

[REPUBLIC ACT No. 3518]

AN ACT CREATING THE PHILIPPINE VETERANS'
BANK, AND FOR OTHER PURPOSES

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

SECTION 1. *Name—Domicile and place of business.*—
There is hereby created a bank to be known as the Philippine Veterans Bank, which shall be commonly called the Veterans Bank. Its principal domicile and place of business shall be in the City of Manila but branches or agencies may be established in the provinces and cities as the Board of Directors may decide.

CORPORATE POWERS

SEC. 2. *Corporate powers and duties.*—The said Veterans Bank shall be a body corporate and shall have the power:

(a) To prescribe its by-laws;

- (b) To adopt and use a seal;
- (c) To sue and be sued;
- (d) To carry on a trust business in accordance with the provisions of laws governing trust corporations;
- (e) To grant long-term loans and advances preferably to veterans, their widows, orphans or compulsory heirs against security and real estate and/or other acceptable assets including backpay certificates issued by the National Treasurer pursuant to Republic Act No. 304 and Republic Act No. 897 at the discretion of the Board of Directors for the establishment, rehabilitation or expansion of agriculture, industrial, and other productive enterprises: *Provided*, That the aggregate of such loans shall not exceed the sum total of the paid-up capital and unimpaired surplus, long-term indebtedness and thirty per cent of the total deposits: *Provided, further*, That notarial services in connection with loan applications of not more than one thousand pesos (P1,000.00) shall be furnished by the Bank free of charge and in case where the Veterans Bank has no lawyers, notarial services shall be performed by the justice of the peace and other government notaries public, free of charge;
- (f) To invest in stocks other than shares of stock in mining companies, government guaranteed bonds, and secured collaterals having maturities of not more than thirty (30) years: *Provided*, That the priorities in the grant of loans for secured collaterals having maturities of not more than thirty years shall be in accordance with the rules and regulations established by the Central Bank;
- (g) With the approval of the President of the Philippines, to issue bonds and other certificates of indebtedness against its credits secured by real estate but not in excess of ninety per cent of the value thereof. The proceeds from the sale of such bonds and/or certificates of indebtedness are to be used in its lending operations for the industrial and agricultural development of the country.
- The Board of Directors shall determine the interest rates maturities, and other requirements of said obligations;

(h) To contract any obligation, or enter into any agreement essential to the proper management of its corporate powers and to carry out its aims and purposes;

(i) To appoint and dismiss its officers and employees;

(j) To grant loans to cooperative associations to facilitate production, the marketing of crops, and the acquisition of essential commodities: *Provided*, That preference should be given to such cooperative associations which are owned or controlled by the veterans, their widows, orphans or compulsory heirs;

(k) To grant loans to government employees and employees of government-owned or controlled corporations, and to employees of private corporations or entities for the purpose of enabling said employee to buy shares of stocks in corporations or industries engaged in the development and/or expansion of agriculture and industries *Provided*, That the yearly amortization of such loans shall not exceed ten per cent (10%) of the total annual salaries and wages of the employees: *Provided, further*, That such loan shall be payable in full within a period of not exceeding five years and that preference be given to employees who are veterans;

(l) To exercise the powers granted in this Act and such incidental powers as may be necessary to carry on and engage in the business of general banking;

(m) To exercise the general powers mentioned in the Corporation Law and the General Banking Act, insofar as they are not inconsistent or incompatible with the provisions of this Act.

SEC. 3. *Authorized capital stock—Par value.—*

(a) The capital stock of the Veterans Bank shall be one hundred million pesos (P100,000,000.00) divided into five hundred ten thousand (510,000) common shares and four hundred ninety thousand (490,000) preferred shares with a par value of one hundred (P100.00) pesos each.

