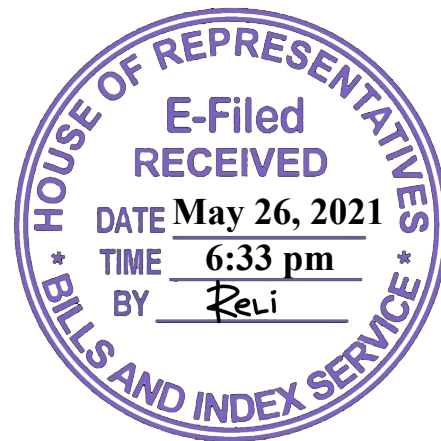


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 1003

Submitted by the Committee on Veterans Affairs and Welfare on May 26, 2021

Re: House Resolution No. **1804**

Recommending its adoption pursuant to House Resolution No. 1105, together with the Committee's findings and recommendations.

Sponsor: Representative Geraldine B. Roman

Mr. Speaker:

The Committee on Veterans Affairs and Welfare to which was referred House Resolution No. 1105, introduced by Representative Geraldine B. Roman, entitled:

“RESOLUTION DIRECTING THE COMMITTEE ON VETERANS AFFAIRS AND WELFARE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE UNDELIVERED PHILIPPINE VETERANS BANK (PVB) SHARES BY THE BOARD OF TRUSTEES OF THE VETERANS OF WORLD WAR II (BTVWWII) WITH THE OBJECTIVE OF IMPLEMENTING MEASURES THAT WOULD FACILITATE THE PROMPT AND TIMELY DELIVERY OF THESE SHARES TO OUR AGING WORLD WAR II VETERANS”

has considered the same and has the honor to recommend, pursuant thereto, the adoption of House Resolution No. **1804** entitled:

“RESOLUTION ENJOINING THE PHILIPPINE VETERANS AFFAIRS OFFICE TO FORM A JOINT TASK FORCE, WITH THE PHILIPPINE VETERANS BANK, AND THE BOARD OF TRUSTEES OF THE VETERANS OF WORLD WAR II, TO FACILITATE THE IMMEDIATE CONVEYANCE OR TRANSFER OF THE UNDELIVERED PVB SHARES OF STOCKS TO THE VETERANS AND THEIR COMPULSORY HEIRS BY THE END OF JUNE 2021”

together with the Committee's findings and recommendations.

Respectfully submitted,

A handwritten signature in cursive script that reads "Geraldine B. Roman".

GERALDINE B. ROMAN

Chairperson

Committee on Veterans Affairs and Welfare

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

PREFATORY STATEMENT

1. Pursuant to **HOUSE RESOLUTION No. 1105**, introduced by Rep. Geraldine B. Roman, directing the Committee on Veterans Affairs and Welfare to inquire, in aid of legislation, into the failure of the Board of Trustees of the Veterans of World War II (BTVWWII) to deliver the shares of stock of the Philippine Veterans Bank (PVB) to World War II veterans with the objective of implementing measures that would facilitate the prompt and timely delivery of these shares to them or their beneficiaries, the Committee conducted hearings - on November 10, 2020 and January 27, 2021.
2. The following Members and resource speakers attended the meetings:

MEMBERS:

- Chairperson, Rep. Geraldine B. Roman
- Vice-Chairperson, Rep. Jose “Jun” L. Ong Jr.
- Vice Chairperson, Rep. Manuel DG Cabochan III
- Rep. Leonardo L. Babasa Jr.
- Rep. Pablo C. Ortega
- Rep. Shirlyn Bañas-Nogales
- Rep. Raymond Democrito C. Mendoza
- Rep. Ma. Victoria V. Umali

RESOURCE PERSONS:

