

of Directors, I believe that on yesterday we approved that the organization of the veterans should recommend the Board of Directors, and upon their recommendation, the President makes the appointment with the consent of the Commission on Appointments. Now, I want to clarify my stand. I do believe that they harmonize. If that is the view of the gentleman, I agree with him, and I accept the amendment.

The PRESIDENT PRO TEMPORE. If there is no objection, the amendment is approved.

Senator TAÑADA. My next amendment is on page 10.

Senator OSIAS. If there are no more amendments on page 9, we will proceed to page 10.

Senator TAÑADA. Page 10, paragraph (c), lines 12 to 15. Originally the bill provided that it shall be the duty of the President to report weekly to the Board of Directors the main facts concerning the operations of the bank during the preceding week. Now this was changed by making the report monthly. I believe that for the proper administration of the affairs of the Bank, the Board should be informed weekly of the operations of the Bank by the President; so I would like to restore the original provision of the bill by deleting the word "monthly" on line 12 and substituting it with the word "weekly".

Senator OSIAS. Mr. President, this is a restoration of the phraseology of the original bill, and I have no serious objection.

The PRESIDENT PRO TEMPORE. If there is no objection, the amendment is approved.

Senator TAÑADA. Now as a consequence of that amendment, I move for the deletion of the word "month" on line 14 and substitute it with the word "week."

Senator OSIAS. Mr. President, as a necessary sequence to that amendment on page 12, I move that it be approved.

The PRESIDENT PRO TEMPORE. If there is no objection, the amendment is approved.

Senator LEDESMA. Mr. President

The PRESIDENT PRO TEMPORE. Gentleman from Iloilo.

Senator LEDESMA. On page 10, line 19, Section (e) from lines 19 to 21, eliminate completely Section (e). The reason for my amendment, Mr. President, is that we have repeatedly stated here that essentially, this is a private bank, and I would like to eliminate any impression that we are promulgating here special rules which, in one way or the other, may be in contravention with the provisions of the General Banking Act. For example, in this specific section it is stated here:

"(e) To furnish, upon request of the Secretary of Finance or the President of the Philippines, any information in his possession, regarding the operation of the Bank."

One of the fundamental practices in any bank and sanctioned by our banking law is that acts of clients are highly confidential, and I would like to avoid, Mr. President, the interpretation that this section might impart, because actually this is a protection of the bank. The Amount that the depositors have an inkling that the Veterans' Bank furnishes confidential information to the President or to the Secretary of Finance, I think the depositors would be running away from this Bank. They would prefer to make their deposits in other banking institution rather than in this Bank. That is the reason for my amendment.

Senator OSIAS. Does the gentleman amend this part by completely eliminating paragraph (e)?

Senator LEDESMA. Yes, Your Honor.

Senator OSIAS. I have no objection.

The PRESIDENT PRO TEMPORE. If there is no objection, the amendment is approved.

Senator OSIAS. If there are no further amendments on page 10, let us proceed to page 11.

Senator ROY. I think we can go to page 14.

Senator OSIAS. I agree.

Senator TAÑADA. Mr. President, I have an amendment on page 11, lines 11 and 12. Delete the words starting with the word "BOARD" in line 11 to the article "THE" on line 12. In other words delete "BOARD OF DIRECTORS UPON RECOMMENDATION BY THE," and insert the following between the word "AUDITOR" and the period (".") following said word "WITH THE ADVISE AND CONSENT OF THE BOARD OF DIRECTORS."

The purpose of the amendment is to give the auditor the power to appoint the employees in the auditing department with the advise and consent of the Board of Directors. That is the procedure.

Senator OSIAS. I have no serious objection.

The PRESIDENT PRO TEMPORE. If there is no objection, the amendment is approved.

Senator MARCOS. Mr. President, there are two periods here, the five-year period when the Government is represented in the stockholders and beyond the five-year period which shall be controlled by the stockholders of the veterans. May I suggest that in the matter of appointments of employees, we should not tie

the hands of the stockholders or specify whether this should apply during the five-year period or throughout the entire period?

Senator TAÑADA. In my opinion, Your Honor, this could apply from the time the bank is organized up to the end of its corporate existence. This will serve to give the auditing department a little more independence. There will be after all an auditor even during the five years of the corporate existence of this Bank, and this has been the practice to give the auditor the authority to choose subject to the approval of the Board of Directors.

Senator OSIAS. The gentleman makes this applicable to the two periods?

Senator TAÑADA. Yes, Your Honor.

Senator OSIAS. I have no objection.

Senator MARCOS. Mr. President, we will establish here a permanent office of auditor who cannot be touched at all. I do not say, of course, that the government cannot be trusted. On the contrary, the Government can be trusted specially under the present administration. However, we do not know what will happen with respect to the appointments of the auditor and the employees. I was thinking that when the veterans will take over they will be permitted to run the bank. If we have an auditor there appointed by the government before the veterans take over, their hands would be tied and then they would not be able to run the Bank.

Senator OSIAS. I submit to the attention of the two gentleman that this section on the preceding lines we have an auditor that should enjoy the confidence of the Board of Directors, he being the choice of the Board of Directors; so the amendment is not objectionable.

Senator MARCOS. He cannot be removed except for cause.

Senator OSIAS. Exactly.