(b) At least fifty-one per cent (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 (e) 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 or 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 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 only of the peso equivalent thereof at the prevailing rate of exchange: *And provided, finally*, That within five years from the organization of the Bank all shares of stock equivalent to fifty-one per cent subscription of the capital stock held by the government of the Republic of the Philippines for and in behalf of the veterans, their widows, orphans or compulsory heirs shall be transferred to and in the name of the veterans who shall thereafter vote said common shares. 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%) per cent shall be divided into preferred shares which shall be opened for subscription by any recognized veteran, widow, orphans or compulsory heirs of said veteran at the rate of one (1) preferred share per veteran: *Provided*, That in case of failure of any particular veteran to subscribe

for any preferred share of stock so offered to him as herein provided, within thirty (30) days from the 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 or stock of a veteran, widow, orphan or compulsory heir of a veteran to a party not 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, orphans or compulsory heirs: *Provided*, That no veterans, widow, orphan or compulsory heir shall be issued a total of more than twenty shares.

SEC. 4. *Determination of veterans entitled to benefit from this Act.*—

(a) The term "veteran or veterans" shall include any person or persons who served in the regularly constituted air, land, or naval services or arms, or in such non-regularly organized military units in the Philippines during World War II, and whose services with such units are duly recognized by the Republic of the Philippines or by the Government of the United States: *Provided*, That for the purposes of this Act, the term "veteran or veterans" also include the widow, orphan or a compulsory heir of a deceased veteran, as determined by existing laws;

(b) The term "organized or acknowledged veterans organizations" as used in this Act shall mean a veterans organization duly recognized or acknowledged as such by

the Philippine Veterans Administration which shall keep an official roster of such veterans organization;

(c) On the basis of the acknowledged or duly established official records and data from the Treasury of the Philippines and any other record or evidence admissible under the rules of evidence, such as the records of the Philippine Veterans Administration and of the Armed Forces of the Philippines, the Philippine Veterans Administration shall determine immediately after the approval of this Act, who and how many are the veterans of the Philippines of World War II and their widows, orphans or compulsory heirs as determined by existing laws who are entitled to the benefits of this Act. The decision of the Philippine Veterans Administration on the matter shall be final, unless appeal for review, within fifteen days from notice thereof, is made to the President of the Philippines or to the Supreme Court whose decision shall be final. The appeal shall be perfected in the same manner as in other proceedings and it may be prosecuted by the interested party or by the head of any acknowledged veterans organization;

(d) The reckoning day for determining the status and number of such veterans, their widows, orphans or compulsory heirs shall be the date of approval of this Act;

(e) The share of each beneficiary, war veteran or widow, orphan or compulsory heir of a deceased veteran, in the distribution of the benefits accruing to the Republic of the Philippines, will be equal regardless of rank and services rendered: *Provided*, That in the case of orphan or orphans of a deceased veteran, they shall be counted as one unit only and the share of all of them regardless of their number will be the same or equal to that of a surviving war veteran or surviving widow;

(f) Notice of the decision of the Philippine Veterans Administration on the question of who are entitled to participate in the benefits accruing to the Veterans Trust Fund shall immediately be served on the interested parties, either directly or thru the organization to which they belong in writing and by registered mail. In addition,

the Philippine Veterans Administration shall publish for three consecutive weeks a notice in two newspapers of general circulation in the Philippines to the effect that the Philippine Veterans Administration has already completed its work of determining the number and the identity of those entitled to participate in the trust fund and advising any party interested who has not received yet the notice of the decision served upon him that he may verify his inclusion or exclusion from the official register in the Philippine Veterans Administration. This Office shall keep a complete list and official register of those included and excluded from the enjoyment of the benefit, which list shall be available for inspection during office hours. The official registry book shall constitute an irrevocable public record, certified true copies of which may be released by the custodian of records for official purpose only.

