

# [ PRESIDENTIAL DECREE NO. 236, July 09, 1973 ]

## **AMENDING REPUBLIC ACT NUMBERED THIRTY-FIVE HUNDRED AND EIGHTEEN ENTITLED "AN ACT CREATING THE PHILIPPINE VETERANS BANK AND FOR OTHER PURPOSES."**

**WHEREAS**, there were pending before Congress prior to the promulgation of Proclamation No. 1081, dated September 21, 1972, urgent banking measures proposing amendments to Republic Act No. 3518, entitled "An Act Creating the Philippine Veterans Bank and for Other Purposes" which are vital to the national development program of the Government;

**WHEREAS**, one of these priority measures is the bill seeking to amend the Charter of the Philippine Veterans Bank defining the manner of electing the members of the Board of Directors;

**WHEREAS**, it is necessary to effect reforms in the bank's operation and to revitalize its structure as an important instrument to promote the national development program of the Government;

**WHEREAS**, the Court's decision which is final and executory has ordered the election of the members of the Board of Directors on the 2nd Tuesday of July 1973;

**WHEREAS**, a study has been made for the purpose of remedying the impossibility of notifying and gathering in one single place the 510,000 veterans for the purpose of electing the members of the Board of Directors, the tremendous expenses involved, aside from the problems it will create before, during and after the annual meeting of the stockholders; and

**WHEREAS**, the result of the study was an integrated set of recommendations which were accepted by the veterans leaders, with modification by the Veterans Bank, and made the basis for this Decree to effect the reforms in the banking system and to render monetary and credit policies more responsive to the requirement of economic development of the veterans of the country;

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, and in order to effect the desired changes and reforms in the social, economic, and political structure of our society, do hereby order and decree the amendment to Republic Act No. 3518 as follows:

**SECTION 1.** Section 3 (b) of Republic Act Numbered Thirty-Five Hundred Eighteen is amended to read as follows:

"(b) At least fifty-one percent (51%) of the capital stock of the Veterans Bank shall be divided into common shares which shall be fully subscribed by the Government of the Republic of the Philippines for and in behalf of the veterans, their widows, orphans or compulsory heirs as defined and determined under Section 4, Subsection (c) of this Act, and shall be initially paid from the Veterans Trust Fund *provided* for in Section 2, Subsection (d) of Republic Act Numbered Seventeen Hundred and Eighty-Nine, as amended, and from out of earnings, dividends or profits from the operations of the Veterans Bank and for the payment of said subscription, all the

available cash deposits with the Philippine National Bank and/or any other banks to the credit of the Veterans Trust Fund shall be transferred immediately to the Veterans Bank: *Provided*, That after the approval of this Act and notwithstanding the provisions of any existing law and/or executive orders, rules and regulations to the contrary every and all additional cash payments on account of the said Veterans Trust Fund shall be remitted and paid directly and exclusively to the said Veterans Bank to be applied as additional paid-up payments of the aforesaid common shares subscription: *Provided, further*, That the Reparations Commission shall remit in full to the Veterans Bank the balance of Twenty Million Dollars Veterans Trust Fund, and if the accumulated proceeds of the said fund should be insufficient to cover in full the said balance, the Reparations Commission is hereby authorized to cover the deficiency from any funds under its custody: *Provided, furthermore*, That nothing shall be transferred to, or received by, the said Veterans Bank representing any portion of the proceeds of the aforesaid Veterans Trust Fund except cash payments of the peso equivalent thereof at the prevailing rate of exchange at the time the Reparations Commission received such funds from the source. The shares shall be divided equally among the veterans at the rate of one share of one hundred pesos for each veteran or fraction thereof. The balance of about forty-nine (49%) percent shall be divided into preferred shares which shall be opened for subscription by any recognized veteran, widow, orphans or compulsory heirs of said veterans at the rate of one (1) preferred share per veteran: *Provided*, That in case of failure of any particular veteran to subscribe to any preferred share of stock so offered to him as herein *provided*, within thirty (30) days from date of receipt of notice, said share of stock shall be available for subscription to other veterans in accordance with such rules or regulations as may be promulgated by the Board of Directors. Any share of stock corresponding to the capital stock subscribed and paid by the Republic of the Philippines in the manner aforementioned, shall be issued in the name of the Republic of the Philippines, in trust for the benefit of veterans, their widows, orphans or compulsory heirs as determined in this Act, and any share of stock subscribed and paid by individual Veteran shall be issued in the name of the individual veteran, his widow, orphan or compulsory heir. The sale or transfer of a share of stock of a veteran, widow, orphan or compulsory heir of a veteran shall not be allowed under any circumstances. Any share may be sold or transferred to the Bank which shall issue the same to the stockholders who are veterans, their widows, orphan or compulsory heir: *Provided*, That no veteran, widow, orphan or compulsory heir shall be issued a total of more than one hundred shares."