Senator MARCOS. Yes. And it is not confidence alone that he enjoys. He enjoys tenure of office — not only confidence. Even if the Board loses its confidence in the auditor, if there is no cause to remove him . . . *(After a pause.)* At any rate, Mr. President, I make this observation addressed to the proponent of the amendment. If that is the purpose, to make it applicable to both the five-year period and the period beyond the five years, I make no further observation.

Senator OSIAS. As I said, Mr. President, it is the Board that makes the appointment. And I think, with the power of appointment, he can also be removed for cause.

Senator TAÑADA. Yes, for cause.

Senator OSIAS. So, Mr. President, it is in that spirit that I accept the amendment of the gentleman from Quezon.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. *(There was none.)*

Senator TAÑADA. Another amendment. On the same page 11, line 15, after the period (.) in that line, add the following: "THE AUDITOR WITH THE APPROVAL OF THE BOARD OF DIRECTORS SHALL FIX THE SALARIES OF THE EMPLOYEES OF THE AUDITING DEPARTMENT."

The PRESIDENT PRO TEMPORE. What does the sponsor say?

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. *(There was none.)*

Senator LIM. Mr. President.

The PRESIDENT PRO TEMPORE. The gentleman from Zamboanga and Basilan.

Senator LIM. Mr. President, may I be allowed to invite the sponsor back to page 10 on a very simple amendment.

Senator OSIAS. Yes.

Senator LIM. Page 10, line 14, the last word "of", is it the purpose to retain that, or should we not change it to the word "OR"? It may sound to be a small amendment but it can be controversial later. "Discount of" or "discount or" interest, etc. Or should it be the word "on"? "Discount on" or "discount or", etc. It should be "or." Because, otherwise, it would mean only discount in the interest, and it may not be discount on any other thing. It should be "OR" instead of the word "of." This is a small matter but it can be subject of litigation later on.

Senator OSIAS. Mr. President, I accept the small amendment.

Senator LIM. Small but big.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. *(There was none.)*

Senator LIM. On page 11, line 22, I am sure the word "individual" is not what is meant. It should be "UNDIVIDED."

Senator OSIAS. Instead of "individual," "UNDIVIDED."

Senator LIM. Yes. It must be "UNDIVIDED."

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. *(There was none.)*

Senator LIM. And then, of course, on the same page and line, it is not "leases" but "losses." This may seem a matter of spelling,

but there is a lot of difference between leases and losses. It may apply to leases in a way if you stretch your imagination. But we want to avoid litigation. It should be "LOSSES" instead of "leases."

Senator OSIAS. The gentleman from Zamboanga and Basilan is correct, Mr. President. I accept the amendment.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. *(There was none.)*

Senator LIM. Now I still have an amendment, but I think there are anterior amendments. Mine is on page 14.

Senator OSIAS. Are there any further amendments on page 11? *(After a pause.)* Page 12.

Senator LEDESMA. Page 12, Mr. President.

Senator ALMENDRAS. For a prior amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The gentleman from Davao has the floor.

Senator ALMENDRAS. Page 11, line 30. This is just in order to clarify as to who is the President referred to — whether he is the President of the Philippines or the President of any organization.

Senator OSIAS. The President of the Veterans' Bank.

Senator ALMENDRAS. It should be the President of the Bank.

Senator OSIAS. Yes, Your Honor.

Senator ALMENDRAS. So, on page 11, line 30, between the word "President" and the colon (:), insert the words "OF THE BANK," so that this portion will read "upon recommendation of the President of the Bank."

The PRESIDENT PRO TEMPORE. What does the sponsor say?

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. *(There was none.)*

The gentleman from Iloilo may now proceed with his amendment.

Senator LEDESMA. Mr. President, on page 12, if there are no prior amendments, in line with my amendment which has already been approved on page 10, the elimination of paragraph (e) from lines 19 to 21, I would propose the complete elimination of Section 15. To my mind, Mr. President, this is superfluous — as this is already covered by the general provisions of the Banking Act; while if we maintain this provision, it might give the impression that in this specific case of the Veterans' Bank, accounts or deposits could be divulged either to the President or the Secretary of Finance. For this reason, I move that we eliminate entirely Section 15.

Senator PUYAT. Mr. President.

The PRESIDENT PRO TEMPORE. The gentleman from Pampanga and Manila.

Senator PUYAT. Before we act on the amendment, Mr. President, I think that we should not eliminate the entire section. Because on this page 12, the portion from lines 20 to 29 is all right. And what is objectionable — and I agree with the gentleman from Iloilo — is that part beginning on line 29 up to line 32 which reads: "This prohibition shall not be held to apply to the giving of information to the Monetary Board or the Governor of the Central Bank, or to any person authorized by either of them, in writing, to receive such information." That is revealing confidential information. But the other part of the section which reads, "The Superintendent of

Banks, or other officers designated by law" — "designated by law." you cannot take that away "to inspect or investigate the condition of the Veterans' Bank shall not reveal to any person," that is all right, "other than the" Even that is objectionable. (*After a pause.*) I agree with the gentleman from Iloilo. We should eliminate the entire section.

Senator OSIAS. Mr. President, if the two gentleman agree, I also agree.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. (*There was none.*)

Senator OSIAS. We go to page 13. (*After a pause.*) There being no amendment, we go to page 14. We are making pretty good progress.

Senator LIM. Mr. President, for an amendment on page 14, line 20.

Senator TAÑADA. Prior amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The gentleman from Quezon.

Senator TAÑADA. (*After a pause.*) Mr. President, I yield to the gentleman from La Union and Manila.

The PRESIDENT PRO TEMPORE. The gentleman from La Union and Manila has the floor.