BANKING OPERATION IN GENERAL

SEC. 5. *Loans, investigation and liabilities.*—The Veterans Bank is hereby authorized:

(a) To grant loans for the establishment, rehabilitation, expansion or development of any agricultural, commercial or industrial enterprise, or personal service including public utilities, under such rules and regulations as may be prescribed by the Board of Directors and that preference be given to applicants who are veterans;

(b) To make loans on, or to discount notes and/or receipts secured by, harvested and stored crops: *Provided*, That no loans on the security of such harvested and stored crops shall exceed eighty per cent of the market value thereof on the date of the loans: *Provided, further*, That the crops so mortgaged shall be insured by the mortgagor for the benefit of the Veterans Bank for their entire market value at the discretion of the Board of Directors: *Provided, furthermore*, That if owing to any circumstances the value of the crops given as security shall diminish, the mortgagor shall furnish the Veterans Bank with additional security or refund such part of the loan as the Bank may deem necessary: *Provided, finally*, That such

loans shall be granted for a period of not to exceed one year, subject to extension, in the discretion of the Board of Directors;

(c) To make loans to agriculturists in installments, on standing crops of the natural products of the Philippines such as palay, copra, sugar, tobacco, corn, abaca and maguey, of not exceeding seventy *per centum* of the estimated value of such crops: *Provided, however,* That before granting such loans, the Veterans Bank may require additional security in the nature of mortgage on landed estate duly registered in the name of the debtor, or chattel mortgage including those upon livestock, machineries and agricultural implements or personal bonds with sufficient surety or sureties satisfactory to the bank;

(d) Generally, to make advances or discount paper for agricultural, manufacturing, industrial or commercial purposes: *Provided,* That loans, discounts, or advances made under this section shall have maturities of not exceeding one year, renewable from year to year, in the discretion of the Board of Directors:

(e) The aggregate amount of loans for any single industry shall at no time exceed twenty per cent of the Banks lending capacity;

The total liabilities to the Bank of any person, or of any company, corporation, or firm for money borrowed, including in the liabilities of the company or firm, the liabilities of the several members thereof, shall at no time exceed fifteen *per centum* of the unimpaired capital and surplus of the Bank. But the discount of bills of exchange drawn in good faith against actually existing values owned by the person negotiating the same shall not be considered as money borrowed, and in addition to the fifteen *per centum* of the unimpaired capital and surplus of the Bank, hereinbefore provided for, the total liabilities of any borrower, may amount to a further fifteen *per centum* of the unimpaired capital and surplus of the Bank provided such additional liabilities are secured by shipping documents, warehouse receipts or other similar

documents transferring or securing title covering readily marketable, nonperishable stocks, when such staples are fully covered by insurance and when such staples have a market value equal to at least one hundred twenty-five *per centum* of such additional liabilities.

The Bank shall not make any loan upon the security of the stock of any other corporation if the aggregate market value of all such stocks as collateral exceeds an amount equal to ten *per centum* of the unimpaired capital stock and surplus of the Bank. The term "loan" whenever used in this Act shall include overdrafts and the limitations contained in this section shall apply to any loan of any kind whenever secured wholly or partly by real estate mortgage.

BOARD OF DIRECTORS—COMPOSITION AND ORGANIZATION

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

(a) Within the first five years from the organization of the Veterans Bank or until the transfer of the common shares of its capital stock to the veterans as provided in Section three of this Act, 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 *ex-officio* members to wit: the Philippine Veterans Administrator, the President of the Veterans Federation of the Philippines, and the Secretary of National Defense, and the remaining members who shall be veterans of good standing with formal business training and/or experience in banking and finance, shall, upon the recommendation of the Supreme Council of the Veterans Federation of the Philippines, be appointed by the President of the Philippines with the consent of the Commission on Appointments. The Supreme Council of the Veterans Federation of the Philippines shall submit to the President of the Philippines a list of sixteen veterans from which list the President shall choose eight who

shall hold office for one year and until their successors are duly appointed and qualified. After the transfer of the common shares of the capital stock of the Veterans Bank to the veterans as provided for in Section three of this Act, the members of the Board of Directors shall be elected annually by the stockholders in the manner prescribed by the Corporation Law: *Provided*, That no director, officer, or employee of any bank shall be eligible as member of the Board of Directors of the Veterans Bank: *Provided, further*, That no member of the Supreme Council of the Veterans Federation of the Philippines who participated in the election of a member of the Board of Directors other than the Federation President who is an *ex officio* member can be appointed to the Board unless he first resigns as a member of the Supreme Council. The members of the Board shall receive a *per diem* allowance of fifty pesos (P50.00) for every meeting of the Board actually attended by them.

