

AN ACT CREATING THE NATIONAL MARKETING CORPORATION AND DISSOLVING THE PRICE STABILIZATION CORPORATION, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES.

REPUBLIC ACT No. 1345, June 17, 1955

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

SECTION 1. Declaration of Policy.—It is hereby declared to be the policy of Congress to assist Filipino retailers and businessmen by supplying them with merchantable goods at prices that will enable them to compete successfully in the open market so that they may have greater participation in the distribution system of our economy. In order to do this, it is necessary that a government corporation be created for the purpose of engaging in the activities of procurement, buying and distributing merchantable goods to Filipino retailers and businessmen not for the purpose of making profit but to render an essential public service in order to promote the social and economic welfare of the Nation.

SEC. 2. Name and Duration.—There is hereby created a private corporation under the name of the "National Marketing Corporation" which, in short, shall be known as the "NAMARCO." The Corporation shall exist for 'a period of twenty-five years from the effective date of this Act.

SEC. 3. Principal Office.—The Corporation shall have its main office and principal place of business in the City of Manila or Quezon City, but may establish such branches and agencies in other places, within and outside the Philippines, as may be necessary for the proper conduct of its business.

SEC. 4. General Powers.—The NAMARCO is hereby authorized to exercise the following general powers:

- To adopt, alter and use a corporate seal which shall be judicially noticed;
- To make contracts;
- To purchase, hold, convey, sell, lease, let, mortgage, encumber and otherwise deal with such real and personal property as the purposes for which the Corporation was formed may permit and the transaction of lawful business of the Corporation may reasonably and necessarily require;
- To sue and be sued in any court;
- To do all such other things and to transact all such business directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Corporation; and
- To exercise generally all the powers of the Corporation under the Corporation Law in so far as they are not inconsistent with the provisions of this Act.

SEC. 5. Special Powers.—The NAMARCO is authorized and directed;

- To procure and buy commodities for distribution at reasonable prices to Filipino retailers and businessmen in order to promote their greater participation in the distribution system of the national economy;

- To stabilize the prices of commodities in short supply by supplying commodities to the general public at fair prices through Filipino businessmen;
- To formulate policies and procedures with respect to the use and acceptance of eligible evidence of indebtedness in the sale of commodities on credit to Filipino retailers and businessmen in accordance with established business practices;
- To establish and operate distribution offices and agencies and/or to enter into contracts with wholesale business throughout the Philippines for the purchase and distribution of such commodities that may be deemed essential for carrying out the purposes of the Corporation authorized in this Act.
- To accept eligible evidence of indebtedness in carrying out its authorized activities and to rediscount said eligible evidence of indebtedness with the Central Bank of the Philippines, Rehabilitation Finance Corporation, Philippine National Bank and/or any other government financial institution; and
- To borrow money from any credit institution for any of the purposes herein provided.

SEC. 6. Capitalization and Revolving Fund.—(a) The NAMARCO shall have an authorized capital of thirty million pesos to be subscribed entirely by the Republic of the Philippines and to be paid out of any general fund in the National Treasury, as follows:

The sum of ten million pesos upon approval of this Act; and

The sum of ten million pesos for every fiscal year thereafter for a period of two years which shall be automatically appropriated and included in the General Appropriation Acts for such subsequent fiscal years. The authorized capital of thirty million pesos shall constitute as a revolving fund for the purpose of financing its business transactions, except as herein provided for.

(b) For the operating expenses of the NAMARCO, the Board of Directors may appropriate out of the said authorized capital a sum not exceeding one million pesos during each fiscal year and a standing annual appropriation is hereby made out of any general fund in the National Treasury of such sum as may be necessary to reimburse the NAMARCO of the total amount actually expended out of the said one million pesos for overhead expenses during each fiscal year, which reimbursement shall accrue to the revolving fund. The unexpended balance of the appropriation for overhead expenses at the end of each fiscal year shall automatically revert to the said revolving fund and whatever earnings of the NAMARCO, if any, shall also accrue to the revolving fund.