Senator MANAHAN. Mr. President, on page 13, line 3, after the comma (,) after the words "Central Bank," add the words "ALL OTHER MEMBERS OF THE MONETARY BOARD." The reason is, all members of the Monetary Board should be included in the same prohibition.

The PRESIDENT PRO TEMPORE. What does the sponsor say?

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. (*There was none.*)

The gentleman from Quezon may now proceed with his amendment.

Senator TAÑADA. Mr. President, between lines 3 and 4, page 14, insert a new section which shall be entitled, "RIGHT TO DEMAND ADDITIONAL SECURITIES; DISPOSAL OF SAME — ADVANCED MATURITY OF CREDITS — RIGHT TO COLLECT DEFICIENCY," and which shall provide:

IF, FROM ANY CAUSE WHATSOEVER, ANY OF THE SECURITIES SPECIFIED FOR THE LOANS PROVIDED FOR IN THIS ACT OR ACCEPTED BY SAID BANK AS SECURITY FOR LOANS OR DISCOUNTS SHOULD DECLINE OR DEPRECIATE IN MARKET VALUE IN PART OR AS A WHOLE, OR UPON NON-PERFORMANCE OF ANY PROMISE MADE TO SECURE THE LOAN OR DISCOUNT, OR BILLS OF EXCHANGE, NOTES, AND CHECKS, THE SAID BANK MAY DEMAND ADDITIONAL SECURITIES OR MAY FORTHWITH DECLARE ANY SUCH OBLIGATION DUE AND PAYABLE AND UPON THREE DAYS' NOTICE, DEMAND, SELL, ASSIGN, TRANSFER AND DELIVER THE WHOLE OF SAID SECURITIES OR ANY PART THEREOF, OR ANY SUBSTITUTES THEREFOR, OR ANY ADDITION THERETO, OR ANY OTHER SECURITIES OR PROPERTY GIVEN UNTO OR LEFT IN THE POSSESSION OF, OR HEREAFTER GIVEN UNTO OR LEFT IN THE POSSESSION OF THE SAID BANK FOR SAFEKEEPING OR OTHERWISE, AT ANY BROKER'S BOARD OR AT PUBLIC OR PRIVATE SALE, AT THE OPTION OF SAID BANK, AND AT SUCH SALE, IF PUBLIC, THE SAID BANK MAY ITSELF PURCHASE THE WHOLE OR ANY PART OF THE PROPERTY SOLD, FREE FROM ANY RIGHT OF REDEMPTION ON THE PART OF THE MORTGAGOR OR PLEDGOR. IN CASE OF SALE FOR ANY CAUSE, AFTER DEDUCTING ALL COSTS OR EXPENSES OF ANY KIND FOR COLLECTION, SALE OR DELIVERY, THE SAID BANK MAY APPLY THE RESIDUE OF

THE PROCEEDS OF THE SALE SO MADE, TO PAY THE SAID BANK, AS ITS PRESIDENT SHALL DEEM PROPER, WHETHER THEN DUE OR NOT DUE, MAKING PROPER REBATE FOR INTEREST ON LIABILITIES NOT THEN DUE, RETURNING THE OVERPLUS, IF ANY, TO THE MORTGAGOR OR PLEDGOR, WHO SHALL REMAIN LIABLE TO AND PAY TO SAID BANK ANY DEFICIENCY ARISING UPON SUCH SALE OR SALES."

Senator OSIAS. Mr. President, this being an excellent provision of the Charter of the Philippine National Bank —

Senator TAÑADA. That is true.

Senator OSIAS. And its inclusion will give added security to the finances of the Veterans' Bank, I accept.

Senator TAÑADA. Thank you.

The PRESIDENT PRO TEMPORE. Is there any objection? (*Silence.*) The amendment is approved.

Senator TAÑADA. Another section which shall be entitled, "*Action to collect balance of indebtedness.*"

Senator OSIAS. That is immediately following that section, or where will it appear?

Senator TAÑADA. Another section.

Senator OSIAS. But where?

Senator TAÑADA. Immediately following.

"ACTION TO COLLECT BALANCE OF INDEBTEDNESS. — IF THE PROCEEDS OF THE SALE OF SECURITIES HELD AS COLLATERAL FOR LOANS BY SAID BANK DO NOT COVER THE FULL AMOUNT OF THE LOAN, TOGETHER WITH THE INTEREST AND OTHER CHARGES THEREON, THE BANK MAY PROCEED AGAINST THE DEBTOR FOR THE DIFFERENCE, BUT ANY AMOUNT EXCEEDING THE FULL INDEBTEDNESS TO THE BANK SHALL BE PAID TO THE DEBTOR.

Senator OSIAS. Again, as it will insure safeguard for the finances of the bank, so I accept, Mr. President.

The PRESIDENT PRO TEMPORE. Is there any objection? (*Silence.*) The amendment is approved.

Senator LIM. Mr. President.

The PRESIDENT PRO TEMPORE. Gentleman from Zamboanga.

Senator LIM. On line 20, eliminate the proviso from the word "*Provided,*" to the word "and", and in lieu thereof, insert the following proviso: *PROVIDED, THAT SHOULD THE ACCUMULATED RESERVES EQUAL THE AUTHORIZED CAPITAL OF THE BANK, THE TWENTY (20%) PER CENT HEREIN AUTHORIZED TO BE ACCUMULATED SHALL BE DISTRIBUTED UNDER THE SUBSECTION IMMEDIATELY FOLLOWING.*

Senator OSIAS. Consultation.