(b) The Board of Directors, shall upon a majority vote of all its members, elect its Chairman, Vice-Chairman, and Secretary which Secretary may or may not be a member of the Board, at such a time and place as shall be provided for in its By-Laws. Pending the election of its Chairman, the President of the Veterans Bank shall preside over the Board of Directors.

POWER AND AUTHORITY OF THE BOARD OF DIRECTORS

SEC. 7. *The Board of Directors shall—*

(a) Formulate policies necessary to carry out effectively the provisions of this Act and adopt such By-Laws rules and regulations for the effective operation of the Bank in conformity with this Act and other existing laws;

(b) Determine the organization of the Bank by creating the necessary departments or offices as are essential for the efficient operation of the Bank;

(c) Subject to prior approval of the Monetary Board, establish branches or agencies in other countries; and,

(d) That during the first five years of transition; mentioned in Section three (a) of this Act, with the authorization of the proper Department Secretary first had, the Board of Directors may appoint as agents of the Bank the provincial or municipal treasurers, who shall receive such additional compensation as the Board may determine.

THE EXECUTIVE OFFICERS

SEC. 8. *President and Vice-Presidents—Appointment and removal—Salaries.*—The chief executive of the Bank shall be the President who shall be chosen by the Board of Directors and, during the first five years of Transition already mentioned, with the advice and consent of the President of the Philippines. He shall be assisted by an Executive Vice-President and such number of Vice-Presidents who shall be elected and may be removed 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 and the Executive Vice-President shall be fixed by the Board of Directors but, in no case, shall it be more than thirty thousand (P30,000.00) pesos and twenty-five thousand (P25,000.00) pesos yearly, respectively.

THE PRESIDENT—POWERS AND DUTIES

SEC. 9. *Duties and powers of the President.*—The President of the Bank shall among others, execute and administer the policies, measures, orders, and resolutions approved by the Board of Directors, and direct and supervise the operation and administration of the Bank.

Particularly, he shall have the power and duty:

(a) To make loans on commercial paper for such period of time not to exceed four months, in sums not exceeding ten thousand pesos (P10,000.00) to anyone person, company, corporations, or firm, but he is required to submit a report on such loans to the Board of Directors at its succeeding session: *Provided*, That the total amount of such loans shall not exceed five (5%) per cent of the paid-up capital and surplus;

(b) To make, with the advice and consent of the Board of Directors, all contracts on behalf of the said Bank and to enter into all necessary obligations that this Act requires or permits:

(c) To report weekly to the Board of Directors the main facts concerning the operations of the Bank during

the preceding week and to suggest changes in rates of discount of interest, exchange, or policy which to him may seem best;

(d) To exercise such other powers and perform such other duties as may be directed by the Board of Directors from time to time.

LEGAL DEPARTMENT

SEC. 10. *Legal Counsel*.—The Veterans Bank shall have its own legal department, the chief and members of which shall be appointed by the Board of Directors.

AUDITING DEPARTMENT

SEC. 11. *Bank Auditor—Reports*.—The Veterans Bank shall have its own auditing department, the chief of which shall be appointed by the Board of Directors from among recognized veterans of good standing who are certified public accountants and with actual experience in the work of a comptroller. The auditor may not be removed except for cause and neither may his salary be reduced during his term of office. All other employees of the auditing department shall be appointed by the auditor with the advice and consent of the Board of Directors. Unless otherwise prescribed by the Board of Directors, the auditor of the Veterans Bank shall have the rank and pay of a Vice-President and shall receive a salary of eighteen thousand pesos (P18,000.00) *per annum*. The auditor, with the approval of the Board of Directors, shall fix the salaries of the employees of the auditing department.

The auditor shall make an annual report of the condition of the Bank to the Board of Directors, to the President of the Veterans Federation of the Philippines, and to the Administrator of the Philippine Veterans Administration. The report shall contain among other things a statement of the resources and liabilities, including earnings and expenses, the amount of capital stock, dividends paid, surplus reserved, and undivided profits, as well as the losses, bad debts and suspended and overdue papers

carried in the Bank's assets as of the day in which the statements are compiled.