SEC. 7. Board of Directors—Composition, Appointment and Compensation.—The corporate powers of the Corporation shall be vested in and exercised by a Board of Directors of seven members, consisting of the Secretary of Commerce and Industry, as ex-officio Chairman, and six members who shall be appointed by the President of the Philippines, with the consent of the Commission on Appointments. The said members shall serve as designated by the President of the Philippines in their appointments for terms of one to three years, respectively, from the date they qualify and assume office; but their successors shall be appointed for terms of three years, except that any person chosen to fill a vacancy shall serve only for the unexpired term of the member he succeeds.

The Board shall hold regular weekly meetings and such number of special meetings as may be called by the Chairman or any three members from time to time. For attendance at meetings, each director shall receive a per diem of twenty-five pesos: Provided, That no member of the Board shall receive more than two hundred pesos as per diems a month.

SEC. 8. Powers and duties of the Board of Directors.— The Board of Directors shall have the following powers

and duties:

- To prescribe, amend and repeal by-laws, rules and regulations governing the manner in which the general business of the Corporation may be exercised, including provisions for the formation of such committee or committees as the Board of Directors may deem necessary to facilitate its business;

- To appoint and fix the compensation of the General Manager and Assistant General Manager, subject to the approval of the President of the Philippines, and to appoint and fix the compensation of a secretary of the Board and such other corporate officials as may be needed.

The Board, by a majority vote of all the members, may, for cause, and with the approval of the President of the Philippines, suspend and/or remove the General Manager and/or the Assistant General Manager; and

- To approve the annual budget and/or such supplementary budgets of the Corporation which may be submitted to it by the General Manager from time to time.

SEC. 9. Suspension and removal of Directors.—Any member of the Board of Directors may be suspended or removed by the President of the Philippines, upon the recommendation of the Chairman of the Board of Directors.

SEC. 10. Prohibition for Board members.—No Chairman or member of the Board of Directors of the Corporation shall at the same time serve in the Corporation in any capacity whatsoever other than Chairman or Member thereof.

SEC. 11. The General Manager and members of the Board of Directors of the Corporation shall not intervene, directly or indirectly, in the management or control of any private enterprise which in any way may be affected by the functions of their office; nor shall they, directly or indirectly, be financially interested in any contract with the Corporation or in any business activity that may be benefited by the operations of the Corporation.

SEC. 12. Managing Head.—The management of the Corporation shall be vested in the General Manager.

SEC. 13. Powers and Duties of the General Manager.—The General Manager shall have the following powers and duties:

- To direct and manage the affairs and business of the Corporation, on behalf of the Board of Directors, and subject to its control and supervision;

- To sit in all meetings of the Board of Directors, and participate in its deliberations, but without the right to vote;

- To submit within sixty days at the close of each fiscal year an annual report, through the Board of Directors, to the President of the Philippines;

- To appoint and fix the number and salaries, with the approval of the Board of Directors, of such subordinate personnel as may be necessary for the proper discharge of the duties and functions of the Corporation, and, with the approval of the Board, to remove, suspend, or otherwise discipline for cause, any subordinate employee of the Corporation; and

- To perform such other duties as may be assigned to him by the Board of Directors from time to time.

SEC. 14. Appointment and Promotion, basis.—In the appointment and promotion of officers and employees, merit and efficiency shall serve as bases and no political test or qualification shall be prescribed and considered for such appointments or promotions. Any person appointed by the General Manager in violation of the above provision shall be removed from the service by the Board of Directors.

SEC. 15. Organizational Operation.—The Corporation shall be organized along the following setup:

- Purchasing Department—responsible for the procurement, or arranging for the procurement, of required commodities;
- Marketing Department—responsible for the sale and distribution of commodities through appropriate outlets;
- Traffic-Storage Department—responsible for the transportation, shipping and warehousing of stocks and commodities.

In addition, the General Manager shall have the following specified staff offices to assist him in his work:

- Personnel Office—provide advice and assistance on personnel management problems, including employment, training, employee relations and salary classification matters;
- Finance Office—provide advice and assistance on all budgeting, accounting and financial matters of the NAMARCO;
- Market Analysis Office—responsible for market analysis to determine necessary quantities and prices of commodities to be purchased or sold to stabilize or control prices;
- General Service Office—provide supply, records and building maintenance services;
- Office of the General Counsel—provide advice and assistance on all legal matters of the NAMARCO, including investigations and preparation of contracts. The Secretary of Justice shall be the ex officio legal adviser of the NAMARCO. He shall appoint a representative who shall be the General Counsel thereof. Any assistant legal counsel and other personnel shall be appointed by the General Manager, subject to the approval of the Board of Directors. All salaries and operating expenses of the Office of the General Counsel shall be fixed by the Board of Directors and paid by the NAMARCO.
- Auditing Office—responsible for the audit of the financial transactions of the NAMARCO in accordance with law, administrative regulations and the principles and procedures applicable to commercial corporate transactions. The Auditor General shall be the ex officio Auditor in charge of the Auditing Office of the NAMARCO. He shall appoint a representative who shall be the Auditor thereof. The Auditor General shall, upon the recommendation of the Auditor of the NAMARCO, appoint or remove personnel of the Auditing Office. The operating expenses of the Auditing Office and the number and salaries of officers and employees of such office shall be fixed by the Board of Directors and paid by the NAMARCO. The representative of the Auditor General shall render an annual report within sixty days after each fiscal year on the financial condition of the NAMARCO to the President of the Philippines, the Secretary of Finance, the Auditor General, and the Board of Directors. The report shall contain a statement of the resources and liabilities including earnings and expenses, the amount of paid-up capital stock, surplus, reserves, as well as losses, bad debts and such other facts which the Auditor considers necessary to accurately describe the financial condition of the NAMARCO.

SEC. 16. General Provisions.— (a) Obligations issued by the NAMARCO in accordance with the authority of paragraphs (c) and (e) of section five of this Act shall be secured by the assets of the NAMARCO, including all securities held by it under the provisions of this Act. These obligations shall be redeemable at the option of the NAMARCO at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the NAMARCO. The NAMARCO shall provide for appropriate reserves for the redemption or retirement of such obligations. Obligations issued and offered for sale by the NAMAECO may be offered at such price or prices as the NAMAECO may determine. The said obligations shall and are hereby fully and unconditionally guaranteed both as to principal and interest by the Government of the Republic of the Philippines, and such guaranty shall be expressed on the face thereof.

(b) In the event that the NAMARCO shall be unable to pay debentures, bonds, collaterals, notes or such other obligations issued by it, the Secretary of Finance shall pay the amount thereof which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated and thereupon, to the extent of the amounts so paid, the Government of the Republic of the Philippines shall succeed to all of the rights of the holders of such bonds, debentures, notes, collaterals or other obligations.

(c) The NAMARCO shall be exempt from all taxes incidental to its operation except as herein provided for. All notes, bonds and debentures and other obligations issued by the NAMARCO shall be exempt from II taxes, both as to principal and interest, except inheritance and gift taxes.

SEC. 17. Penal Provisions.—(a) No officer or employee of the NAMARCO nor any government official who may exercise executive or supervisory authority over the said NAMARCO, either directly or indirectly, for himself or as the representative or agent of others, shall become a guarantor, indorser, or surety for credits from the NAMARCO or others. Any such officer or employee who violates the provisions of this section shall be immediately removed by competent authority and said officer or employee shall be punished by imprisonment for not less than one year for exceeding five years and a fine of not less than one thousand nor more than five thousand pesos.

(b) No fee, commission, gift, or charge of any kind shall be exacted, demanded, or paid, for obtaining credit facilities from the NAMARCO, and any officer, employee, agent of the NAMARCO, exacting, demanding, or receiving any fee for service in obtaining a credit, shall be punished by a fine of not less than one thousand nor more than three thousand pesos and imprisonment for not less than one year nor more than three years.

(c) Any person who, for the purpose of obtaining, renewing, or increasing a credit line or the extension of the period thereof in his own or another's behalf, should give false information or cause, through his intrigue or machination, the existence and production of any false information with regard to the identity, situation, productivity, or value of the security, or with regard to a point which would effect the granting or denial of the request for credit, whether the latter has been consummated or not, and every officer or employee of the NAMARCO who, through connivance or negligence, should allow by action or omission such false information to pass unnoticed, thereby causing damage to the NAMARCO or exposing the latter to the danger of suffering such damage, shall be punished with imprisonment for not less than three months nor more than three years, and a fine of not less than the amount of the credit obtained or applied for nor more than three times such amount.

