

AN ACT REQUIRING MUTUAL BENEFIT, RELIEF, AND BENEVOLENT SOCIETIES AND ASSOCIATIONS TO MAKE AN ANNUAL STATEMENT TO THE INSULAR TREASURER OF THEIR RECEIPTS, DISBURSEMENTS, AND FIN...

Act No. 701, March 27, 1903

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By authority of the United States, be it enacted by the Philippine Commission, that:

SECTION 1. Mutual benefit, relief, and benevolent societies or associations, whether incorporated or not, formed or organized for the purpose of paying sick benefits to members, or of furnishing support to members while out of employment, or of furnishing professional assistance to members, or of paying to relatives of deceased members a fixed or any sum of money, or providing for any method of accident or life insurance out of dues or assessments collected from the membership, and societies or associations making either or any of such purposes features of their organization on the basis of fixed dues or assessments, shall report to the Insular Treasurer within thirty days after the passage of this Act, or within thirty days after their organization the date of their formation, the name of the association, its principal place of business, the name of the president, secretary, and treasurer, and board of directors, or the names of officers having the usual duties of such offices by whatever name designated, the general purposes of such societies, and the provision of the constitution or by-laws fixing the amount of dues or assessments and their disposition. Such societies or associations shall annually, on the first day of July, make a full report to the Insular Treasurer of their financial condition and a complete itemized statement of all their receipts and disbursements, including the name and address of the person from whom received and the name and address of the person to whom disbursed.

SEC. 2. Whenever a petition is presented to the Insular Treasurer duly verified by at least three persons interested in such society either as members, beneficiaries, or creditors and showing the necessity or expediency of such action, or whenever he deems it proper or necessary, the said Insular Treasurer either by himself or his duly authorized representative must make a careful examination into the financial affairs of such society or association, verify the resources and moneys on hand, check up the expenditures and ascertain its ability to meet its liabilities and fulfill the obligations entailed upon it by its constitution, by-laws, rules, or regulations.

SEC. 3. Such examination and inspection by the Insular Treasurer shall be had in the province in which such society or association has its principal place of business, and the Insular Treasurer may apply to the Court of First Instance of such province and cause to be issued therefrom subpoenas to witnesses to attend and testify before him and bring with them such books, papers, documents, and letters as may be described in such subpoenas. A witness failing to attend or comply with the forms of the subpoena or refusing to reply to material, relevant, and competent questions touching the subject-matter of the investigation or inspection, shall be punished by the Court of First Instance after proper showing in the same manner and to the same extent as if the failure or refusal of the witness had occurred in an action or proceeding pending before such court. In making such investigation the Insular Treasurer is authorized to call upon the Attorney-General to assist in the conduct of the examination, either in person or by deputy or agent of the Attorney-General duly authorized.

SEC. 4. Any person, whether a member or not of any such society or association, who shall misappropriate or divert from its lawful purpose, or appropriate to his own use or that of another, without proper authority, any of the funds or property of the society, shall be punished by a fine not to exceed five thousand dollars, or by imprisonment not to exceed five years, or by both such fine and imprisonment.

SEC. 5. Whenever the result of the examination by the Insular Treasurer shall show that the finances of the association are in such condition that it can not meet its liabilities and that its funds have been diverted from the purposes for which it was organized, to such an extent as to require him to declare it to be insolvent, all report the same to the Attorney-General, who shall, in the name of the Insular Government, file a petition in the Court of First Instance to dissolve the association, sell its property, collect its assets, and distribute the proceeds to the persons by law entitled to receive the same. In the settlement of the affairs of the association it shall be within the discretion of the court either to appoint the Insular Treasurer as the agent of the association to close up the affairs of the association or to appoint a receiver who shall discharge the same duty.

SEC. 6. The petition provided for in the last section shall be filed against the officers and members of the association. It shall be a sufficient service upon the association and the members thereof to serve the president, secretary, treasurer, directors, or board of managers or trustees of the association personally with a copy of the petition, in addition to such personal service of the officers, however, it shall be necessary to publish a copy of the petition in two newspapers, one published in the English language and one in the Spanish language, having a general circulation in the judicial district in which the petition is filed. If there be no such newspaper of general circulation, then the petition shall be posted at the door of the provincial building for two weeks. Such publication in the newspapers, if possible, shall take place once a week for two weeks. In case of emergency the court is authorized to appoint a receiver Emergency receiver before the service of process, personal and by publication, shall be completed.

SEC. 7. After the filing of the petition and the obtaining of service under the next preceding section, the pleadings and procedure thereafter shall be the same as provided in the Code of Civil Procedure.

SEC. 8. The order appointing a receiver or designating the Insular Treasurer as an agent for the settlement of such societies shall contain an injunction against all officers, agents, and collectors of the society, forbidding them to continue in the collection or disbursement of moneys belonging to the society, whether such officers or agents are resident or actually in the judicial district in which the petition is filed, or in other provinces, and it shall be the duty of the officers of the association at once, upon the making of the order appointing the receiver, to notify all agents and collectors of the making of the order and to direct same to cease collecting or disbursing money of the association.

SEC. 9. It shall be unlawful for the Insular Treasurer or the Attorney-General, or the deputy of either, engaged in the investigations and examinations provided by this Act, to make public either the condition of the society or any information obtained with respect to the condition of the receipts or the expenditures of such society, unless it shall be necessary to proceed against any of the officers of the association criminally for an offense under section four, or to apply to the Court of First Instance for a dissolution of the society under section five.

SEC. 10. This Act shall apply to existing associations and to all those which may hereafter be organized, but section four shall not have application except to offenses committed hereafter.

SEC. 11. This Act shall take effect on its passage.

Enacted, March 27, 1903.

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