Senator LIM. Yes.

Senator OSIAS. What if there be one centavo difference? What would be the equal?

Senator LIM. The moment it goes beyond, my proviso would be applicable.

Senator OSIAS. That is my point. Why do we not include "EQUAL OR EXCEED"?

Senator LIM. Yes, "EQUAL OR EXCEED".

Senator OSIAS. With that, I agree.

Senator LIM. "Equal to or in excess of."

Senator OSIAS. Yes, because that may not be exact.

Senator LIM. Yes.

Senator OSIAS. I accept the amendment.

The PRESIDENT PRO TEMOPRE. Is there any objection? (*Silence.*) The amendment is approved.

Senator ROY. Mr. President.

The PRESIDENT PRO TEMPORE. Gentleman from Tarlac.

Senator ROY. On line 29, page 14 to line 5, page 15, I move to amend those lines so that in lieu thereof, the lines will read as follows:

Senator OSIAS. We are omitting?

Senator ROY. From line 29.

Senator OSIAS. All those in capital letter.

Senator ROY. From line 29 on page 14 to line 5 on page 15, I propose the following amendment so that those lines be deleted and in lieu thereof, those lines should read:

THEREAFTER, TWENTY (20) PER CENTUM OF THE NET PROFIT SHALL BE PAID IN CASH TO THE BOARD OF TRUSTEES HEREINAFTER PROVIDED AND SHALL BE AVAILABLE FOR 'GRANTS-IN-AID' TO VETERANS, WIDOWS, ORPHANS, OR THEIR COMPULSORY HEIRS FOR EDUCATIONAL, CHARITABLE, AND REHABILITATION PURPOSES, FOR DONATIONS TO ORGANIZATIONS DOING SERVICE FOR THE CAUSE OF VETERANS, AND FOR SUCH OTHER PURPOSES BENEFICIAL TO THE VETERANS.

Senator OSIAS. I accept.

The PRESIDENT PRO TEMOPRE. Is there any objection?

Senator SUMULONG. Mr. President.

The PRESIDENT PRO TEMPORE. Gentleman from Rizal.

Senator SUMULONG. Just for a point of information.

Senator OSIAS. Has that got to do with the amendment of the gentleman?

Senator SUMULONG. Yes. I think that we should again distinguish here how we shall dispose of the cash dividends accruing to the common shares while these common shares stand in the name of the Republic of the Philippines as trustee. And I would like to know whether the proviso contained in the bill that we are discussing refers only to the cash dividends to common shares while the shares are still in the name of the Republic of the Philippines as trustee. Because I believe that when the common shares are already in the name of the veterans themselves, then the cash dividends should go to them.

Senator ROY. Yes.

Senator SUMULONG. So that I would like to know whether in substance the amendment will make clear that once the common shares are transferred in the name of the veterans themselves, then the dividends accruing to the common shares will go to the veterans themselves.

Senator OSIAS. I should like to listen to the comment of the gentleman who is proposing the amendment.

Senator ROY. The question of the gentleman from Rizal is answered by the provisions of Section 21, particularly paragraph (b). I will read. This is after deducting the 20% provided in paragraph (a) for the accumulated reserve, we have paragraph (b) here. It says:

"(b) From the remaining EIGHTY (80) per cent of the net profit shall be deducted the guaranteed earnings of the preferred shares of stock owned by individual veterans, widows, orphans OR THEIR COMPULSORY HEIRS or association of veterans —

There is a current earning of the preferred shares of stock owned by the veterans.

". . . *Provided*, That the share in the net profits corresponding to the Republic of the Philippines shall

first be applied in payment of its capital stock subscription, until said shares shall have been fully paid."

So that, first, the 20% for the reserve shall first be deducted from the profit. So, we have the 80%. On the 80% net profit, the guaranteed earnings of the preferred shares of stock should first be paid, and then the shares of stock held by the Government in trust for the veterans shall also receive the earnings but they shall be applied first to the payment of the unpaid capital stock corresponding to the 51% held by the Government of the Philippines; and after that, all earnings shall be paid to the stockholders. Within five years the stock must have been issued to individual stockholders, so they will participate in the profits.

The proposed amendment will only set aside 20% of the remaining profits.

Senator SUMULONG. Yes, I can understand that.

Senator ROY. So that the 80% left in net earnings shall be paid as dividends as provided for in the preceding section.

Senator SUMULONG. Yes, I understand the bill. The net profits shall be distributed as follows: First 20% to reserve.

Senator ROY. Yes.

Senator SUMULONG. Then, the dividends on the preferred shares. Then after that, the balance will be applied to dividends on the common shares while these shares are still in the name of the Republic of the Philippines. My question is: After these common shares have been transferred to the veterans themselves as provided for in Section 3 of this bill, then, I see no provision here that the dividends on the common shares when they are already transferred in the name of the veterans will go to the veterans themselves. Because what I see here is on lines 29 and 30. It says: "THEREAFTER, THE SAME WILL BE PAID IN CASH TO THE VETERANS FEDERA-

TION OF THE PHILIPPINES FOR DISPOSITION." So, it would seem that when the common shares are transferred from the Republic of the Philippines to the veterans themselves, the dividends on the common shares will not go to the veterans themselves but to the Veterans Federation of the Philippines which I believe is not correct.