**SEC. 2.** Section 6, Subsection (a) of Republic Act Numbered Thirty-Five Hundred and Eighteen is hereby amended to read as follows:

**"SEC. 6.** *Qualifications and per diems of the Board of Directors.*

"(a) The affairs and business of the Veterans Bank shall be directed and its property managed, controlled and preserved, unless otherwise *provided* in this Act, by a Board of Directors consisting of eleven (11) members to be composed of three (3) ex officio members to wit: the Administrator of the Veterans Affairs Office, the President of the Veterans Federation of the Philippines, and the Secretary of National Defense, and the remaining members of which five shall come from Luzon, two from Visayas, one from Mindanao who shall be veterans of good standing, college graduates, with formal business training and/or experience in banking and finance for a period of live years, and who are all actually

and physically residing in their region, shall be appointed by the President of the Philippines, during the existence of Proclamation No. 1081, dated September 21, 1972, as amended by Proclamation No. 1104, dated January 17, 1973, who shall hold office for one year and until their successors are duly appointed and qualified. After the lifting of Proclamation No. 1081, as amended by Proclamation No. 1104, the eight members of the Board of Directors shall be elected annually by the stockholders of the respective region in the manner prescribed by By-Laws of the Bank: *Provided*, That no director, officer, or employee of any other bank shall be eligible as member of the Board of Directors of the Veterans Bank: *Provided, further*, That the members of the Board of Directors shall receive a per diem allowance of Fifty Pesos (P50.00) for every meeting of the Board actually attended by them."

**SEC. 3.** Section 8 of the same Act is amended to read as follows:

**"SEC. 8. *President and Vice-President — Appointment and removal — Salaries.*** — The Chief Executive of the Bank shall be the President who shall be chosen by the Board of Directors. He shall be assisted by an Executive Vice-President and such other Vice-Presidents who shall be elected and may be removed only for cause by the Board of Directors. The President and the Executive Vice-President shall possess practical experience in banking or finance as executives for at least five years. The salaries of the President, Executive Vice-President and such other Vice-Presidents shall be fixed by the Board of Directors."

**SEC. 4.** Section 22 of the same Act is amended to read as follows:

**"SEC. 22. *Allocation of Net Profits.*** — At the close of each calendar year, the Bank shall determine the result of its operations, in the determination of which, adequate allowances shall be made for probable losses, and the resulting net profits after taxes shall be distributed as follows:

"(a) Twenty percent (20%) of such net profit shall accrue to the reserve account: *Provided*, That should the accumulated reserves equal the authorized capital of the Bank, the twenty percent (20%) herein authorized shall cease to accrue to the reserve account but shall be distributed pursuant to the subsection immediately following:

"(b) From the remaining eighty percent (80%) of the net profit shall be deducted the guaranteed earnings of the preferred shares of stock owned by the individual veterans, their widows, orphans or compulsory heirs: *Provided*, That the share in the net profits corresponding to the Republic of the Philippines shall first be applied in payment of the Capital Stock subscription, until said shares shall have been fully paid. Thereafter, fifteen per centum (15%) of the net profit after deducting the guaranteed earnings of the preferred shares shall be paid in cash and be held strictly as Trust Fund by the Board of Trustees as hereinafter *provided* in Section 23 hereof and shall be available exclusively for 'grants-in-aid' to veterans, their widows, orphans or compulsory heirs, for educational, social, charitable, and rehabilitation purposes, to organizations doing services for the cause of the veterans, and for such other purposes beneficial to the veterans: *Provided, however*, That the equivalent of not