- Undersecretary Ernesto Carolina, Administrator, Philippine Veterans Affairs Office (PVAO)
- Mr. Renato Claravall, President and COO, Philippine Veterans Bank (PVB)
- Atty. Federico Manalo, Director, PVB
- Atty. Antonia Edna B. Roa, Acting Chairperson, Board of Trustees of the Veterans of World War II (BTVWWII)
- Mr. Joel Joseph A. Cabides, Executive Trustee and COO, BTVWWII
- Col. Hannibal S. Lipardo (Ret), Trustee, BTVWWII
- BGen. William B. Esplana (Ret), Trustee, BTVWWII
- BGen. Joseph G. Sevilla (Ret), Trustee, BTVWWII
- Ms. Luzviminda C. Marasigan, Treasurer/Trustee, BTVWWII
- Mr. Darlito P. Dumlao, Trustee, BTVWWII
- Atty. Arturo A. Cabides, Legal Counsel, BTVWWII
- Ms. Juvy E. Onia, Supervising Auditor, Commission on Audit (COA)
- Atty. Gerardo R. Tan, Jr., Securities Review Counsel, Securities and Exchange Commission (SEC)

BACKGROUND

3. Section 2 of Republic Act No. 1789, entitled “An Act Prescribing the National Policy in the Procurement and Utilization of Reparations and Development Loans From Japan, Creating a Reparations Commission to Implement the Policy, Providing Funds Therefor, and for Other Purposes”, provided that “the twenty million dollars cash payment shall accrue to a Trust Fund to be used exclusively for the benefit and rehabilitation of veterans of the Philippines in World War II, and their widows and orphans, as Congress may from time to time provide.”

4. A portion of the US\$ 20 million fund was used as seed capital for the creation of the Philippine Veterans' Bank under Republic Act No. 3518, entitled "An Act Creating the Philippine Veterans' Bank, and for Other Purposes" which was enacted into law on June 18, 1963.
5. Section 3 (a) of RA 3518 provided that "The capital stock of the Veterans 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."
6. Section 3 (b) of RA 3518 provided that "within five (5) years from the organization of the Bank, all shares of stock equivalent to fifty-one per cent (51%) 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 at the rate of one (1) share of one hundred pesos (P100.00) for each veteran or fraction thereof." xxx "The remaining forty-nine percent (49%) shall be divided into preferred shares which shall be open for subscription by any recognized veteran, their widow, orphans, or compulsory heirs at the rate of one (1) preferred share per veteran."
7. Section 23 of RA 3518 established the Board of Trustees of the Veterans of World War II, hereinafter referred to as the Board of Trustees, which consists of eleven (11) members selected among the veterans of World War II by the Supreme Council of the Veterans Federation of the Philippines (VFP).
8. Section 22 (b) of RA 3518 provided that "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."
9. Section 8 of Republic Act No. 7169, entitled "An Act to Rehabilitate the Philippine Veterans Bank Created Under Republic Act No. 3518, Providing the Mechanisms Therefor, and for Other Purposes", designated the Board of Trustees as trustee of all issued but undelivered shares of stock.
10. The Committee, in its November 20, 2020 meeting, instructed the Philippine Veterans Bank (PVB) and the Board of Trustees to submit to the Philippine Veterans Affairs Office (PVAO) a consolidated list of veterans who are yet to receive their PVB shares and to coordinate with each other to facilitate the prompt and timely delivery of these shares.

ISSUES

The Committee sought to inquire into the following issues:

11. Whether or not Section 3(B) of RA No. 3518 in so far as the issuance of the shares of stocks is concerned was complied with.
12. Whether or not the BTVWWII was remiss in the performance of its mandate as trustee of all issued but undelivered shares of stock as provided for under Section 8 of RA No. 7169.

13. Whether or not the guidelines set for the transfer of shares of stocks of deceased veteran-stockholders to their respective heirs were feasible.

DISCUSSIONS AND FINDINGS

14. According to the PVB, within five (5) years from the opening of the bank in 1963, the bank had issued all 1,000,000 shares to the veterans consisting of 510,000 common shares and 490,000 preferred shares. However, 33,314 remained undelivered as of July 31, 2020.

15. The PVB cited insufficient information as to the location or address of veteran-stockholders as one of the reasons for the delay in the distribution of the undelivered shares.

16. The PVB has made efforts to locate the veteran-stockholders of the remaining undelivered shares by conducting roadshow presentations nationwide in coordination with its bank branches, through the assistance of the Sons and Daughters Association Inc. (SDAI), and through repeated advisories in its official Facebook Page.