Senator OSIAS. Mr. President, the sponsor humbly submits that with the transfer of the cash or rights of the Government of the Republic to the veterans, they should also inherit or receive; they should also be the recipients of the profit.

Senator SUMULONG. But that does not appear in the bill. Rather, what I see here on line 29 is "THEREAFTER". What is the meaning of "THEREAFTER"? It means that after the common shares have been fully paid, then according to line 29 the dividends on common shares will not go to the veterans but to the Veterans Federation and, therefore, I would propose . . .

Senator ROY. Mr. President, we have been presuming that after we have amended this bill in respect to the rights of the veterans once the shares have been transferred in their names, that as stockholders they will be entitled to dividends. Now, if it is necessary — and I have no objection to clarifying the provision of the law — in respect to the rights of the stockholders to receive their dividends or to receive their shares, I have no objection to adding some words after the word "THEREAFTER" by clarifying the provision of the law in that respect.

Senator RODRIGO. Mr. President.

Senator OSIAS. May we just finish this clarifying phrase.

Senator ROY. At the end of line 5, line 15, or after the amendment of your humble servant, add the following: "AND THE RE-

MAINING PROFIT SHALL BE PAID IN CASH TO VETERANS HOLDERS OF SHARES OF STOCK." They must have the shares in their names, otherwise how could they receive dividends. Only the holders of stocks . . .

Senator SUMULONG. May I suggest the following: on lines 29 and 30, I propose the following rewording: "THEREAFTER, THE SAME WILL BE PAID IN CASH TO THE VETERANS WHO ARE THE INDIVIDUAL HOLDERS OF COMMON SHARES." It is clear that the proviso refers only to the shares while they are standing in the name of the Republic.

Senator RODRIGO. Mr. President, with the permission of the distinguished proponents of the amendments, may I make a statement which might remedy all of these particular difficulties. Mr. President, I am quite a little confused about the framework of this bill now. It has become very complicated and the reason why the bill has become complicated is because this bank will have two stages. The first stage, which is the first five years, will be the stage when the bank will be a public corporation; and the second stage is that after the first five years the bank becomes a private corporation. But the problem with the bill now is we have provisions in the bill which apply both to the first period and to the second period, and I don't think we can remedy this difficulty by merely studying each particular provision. So, may I make a suggestion that instead of remedying each particular provision, we can remedy the whole thing by one sweep, that is, make the provisions applicable only for the first five years — how the profits will be disposed of and how the officials would be elected, and after the first five years the bank will be a private corporation and therefore allow it to be run as a private bank under the Corporation Law. This will simplify matters, otherwise we can never provide for all the details of this Bank for both periods. We will always get snagged in difficulties.

Senator SUMULONG. Mr. President, after examining the amendment being introduced by the distinguished gentleman from Tarlac, I think that the idea that I have expressed here can be implemented by an amendment following the amendment introduced by the gentleman from Tarlac, something like the following phrase.

Senator OSIAS. Mr. President, awaiting that additional amendment, I accept the amendment of the gentleman from Tarlac and I ask that we vote on it.

The PRESIDENT PRO TEMPORE. If there is no objection, the amendment is approved. (*There was none.*)

Senator OSIAS. Now I am ready to listen to the amendment of the gentleman from Rizal.

Senator SUMULONG. Mr. President, after the amendment introduced by the gentleman from Tarlac, which has been adopted by the Senate, I propose that the following be added: "THE REMAINING PROFITS SHALL BE PAID AS DIVIDENDS ON COMMON SHARES HELD BY THE INDIVIDUAL VETERANS AS DETERMINED IN SECTION 3 OF THIS ACT."

Senator OSIAS. One question, please. Will that be an additional section or continuation of the amendment?

Senator SUMULONG. It is a sentence to follow the amendment of the gentleman from Tarlac just approved by the Senate.

Senator OSIAS. The substance is that the remaining profits shall be paid as dividends on common shares held by the veterans themselves. I accept the amendment, Mr. President.

Senator PRIMICIAS. Mr. President, in order that we may harmonize the two amendments, may the Senator from Tarlac read his

amendment so that we can consider it in relation to the amendment presented by the gentleman from Rizal.

Senator ROY. On line 29, page 14, beginning with the first word "THEREAFTER" up to the end of line 5 on page 15, the provision will read as follows "THEREAFTER, TWENTY PER CENTUM OF THE NET PROFITS SHALL BE PAID IN CASH TO THE BOARD OF TRUSTEES HEREINAFTER PROVIDED."

Senator PRIMICIAS. Should it not be "HEREINBEFORE?"

Senator ROY. No, Your Honor. "HEREINAFTER," applying part of the remaining net profits to those mentioned in the preceding section.

Senator PRIMICIAS. Will Your Honor read that again? Is Your Honor reading Section 21?

Senator ROY. No, Your Honor. The amendment.

On line 29, page 14, beginning with the first word "THEREAFTER" up to the end of line 5 on page 15, the provision shall read: "THEREAFTER, TWENTY PER CENTUM OF THE NET PROFITS SHALL BE PAID IN CASH TO THE BOARD OF TRUSTEES HEREINAFTER PROVIDED FOR DISPOSITION AND SHALL BE AVAILABLE FOR GRANTS-IN-AID TO VETERANS, WIDOWS, ORPHANS, OR COMPULSORY HEIRS FOR EDUCATIONAL, SOCIAL, CHARITABLE, AND REHABILITATION PURPOSES TO ORGANIZATIONS DOING SERVICE FOR THE CAUSE OF VETERANS; AND FOR SUCH OTHER PURPOSES BENEFICIAL TO THE VETERANS."

