

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
FIRST DIVISION**

**LOYOLA SECURITY AND DETECTIVE
AGENCY and/or RUPERTO ACLE, JR.,**

Petitioners,

-versus-

**G.R. No. 113287
May 9, 1995**

**NATIONAL LABOR RELATIONS
COMMISSION, SECOND DIVISION,
VICTOR PRADO, SR. and MATILDE
TUSCANO,**

Respondents.

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DECISION

QUIASON, J.:

This is a Petition for Certiorari to Reverse and Set Aside the Decision of the National Labor Relations Commission (NLRC) dated July 30, 1993 and its Resolution dated November 18, 1993 in NLRC Case No. 00-06-02584-88.

I

Private respondents Victor Prado, Sr. and Matilde Tuscano filed a complaint against petitioners, the Loyola Security and Detective

Agency and the latter's general manager. Ruperto Acle, Jr., for illegal dismissal illegal deduction, underpayment of wages, non-payment of overtime pay, legal holiday pay, premium pay for holiday and rest day, and violation of P.D. No. 851.

In his Decision dated March 30, 1989, the Labor Arbiter ruled in favor of private respondents (Rollo, p. 33). The award as computed by the Research and Information Unit of the Commission for both private respondents totalled P91,317.93, exclusive of attorney's fees (Rollo, p. 33)

On appeal, the NLRC affirmed the decision of the Labor Arbiter.

Private respondents then filed a Motion for Issuance of a Writ of Execution. However, on October 19, 1990, they filed a Joint Manifestation acknowledging complete satisfaction of the award.

On November 17, 1992, private respondents again filed a Motion for the Issuance of an Alias Writ of Execution for the recovery of the balance of the award, claiming that they received less than the award of the Labor Arbiter. The motion was granted. Petitioners' motion for reconsideration was denied; hence, this petition.

II

We dismiss the petition for lack of merit.

It is petitioners' belief that the acts of Prado in entering into a compromise agreement and in accepting an advance of P5,000.00 from petitioner Acle constituted a novation of the award adjudged by the Labor Arbiter (Rollo, pp. 10-11).

The Labor Code of the Philippines does not contain any provision on compromise agreement or quitclaims in cases pending before the Labor Arbiter and the NLRC. However, the New Rules of Procedure of NLRC in Section 2, Rule V (Proceedings Before Labor Arbiter) provides that:

X X X

“Should the parties arrive at any agreement as to the whole or any part of the dispute, the same shall be reduced to writing and signed by the parties and their respective counsels, if any, before the Labor Arbiter. The settlement shall be approved by the Labor Arbiter after being satisfied that it was voluntarily entered into by the parties and after having explained to them be terms and consequences thereof.

“A compromise agreement entered into by the parties not in the presence of the Labor Arbiter before whom the case is pending shall be approved by him if, after confronting the parties, particularly the complainants, he is satisfied that they understand the terms and conditions of the settlement and that it was entered into freely, and voluntarily by them and the agreement is not contrary to law, morals and public policies.”

In the case at bench, the NLRC found that:

“In the case at bar, the satisfaction of judgment dated October 19, 1990 was executed by the complainants without the assistance of their counsel and without the approval of the of the Labor Arbiter (Sec, 2, Rule V The Rules of NLRC).

There is also a great disparity with regards (sic) to the monetary award. (Rollo, pp. 36-37; Emphasis supplied).

We find no grave abuse of discretion committed by NLRC inasmuch as its decision is supported by the records of the case. Thus, we adopt the findings of NLRC to the effect that the settlement entered into by the parties was without the assistance of counsel or approval of the Labor Arbiter. Furthermore, the amount agreed upon as settlement is a far cry from that awarded by the Labor Arbiter.

We also note that respondent Prado executed the compromise agreement not only on his own behalf but on behalf of respondent Tuscano. There is, however, no showing that respondent Prado was duly authorized by respondent Tuscano to waive a part of the award given her.

Under Article 1878 of the Civil Code of the Philippines, a special power of attorney is necessary:

“x x x

- (2) To effect novations which put an end to obligations already in existence at the time the agency was constituted;
- (3) To compromise, x x x
- (4) To waive any obligation gratuitously;

x x x

- (15) Any other act of strict dominion.”

Hence, being violative of existing law and jurisprudence, such settlement cannot be given force and effect.

WHEREFORE, the petition is **DISMISSED** and petitioner company is **ORDERED** to **PAY** private respondents the amount of P48,317.93, in addition to the partial payment of become final and executory.

SO ORDERED.

Padilla, J., (Chairman), Davide, Jr., Bellosillo and Kapunan, JJ., concur.