAL decided to cease its operations in 1986. Petitioner was impleaded for allegedly selling part of AMAL’s assets and applying the proceeds of the same, as well as the remaining assets, to satisfy his own claims against the company. He also formed a new company named Susarco, Inc. and engaged in the same line of business with the former clients of AMAL.

On September 30, 1987, the Labor Arbiter rendered judgment and held petitioner jointly and severally liable with AMAL for respondent employees’ claims.<sup>[3]</sup> Upon appeal to the National Labor Relations Commission, the decision was affirmed in toto.<sup>[4]</sup> Not satisfied, petitioner proceeded to this Court on certiorari assailing the aforementioned decision and claiming grave abuse of discretion.

As initially mentioned, this Court modified the decision of the NLRC and absolved petitioner from his solidary liability for respondent employees’ claims. This was based on a finding that as mere managerial employee, petitioner had no participation in the decision to cease operations and terminate the services of respondent

employees which was the exclusive responsibility of AMAL alone. Nevertheless, for having acted in bad faith by appropriating the assets of AMAL to satisfy his own claims to the prejudice of respondent employees' pending claims, petitioner was held directly liable for moral and exemplary damages based on the provisions of Articles 19, 21, 2219(10) and 2229 of the Civil Code.

In this motion, petitioner assails the award of damages and the order to return the assets of AMAL which he appropriated for being unwarranted, arguing that the same were beyond the jurisdiction of this Court to grant in a complaint for illegal dismissal in the absence of an employer-employee relationship between petitioner and respondent employees.

The argument is premised on the following pronouncements on previous decisions that:

“The Court, therefore, believes and so holds that the ‘money claims of workers’ referred to in paragraph 3 of Article 217 embraces money claims which arise out of or in connection with the employer-employee relationship, or some aspect or incident of such relationship. Put a little differently, that money claims of workers which now fall within the original and exclusive jurisdiction of Labor Arbiters are those money claims which have some reasonable causal connection with the employer-employee relationship.”

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The important principle that runs through these three (3) cases is that where the claim to the principal relief sought is to be resolved not by reference to the Labor Code or other labor relations statute or a collective bargaining agreement but by the general civil law, the jurisdiction over the dispute belongs to the regular courts of justice and not to the Labor Arbiter or to the NLRC. In such situations, resolution of the dispute requires expertise, not in labor management relation nor in wage structures and other terms and conditions of employment, but rather in the application of the general civil law. Clearly, such claims fall outside of the area of competence or expertise

ordinarily ascribed to Labor Arbiters and the NLRC and the rationale for granting jurisdiction over such claims to these agencies disappears.”<sup>[5]</sup>

While it is conceded that no employer-employee ties existed between the petitioner and respondent employees, this does not preclude this Court from adjudging him liable for damages. In labor disputes like the instant suit, it is not required that the claim for relief should directly result from an employer-employee relationship. It suffices that there be a showing of a reasonable causal connection between the claim asserted and the employer-employee relations.<sup>[6]</sup> Respondent employees could have been afforded relief in their suit for illegal dismissal and non-payment of statutory benefits were it not for petitioner’s unscrupulous acts of appropriating for himself the assets of AMAL which rendered the satisfaction of respondent employees’ claims impossible. By taking undue advantage of his position as general manager of AMAL, petitioner was able to facilitate the consummation of his acts as he had access over the company’s assets.

On this score, it is evident that petitioner’s acts of bad faith were offshoots of the termination of their employment relations with AMAL. The company’s decision to close down its business impelled petitioner to act precipitately in appropriating the assets of AMAL, fearing perhaps that the same might not be enough to satisfy all the legitimate claims against it.

Petitioner’s contention that his application of AMAL’s assets to satisfy his own claims against the company is nothing more than a simple legal compensation or set-off deserves scant consideration as it was done without deference to the legitimate claims of respondent employees and other creditors of AMAL, in contravention of the provisions on concurrence and preference of credits under the Civil Code. Although his legitimate claims are not disputed, the same, however, are properly cognizable at the proceedings for AMAL’s dissolution.

Thus, we affirm our previous conclusion that although the question of damages arising from petitioner’s bad faith has not directly sprung from the illegal dismissal, it is clearly intertwined therewith. Accordingly, petitioner’s bad faith having been sufficiently

established, the award of damages against him and the order for him to return the assets of AMAL which he appropriated, or their value, are in order.

Finally, we underscore the fact that this case has already dragged on for the past nine years, making it extremely urgent that it be resolved with finality and for this Court not to sanction any further delay or attempts to frustrate the disposition of the legitimate claims of respondent employees.

**WHEREFORE**, the motion for reconsideration is hereby **DENIED** for lack of merit. The denial is final.

**SO ORDERED.**

**Padilla, Davide, Jr., Bellosillo, Francisco and Hermosisima, Jr., JJ., concur.**

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[1] First Division, Cruz (ponente), Grino-Aquino, Medialdea, Bellosillo, concurring.

[2] Rollo, p. 286

[3] Rollo, p. 32

[4] Rollo, p. 22.

[5] Rollo, p. 296; San Miguel Corporation vs. NLRC, 161 SCRA 719, 727, 729-730(1988) citing Molave Motor Sales, Inc. vs. Laron (128 SCRA 485 (1989); Singapore Airlines vs. Pano (122 SCRA 671); Medina vs. Castro-Bartolome, 116 SCRA 597.

[6] Pepsi-Cola Distributors of the Philippines vs. Gal-lang, 201 SCRA 695 (1991).