APPOINTMENTS, REMOVAL AND SALARIES OF THE OTHER
OFFICERS AND EMPLOYEES OF THE VETERANS BANK

SEC. 12. *Appointments, removal and salaries of other officers and employees.*—All other officers and employees of the Bank shall be appointed and removed by the Board of Directors upon recommendation of the President of the Bank: *Provided, however,* That all other circumstances being equal, preference shall be given to veterans, or their widows, orphans or compulsory heirs in the appointment of said personnel. Said officers and employees shall have duties and compensation which shall be fixed by the President with the approval of the Board of Directors.

SEC. 13. *Fidelity bond of officers and employees.*—The Board of Directors may require any officer and employees of the Bank and its branches, before entering upon the performance of their duties, to furnish a fidelity bond for the benefit of the Bank, in the form and amount prescribed by the Board of Directors. For this purpose, and for this purpose only, all officers and employees of whom a bond, is required shall be deemed public officers and employees, respectively, and the provisions of the Public Bonding Law, Chapter Fifteen of the Administrative Code and related legislations are hereby made applicable to them.

SEC. 14. *Inspection by Department of Supervision and Examination of the Central Bank.*—The Veterans Bank shall be subject to inspection by the Department of Supervision and Examination of the Central Bank in accordance with Republic Act Numbered Two hundred sixty-five and Republic Act Numbered Three hundred thirty-seven.

SEC. 15. *Prohibition against owing stock in or incurring indebtedness to the Bank.*—The Secretary of Finance, the Governor of the Central Bank, all other members of the Monetary Board, and the Chief of the Auditing Department of the Veterans Bank are hereby prohibited from

owing stock in the Veterans Bank, or from becoming indebted to said Bank, directly or indirectly.

PROHIBITED LOANS

SEC. 16. *Loans to officers, directors, and employees; restriction and limitation.*—The Veterans Bank shall not directly or indirectly, grant loans to any director, officer, employee, or agent of the Bank, and no loans shall be granted to a corporation, partnership, or company wherein any member of the Board of Directors is a shareholder, agent or employee in any matter, except by the unanimous vote of the members of the Board present, excluding the member interested: *Provided*, That the total liabilities to the Bank of any corporation wherein any member of the Board of Directors of the Veterans Bank is a shareholder, agent or employee in any manner, shall at no time exceed five (5%) *per centum* of the surplus and paid-up capital of the Bank.

ACQUISITION AND DISPOSAL OF REAL ESTATE

SEC. 17. The Veterans Bank is hereby authorized to purchase and own such real estate as may be necessary for the purpose of carrying on its business. It is also authorized to hold such real estate as it may find necessary to acquire in the collection of debts due to the said Bank or to its branches, but real estate acquired in the collection of debts shall be sold by the Bank within five (5) years after the date of its acquisition.

REDEMPTION OF MORTGAGED PROPERTY

SEC. 18. *Right of redemption of property foreclosed.*—The mortgagor shall have the right, within one year after the sale of the real estate as a result of the foreclosure of a mortgage, to redeem the property by paying the amount fixed by the court in the order of execution, with interest thereon at the rate specified in the mortgaged, and all the costs and other judicial expenses incurred by the

Bank by reason of the execution and sale, and for the custody of said property.

SEC. 19. *Right to demand additional securities; disposal of same—Advanced maturity of credits—Right to collect deficiency.*—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 bill 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 substitute therefor, or any addition thereto, or any other securities 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.

SEC. 20. *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.

PROHIBITED REMUNERATION

SEC. 21. *Prohibition against charging fees in securing loans—Penalties for violation.*—No fee, charge or commission in any form shall be exacted, demanded, or paid, for obtaining loans, directly or indirectly, by any director, officer, employee, or agent of the Veterans Bank. Any director, officer, employee or agent so exacting, demanding or receiving any fee for his service or for the use of his influence in obtaining a loan shall be punished as hereinafter provided for, for the violation of this Act.