Senator PRIMICIAS. And then that is to be followed by the amendment of the Senator

from Rizal, that 80 per cent shall be paid to the individual shareholders.

Senator ROY. No, Your Honor. The amendment of the gentleman from Rizal immediately following the amendment of yours truly states that the remaining profits shall be paid as dividends on common shares held by the veterans who are independent stockholders.

Senator PRIMICIAS. That is to say the 80 per cent.

Senator ROY. Yes, Your Honor, the remaining 80 per cent.

Senator OSIAS. Mr. President, I believe that it is now clear, and I move that we vote on the amendment.

Senator PUYAT. Mr. President, inasmuch as the proponents of the amendment are in a huddle, may I ask for the suspension of the consideration of this bill for just three minutes so that the gentlemen can get together to perfect their amendment.

Senator OSIAS. No, Mr. President. Postponement of the discussion, not consideration, of the bill.

The PRESIDENT PRO TEMPORE. Is there any objection?

Senator OSIAS. I object if there is any intervening business that will be brought in.

Senator ANTONINO. Mr. President, while the proposed amendment is being threshed out, may I propose another amendment. On page 15, line 23, eliminate the word "or" and replace it with "AND" so that this line shall read: "punished by a fine not exceeding ten thousand (P10,000) pesos AND imprisonment of not more than five (5) years," and eliminate on line 24 the words "or both, in the discretion of the court." So that, Mr. President, the minimum penalty for violation of the provisions of this Act will be imprisonment.

Senator OSIAS. Mr. President, may I invite the attention of the gentleman to the fact that now, as it is worded, this section may involve fine or imprisonment, or both.

Senator ANTONINO. Yes, Your Honor, in the discretion of the court. But what I would like is that the court should not have any discretion insofar as imprisonment is concerned. It might be one, two or three days but the minimum penalty should be imprisonment in order to put more teeth to the enforcement of the penalty that we would like to provide in this measure. Because we have noticed in the past that whenever there is such a provision, fine or imprisonment, no imprisonment is ever imposed. It is only fine. I feel that this is so important a measure insofar as it affects honesty, integrity and loyalty from among the people that would be involved in this bill so that we should make imprisonment a minimum penalty for violation of the provisions of this bill.

Senator OSIAS. I believe that the punishment will be compulsory and is too heavy because it involves two types of people, one those directly involved in the management or operation of the Bank, and the other those who merely aid or abet. I do not think that the two should be punished equally with fine and imprisonment.

Senator ANTONINO. It says "not exceeding." That means the penalty can be one day. The penalty can be P10 fine and one day imprisonment.

Senator LIM. Mr. President, with the permission of the two gentlemen, may I say that the proposed amendment of the Senator from Nueva Ecija and Davao can be very harsh by the very nature of the manner in which any of the provisions of this bill may be violated. These are the kinds of crimes which are sort of borderline. Sometimes, good faith may not be very clear. Even though in fact there is good faith, are you going to send a fellow to

jail right away? We better leave the court to use its discretion. Your Honor will notice that Section 24 reads: "Any director, officer, employee, or agent of the Bank who violates or permits the violation of any of the provisions of this Act, or any person aiding or abetting the violation of any provisions of this Act," etc, etc. Now, concerning this abetting and this aiding. Sometimes, through negligence perhaps, due to inadvertence, in many borderline cases, the director or the president or the person concerned, the manager, might have to go to jail just because of that. So, we better leave it to the discretion of the court because, after all, if it be a first offense usually the court imposes only a fine. But if he becomes a recidivist the court will impose imprisonment. Besides, the penalty provisions in bills of this nature are usually always fine or imprisonment, at the discretion of the court. Let us not be very strict. Suppose you are the manager, and in your hurry one afternoon you signed the papers without reading them carefully, and then you will be accused of aiding or abetting and you have to go to jail. That can be dangerous. You see, by the nature of these offenses they can be in the borderline of good faith, or merely negligence without any criminal intent, and there is the maxim in penal law which says in Latin:

"Actus non facit reum nisi mens sit rea."

It means that there cannot be a criminal act without a criminal intent. And there are times only by evidences, perhaps, because the defendant's counsel is not very competent, and the poor accused may not succeed in showing that he did not have a criminal intent, and he is accused of merely aiding and abetting and he has to go to jail. And if this amendment is accepted, we will follow the general pattern of penalties, and I would have no objection if we leave it as it is.

Senator ANTONINO. I have no objection to the opinion expressed here. I merely want to put in the record that what we should at-

tempt to do here is to increase the minimum fine.

Senator LIM. Increase the minimum fine if you like.

Senator ANTONINO. May I say, for example, that it is the President of the Bank or the Vice-President or a Director of the Bank that commits this violation, and because of the leniency of the penal provisions here he is only fined.

Senator LIM. Do not worry about that, because the penal provisions in our jurisprudence provide for aggravating circumstances. The more intelligent you are the more aggravated the penalty would be.

Senator ANTONINO. But, Your Honor, the penalty here is very specific.

Senator LIM. I agree with Your Honor's point to make it strict, but we should only increase the minimum fine to be imposed. Make it higher than what is provided.

Senator ANTONINO. Do I take it that what Your Honor is objecting to is the imposition of imprisonment?

Senator LIM. Fine or imprisonment at the discretion of the court, because the court, once you have become a recidivist, will impose imprisonment usually. It is to be left to the discretion of the court. It is better that way, Your Honor.