17. The Board of Trustees maintained that since Republic Act 7169 designated it as trustee of all issued but undelivered shares of stock in 1992, it has been in constant coordination with the PVB and the Veterans Federation of the Philippines (VFP) in locating the veteran-stockholders of then 200,000 unclaimed shares of stocks. As of 25 January 2021, there are still 33,308 veteran-stockholders to be located.

18. The Board of Trustees continues to vote on behalf of the owners of issued but undelivered shares in the annual PVB stockholders meeting.

19. The Board of Trustees continues to locate the veteran-stockholders in every region in the country through the assistance of the SDAI and the Descendants of World War II Freedom Fighters, among others.

20. The Board of Trustees said the tedious process and the expenses involved in the transfer of the shares of stocks of deceased veteran-stockholders to their compulsory heirs is an impediment to the transfer of the shares.

21. The PVAO reported that based on the 432,416 names of World War II veterans that the Philippine Veterans Administration (the precursor of PVAO) has endorsed to the PVB pursuant to RA No. 3518, there are 33,314 shares of stocks which remain undelivered because the veteran-stockholder beneficiaries cannot be located. These shares have not been properly disposed to the disadvantage of the government which has fully subscribed and paid for its delivery to eligible veterans-stockholders or their beneficiaries.

22. The PVAO alleged that the Board of Trustees failed to perform its mandate to take custody of the undelivered shares as the same remain under the possession and control of the PVB, and to locate and deliver these shares to the veteran-stockholders or to their heirs.

23. The PVAO said the heirs of deceased veteran-stockholders have lost interest in the transfer of these shares due to the stringent process, long list of requirements, and prohibitive cost in processing the documents including the payment of transfer tax. The heirs argued that they stand to spend more than the dividends they will receive.

24. Upon the instruction of the Committee in its 10 November 2020 meeting, the PVB submitted to PVAO the updated list of veterans with issued but undelivered shares. The PVAO found out that out of the 33,308 names of veteran-stockholders, 1,055 matched with PVAO's list of WWII veterans with complete addresses. Of this number, 137 veteran-stockholders are still alive, while 918 were survived by their spouses.

25. Upon the instruction of the Committee in its 10 November 2020 meeting, the PVAO and PVB held consultative meetings and agreed to create a Joint Task Force (JTF) composed of the PVAO, PVB and Board of Trustees which shall be responsible for facilitating the immediate distribution of undelivered shares to veteran-stockholders or their heirs and assist in the transfer of these shares to eligible heirs. The JTF shall conduct regular meetings to monitor the implementation of their Action Plan.

26. The proposed JTF shall have the following Action Plan:

- Immediately facilitate the distribution of the 1,055 undelivered shares of stock to their respective owners or heirs;
- Study the legality of redistributing the remaining 32,253 shares of the veterans who will be declared finally as "unlocated" to qualified WWII veterans who were not included in the original list of stockholders, such as those veterans recognized by the Military Service Board (MSB) and those verified by the PVAO;
- Determine the names of deceased veteran-stockholder whose shares have not yet been transferred to their compulsory heirs; and
- Assist compulsory heirs in the transfer of the shares of stocks of deceased veteran-stockholders.

CONCLUSION

27. Given the information cited above, the PVB was able to issue the corresponding stock certificates for the veteran beneficiaries within the intended period as prescribed by law but was not able to completely deliver the same to all veteran-stockholders citing issues in locating the veterans or their heirs, among others.

28. The Board of Trustees upon being mandated as trustee of all issued but undelivered shares under RA No. 7169, has performed its duty to vote on behalf of the owners of those issued but undelivered shares of stock. Citing the same issues as the PVB, it was not able to locate and deliver the issued shares of stocks to its intended owners.

29. The lack of proper coordination between agencies have caused these shares of stocks to stay in the possession and control of the PVB and has remained undelivered to their respective owners after the same was issued more than fifty (50) years ago effectively disenfranchising those veterans of their right and interest to the PVB.

30. Moreover, the stringent process, long list of requirements, and prohibitive cost in processing the documents, including the payment of transfer tax, has caused eligible heirs to lose interest in the transfer of the shares to themselves.