(d) It shall be unlawful for any officer or employee of the NAMARCO to speculate directly or indirectly in the commodity support program of the NAMARCO in the purchase of locally produced and/or manufactured goods or in transactions relating thereto, or in the purchase of imported commodities, or in the stock of membership interest of any association or corporation engaged in the handling, processing, or disposing of any such commodity or product. Any such person violating this section shall, upon conviction thereof, be fined not more than twenty thousand pesos, or imprisoned not more than ten years, or both.

SEC. 18. Transitory Provisions.—(a) The NAMARCO shall retain the existing regional provincial sales organization of the Price Stabilization Corporation (PRISCO): Provided, however, That as sales and distribution methods are changed or improved, any such outlets could be eliminated: Provided, further, That there shall be in each province at least one provincial sales organization or agency.

(b) The Price Stabilization Corporation (PRISCO) is hereby dissolved in the manner hereinafter provided:

- Any reference to the PRISCO in any existing law, or in any executive order, administrative order or proclamation of the President shall, with respect to any duty or function assumed by the NAMARCO created in

this Act, be deemed hereafter to have reference to the National Marketing Corporation (NAMARCO) ;

- The personnel, records, cash, such needed equipment, rights and contracts of the PRISCO involving real estate, fixed assets and stock in trade are hereby transferred to, vested in, and assumed by the NAMARCO and all the business concerning obligations and liabilities of the PRISCO on real estate, fixed assets, and stock in trade shall be liquidated, assumed and continued by the NAMARCO :That the liquidation, settlement and payment of other chooses in action, obligations and liabilities of the PRISCO shall be handled by the Board of Liquidators: Provided, further, That the inventory and valuation of the real estate properties, needed equipment, fixed assets, stock in trade or chooses in action, rights, obligations, liabilities and contracts of the PRISCO relative thereto shall be made by the Auditor General and during the inventory and valuation, the accountable officers of the PRISCO shall continue to be accountable therefor until actual transfer to and acceptance by the corresponding accountable officers of the NAMARCO: Provided, further, That, other assets, liabilities and obligations of the PRISCO shall be transferred to, vested in and assumed by the Board of Liquidators as hereinabove provided : Provided, finally, That the personnel of the PRISCO hereby transferred shall be reappointed in the NAMARCO in accordance with Republic Act Numbered Nine hundred ninety-seven, commonly known as the "Reorganization Act of Nineteen hundred and fifty-four," and that those not reappointed within one hundred twenty days from the establishment and activation of the NAMARCO shall either be transferred to other offices or be considered separated or released from the service and that the said one hundred twenty days shall constitute as the advance separation notice required by law.

- The officials and employees of the PRISCO who may be separated from the service by virtue hereof shall be entitled to the commutation of the money value of their vacation and sick leaves standing to their credit. If the officials and employees of the PRISCO so separated from the service are entitled to retire under the Osmeña Retirement Law (Act 2589, as amended) or under Republic Act Numbered Six hundred sixty, they shall be so retired upon the payment of the obligation of the PRISCO to the Government Service Insurance System subsisting under the said Republic Act Numbered Six hundred sixty on the date of the approval hereof. Those who may not be retired under the aforesaid laws shall be entitled to gratuity, which shall be paid in one lump sum, equivalent to one month's salary for every year of continuous, satisfactory service rendered in the PRISCO and in any branch of the government and government agencies and instrumentalities on the basis of the last salary received by them, but not exceeding twelve months in the aggregate: Provided, however, that in the case of subsequent reinstatement in the government service or in any government owned or controlled corporation of any such officer or employee who has been paid gratuity, vacation and/or sick leaves, he shall refund to the National Government the value of the unexpired portion of his gratuity and of his vacation and/or sick leaves, if any: And provided, further, That, the amount necessary to pay the said gratuity and the money value of the sick and vacation leaves standing to the credit of the laid-off employees is hereby appropriated out of any general fund in the National Treasury not otherwise appropriated, which sum shall be used by the NAMARCO to pay such obligations.

SEC. 19. Miscellaneous Provisions.—(a) All Acts or Executive Orders, Administrative Orders and Proclamations or part thereof inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly;

(b) If any provisions of this Act should be held invalid, the other provisions shall not thereby be affected.

SEC. 20. Effectivity.—This Act shall take effect upon its approval.

Approved, June 17, 1955.

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