Senator ANTONINO. I was thinking, Your Honor, that if there is a minimum penalty of imprisonment, even if it were only one day, then probably that would be enough to scare anybody.

Senator LIM. Suppose we amend it this way: "The offense shall be punished by a fine not lower than ₱2,000 and not exceeding ₱10,000 or imprisonment not lower than six

months but not exceeding five years." There is a minimum penalty already.

Senator ANTONINO. So, under my amendment, Your Honor, the court has the discretion to impose even ₱10, but what I would like is that the court would be under the obligation to impose imprisonment of say one day at least.

Senator LIM. I would not object to imposing imprisonment right away. We should still leave the ordinary pattern of penalty in all bills of this nature. There is always the discretion left to the court. Now, in order to meet you half-way in Your Honor's desire, I am willing to co-author with you an amendment putting a minimum fine of not less than ₱200 but not exceeding ₱5,000 or imprisonment of not less than two months but not exceeding five years, or both.

Senator ANTONINO. I have no objection to that, Your Honor.

Senator OSIAS. Mr. President, I cannot accept either amendments. First, let us analyze that there is a difference in responsibility on the part of a director or an agent. Then there is a great difference also in the responsibility and the gravity of the offense committed on the part of directors, employees or agents or those persons merely aiding and abetting. And, Mr. President, my little knowledge of the trend of the sciences of penology and criminology is towards humanization, and I believe that we can well depend upon the discretionary powers of the courts and the judges.

Senator LIM. If that is the case, Your Honor, I am compelled to speak in favor of our amendment, the amendment of the gentleman from Davao and Nueva Ecija as amended by your humble servant, and I want to speak now in favor of it.

Your Honor, the penalty is a fine not exceeding ₱5,000 and imprisonment for not more

than five years, and in either case, we are not fixing any minimum penalty. Does it mean to say that he can be sentenced to jail for one hour but it can be extended to five years? There is no balance; there is no symmetry. Does it mean to say that the fine shall be ₱5,000 maximum and the court can impose a minimum fine of ₱.50? Whereas if we put a minimum fine of not less than ₱200 but not to exceed ₱5,000 or minimum imprisonment of not less than two months but not to exceed five years, there is symmetry. After all we must protect the money of the veterans. Connivance can easily occur. Many of our veterans are patriotic people who have shown their patriotism during times of war, and they are usually peace-loving people. That is why they fought for peace. They do not want trouble with their officers. So, we must put penalties so that their officers will handle very carefully the management of their funds.

I want to repeat that there is no symmetry. You want to put a maximum fine of ₱10,000, but you do not want to put a minimum. It may be ₱1.00. You want a maximum imprisonment of five years and yet you do not want to put a minimum. It can be one day or one hour. Of course, you will tell me: "Look, all courts exercise discretion with such latitude." But you can never tell, if the accused happens to be influential or has political pull. So I say that if we want to make a maximum penalty of ₱5,000 in case of fine and five years in case of imprisonment, we must put a minimum fine of ₱1,000 or a minimum imprisonment of six month. But if you put the maximum imprisonment of five years, there must be a minimum. If you see our Penal Code as well as the penal provisions and the special penal laws, you will realize that when the maximum is this high, there is always a minimum. There is need for minimum penalty when the maximum fine is ₱5,000 or the maximum imprisonment is five years. Let us follow the pattern of our penal laws. So I insist, Your Honor, that we put this amendment to a vote. I want to restate our amend-

ment so that the Senate can be well-informed before we vote.

Senator OSIAS. I am very glad that the gentleman has spoken in favor of this amendment. I am reiterating my non-acceptance because from the penal provisions of the Charter of the PNB, it is practically identical with the provisions that we are discussing.

I read the penalties for violations of the provisions of the Charter of the PNB.

"Any director, officer, employee or agent of this bank who violates or permits the violation of any of the provisions of this act or any person aiding or abetting the violation of any of the provisions of this act shall be punished by a fine not to exceed ₱10,000 or by imprisonment of not more than five years, or both."

Senator LIM. After Your Honor has read that, I surrender. I have the permission of the gentleman from Davao and Nueva Ecija that both of us should withdraw our amendment.

Senator OSIAS. I want to express my thanks to the gentleman for his unconditional surrender.

Senator LIM. Your Honor convinced me when you read that provision.

Senator MANAHAN. Mr. President.

The PRESIDENT PRO TEMPORE.
Gentleman from La Union and Manila.

Senator MANAHAN. On line 31, page 15, delete the words "and directed" and in lieu thereof insert, "IF THEY SO DESIRE."

The PRESIDENT PRO TEMPORE.
What does the sponsor say?

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE.
The amendment is approved if there is no objection. (*There was none.*)

Senator OSIAS. I have accepted the amendment of the gentleman from Tarlac.

Senator PUYAT Mr. President .

The PRESIDENT PRO TEMPORE. The gentleman from Pampanga and Manila.

Senator PUYAT. Are we now on page 15?

Senator OSIAS. If the gentleman from Rizal has also withdrawn, I will be very grateful.

Senator PUYAT. Mr. Sponsor, with respect to Section 25, would you entertain this amendment?

Senator OSIAS. From the gentleman, I am willing to entertain anything.