31. The Committee agreed to the proposal of the PVAO and the PVB for the creation of the JTF to address these issues and to undertake the necessary steps to effectively implement the JTF Action Plan.

32. In line with the objectives of the JTF, the PVB shall streamline the requirements in the transfer of shares of stocks to the compulsory heirs of the veterans that are within its authority. From the original nine (9), the PVB will only be requiring a proof of identity; proof of filiation to the veteran-stockholder; and the certificate authorizing registration (CAR) issued by BIR.

33. The PVB shall also subsidize the corresponding transfer tax required by the BIR. The fund necessary for this purpose shall be sourced from the 20% net profit of the PVB which, as mandated under RA 3518, shall be used for ‘grants-in-aid’ to veterans, their widows, orphans, or compulsory heirs, and for other purposes beneficial to the veterans. The logistical and operational expenses of the JTF shall likewise be sourced from the 20% net profit of the PVB.

34. The PVB shall embark on an aggressive information campaign to locate the veterans or their heirs through publications and social media platforms, among other means, and through the continued assistance of the VFP, SDAI, and other veterans’ organizations.

RECOMMENDATION

35. The Committee recommends the adoption of this report, including the attached Resolution enjoining the Philippine Veterans Affairs Office (PVAO) to form a Joint Task Force (JTF), with the Philippine Veterans Bank (PVB), and the Board of Trustees of the Veterans of World War II (BTVWWII), to facilitate the immediate conveyance or transfer of the undelivered PVB shares of stocks to the veterans and their compulsory heirs by the end of June 2021. Further, that the PVAO, PVB, and Board of Trustees submit to the Committee on Veterans Affairs and Welfare the JTF report on the conveyance or transfer of these undelivered PVB shares of stocks.

Attachments:

RA 3518

RA 7169

Position Papers

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE RESOLUTION NO. 1804

Introduced by Representatives Geraldine B. Roman, Jose “Jun” L. Ong Jr., Manuel DG Cabochan III, Leonardo L. Babasa Jr., Pablo C. Ortega, Shirlyn Bañas-Nogralles, Raymond Democrito C. Mendoza, and Ma. Victoria V. Umali

RESOLUTION

ENJOINING THE PHILIPPINE VETERANS AFFAIRS OFFICE TO FORM A JOINT TASK FORCE, WITH THE PHILIPPINE VETERANS BANK, AND THE BOARD OF TRUSTEES OF THE VETERANS OF WORLD WAR II, TO FACILITATE THE IMMEDIATE CONVEYANCE OR TRANSFER OF THE UNDELIVERED PVB SHARES OF STOCKS TO THE VETERANS AND THEIR COMPULSORY HEIRS BY THE END OF JUNE 2021

WHEREAS, Section 23 of RA 3518, An Act Creating the Philippine Veterans Bank, created the Board of Trustees of the Veterans of World War II (BTVWWII), 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";

WHEREAS, Section 3 (b) of RA 3518, provides "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:"

WHEREAS, Section 8 of RA 7169, An Act to Rehabilitate the Philippine Veterans Bank (PVB), created under RA 3518, Providing the Mechanisms Therefor, and for Other Purposes, designated the BTVWWII as trustee of all issued but undelivered shares of stock;

WHEREAS, since the enactment of RA 3518 in June 18, 1963, there are still 33,308

stockholders whose stock certificates have been issued but have not been delivered or transferred to their compulsory heirs;

NOW, THEREFORE, BE IT RESOLVED by the House of Representatives, to enjoin the Philippine Veterans Affairs Office (PVAO) to form a Joint Task Force (JTF) with the Philippine Veterans Bank (PVB), and the Board of Trustees of the Veterans of World War II (BTVWWII) to facilitate the immediate conveyance or transfer of the undelivered PVB shares of stocks to the veterans and their compulsory heirs by the end of June 2021,

RESOLVED FURTHER, that PVAO, PVB, and BTVWWII submit to the Committee on Veterans Affairs and Welfare the JTF report on the conveyance or transfer of these undelivered PVB shares of stocks .

Adopted,