NET PROFIT

SEC. 22. *Allocation of net Profits.*—At the close of each calendar year, the Bank shall determine the net result of its operations, in the calculation of which, adequate allowances shall be made for probable losses, and the net profit arrived thereat shall be distributed as follows:

(a) Twenty (20%) per cent of such net profit shall accrue to the reserve account: *Provided*, That should the accumulated reserves equal to or in excess of the authorized capital of the Bank, the twenty per cent herein authorized to be accumulated shall be distributed under the subsection immediately following:

(b) From the remaining eighty (80%) per cent of the net profit shall be deducted the guaranteed earning of the preferred shares of stock owned by 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 its capital stock subscription, until said shares shall have been fully paid. Thereafter, twenty *per centum* of the net profits after deducting the guaranteed earnings of the preferred shares shall be paid in cash to the Board of Trustees as hereinafter provided in Section 23 hereof for disposition and shall be available for 'grants-in-aid' to veterans, their widows, orphans, or compulsory heirs, for educational, social, charitable, and rehabilitation purposes, to organization doing service for the cause of the veterans,

and for such other purposes beneficial to the veterans. The remaining profits shall be paid as dividends on common shares held by the individual veterans as provided in Section three of this Act.

SEC. 23. *Board of Trustees of World War II.*—There is hereby created a Board of Trustees for the veterans of World War II to be known as “The Board of Trustees of the Veterans of World War II”, consisting of eleven (11) members to be selected from among the veterans of World War II by the Supreme Council of 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.

LEGAL EXISTENCE

SEC. 24. *Term of legal existence.*—The legal existence of the Bank under this Act shall be for a period of fifty (50) years, from and after the date of the approval of this Act.

SEC. 25. *Prohibition against the use of the word “Veterans”*—*Penalty for violation.*—All banks other than the Veterans Bank, and such other banks now licensed to do business in the Philippines whose names already include the word “veterans” are prohibited from using the word “veterans” as a portion of their names or titles. Any party violating this provision shall be subject to a fine of

not less than one hundred (P100.00) pesos for each day during which said violation is committed or repeated.

PENALTIES

SEC. 26. *Penalties for violation of the provisions of this Act.*—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 provision of this Act, shall be punished by a fine not exceeding ten thousand (P10,000.00) pesos or imprisonment of not more than five (5) years, or both, in the discretion of the court.

VETERANS BANK—A GOVERNMENT DEPOSITORY

SEC. 27. *Veterans Bank authorized to receive deposit of government funds as a Government Depository.*—The Secretary of Finance, the National Treasurer and his authorized representatives, city and municipal treasurers as well as official custodians of public funds or those belonging to government-owned or controlled corporations are hereby authorized if they so desire to make and actually maintain deposits of any government or corporate funds with the Veterans Bank, which is hereby declared to be a government depository.

GENERAL PROVISIONS

SEC. 28. *Articles of incorporation.*—This Act, upon its approval, shall be deemed and accepted to all legal intents and purposes as the statutory articles of incorporation or Charter of the Philippine Veterans' Bank; and that, notwithstanding the provisions of any existing law to the contrary, said Bank shall be deemed registered and duly authorized to do business and operate as a commercial bank as of the date of approval of this Act.

SEC. 29. *By-laws.*—Within one month after the approval of this Act, the by-laws of the Philippine Veterans' Bank for its organizational, functional and operational government and procedures shall be adopted by the affirmative vote of the stockholders representing a majority of all the

subscribed capital stock entitled to vote, whether paid or unpaid, subject to certification by the Monetary Board pursuant to Section ten of Republic Act Numbered Three hundred thirty-seven.

The by-laws, duly certified by the Monetary Board as aforesaid, shall be signed by the stockholders voting for them and shall be kept in the principal office of the Bank, subject to the inspection of the stockholders during office hours, and a copy thereof, duly certified by a majority of the directors and countersigned by the Bank secretary, shall be filed and registered with the Securities and Exchange Commissioner.

SEC. 30. Any law or part of law inconsistent with the provisions of this Act is hereby repealed.

SEC. 31. This Act shall take effect upon its approval.

Approved, June 18, 1963.