Senator PUYAT. And I would like to ask the gentleman from La Union and Manila to reconsider his amendment already approved after I make my suggestion, because I think that this suggestion will cover his amendment. In Section 25, line 31, strike out the words "and directed" and then insert that amendment of the gentleman from La Union and Manila; and on line 33, after the word "depository," put a period (.) and strike out the balance. I make that amendment, Mr. President.

The PRESIDENT PRO TEMPORE. What does the sponsor say?

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. (*There was none.*)

Senator PRIMICIAS. Mr. President.

The PRESIDENT PRO TEMPORE. The Majority Floor Leader.

Senator PRIMICIAS. Mr. President, I refer to line 30. I do not understand this language

used, "as well as official custodians of public funds or corporate and their agents." I believe the intention here is to refer to public funds and funds of government corporations. I would like to amend this. After the words "public funds," insert the following: "OR THOSE BELONGING TO GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS." This is in lieu of the words "or corporate."

The PRESIDENT PRO TEMPORE. What does the sponsor say?

Senator OSIAS. I accept the amendment, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. (*There was none.*)

Senator TAÑADA . Mr. President.

The PRESIDENT PRO TEMPORE. The gentleman from Quezon.

Senator OSIAS. Excuse me. For clarification, by the amendment of the gentleman from Pampanga and Manila, the last proviso in Section 25 has been omitted.

Senator TAÑADA. On page 15, between lines 5 and 6, insert a new provision, entitled, "BOARD OF TRUSTEES OF WORLD WAR II," which shall provide:

"THERE IS HEREBY CREATED A BOARD OF TRUSTEES OF THE VETERANS OF WORLD WAR II, CONSISTING OF ELEVEN (11) MEMBERS TO BE SELECTED FROM AMONG THE VETERANS FEDERATION OF THE PHILIPPINES ORGANIZED PURSUANT TO REPUBLIC ACT NUMBERED TWENTY-SIX HUNDRED AND FORTY.

"THE BOARD OF TRUSTEES SHALL BE ORGANIZED WITHIN NINETY (90) DAYS AFTER THE APPROVAL OF THIS ACT. IMMEDIATELY AFTER ITS ORGANIZATION THE MEMBERS OF THE BOARD OF TRUSTEES SHALL ELECT FROM AMONG THEMSELVES A CHAIRMAN AND A

VICE-CHAIRMAN. THE MEMBERS OF THE BOARD OF TRUSTEES SHALL SERVE WITHOUT COMPENSATION OTHER THAN ACTUAL AND NECESSARY EXPENSES INCURRED EITHER IN ATTENDANCE UPON MEETINGS OF THE BOARD OR UPON OTHER OFFICIAL BUSINESS AUTHORIZED BY RESOLUTION THEREOF, BUT A VOTE OF THE MAJORITY OF ALL THE MEMBERS SHALL BE NECESSARY TO AUTHORIZE THE DISPOSAL OF THE FUNDS HELD BY THE BOARD.

"THE BOARD SHALL APPOINT A SECRETARY AND SUCH NECESSARY OTHER OFFICIALS AND EMPLOYEES AND FIX THEIR COMPENSATIONS."

This is to complement the preceding section.

The PRESIDENT PRO TEMPORE. What does the sponsor say?

Senator OSIAS. If that is the last amendment, I accept, Mr. President.

The PRESIDENT PRO TEMPORE. The amendment is approved if there is no objection. (*There was none.*)

Senator OSIAS. There being no more amendments, Mr. President, I move that the sections be renumbered to conform to and follow the additional paragraphs or sections accepted as amendments.

The PRESIDENT PRO TEMPORE. The motion is carried if there is no objection? (*There was none.*)

Senator OSIAS. Now, Mr. President, I move that the bill be approved on second reading as amended.

Senator PRIMICIAS. Mr. President.

The PRESIDENT PRO TEMPORE. The Majority Floor Leader.

Senator PRIMICIAS. Mr. President, it seems that there are many amendments approved on the floor of the Senate, and there has been opinion expressed that before we approve

this bill as amended on second reading, we have a look at its final draft. (*After a pause.*) All right. I move that we approve this bill on second reading as amended.

APPROVAL ON SECOND READING
OF SENATE BILL NO. 24

The PRESIDENT PRO TEMPORE. We shall now vote on the bill on second reading. As many as are in favor of the bill as amended will please say *Aye*. (*Several senators: Aye.*) As many as are against will please say *Nay*. (*Silence.*) Senate Bill No. 24 as amended is approved on second reading unanimously.

CONSIDERATION AND APPROVAL ON SECOND
READING OF HOUSE BILL NO. 4770

Senator PRIMICIAS. Mr. President, I ask that we now consider House Bill No. 4770. This is the bill providing appropriations for the elections because the Commission Elections is in a hurry to have the funds to be able to order the printing of the necessary forms and to purchase election supplies.

The PRESIDENT PRO TEMPORE. Consideration of House Bill No. 4770 is now in order. The Secretary will please read the bill.

The SECRETARY:

AN ACT APPROPRIATING THE SUM OF FIFTEEN MILLION PESOS TO DEFRAY THE EXPENSES OF THE NATIONAL GOVERNMENT IN CONNECTION WITH, AND INCIDENTAL TO, THE ELECTIONS OF ELECTIVE PROVINCIAL, CITY, MUNICIPAL DISTRICT OFFICIALS AND EIGHT SENATORS TO BE HELD ON THE SECOND TUESDAY OF NOVEMBER, NINETEEN HUNDRED AND SIXTY-THREE.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. There is hereby appropriated, out of any funds in the National Treasury not otherwise ap-