

AN ACT TO AMEND ACT NUMBERED FIFTY-TWO, BY PROVIDING FOR THE DOSING OF BANKS IN CASE OF THEIR INSOLVENCY, OR WHEN, IN THE OPINION OF THE CIVIL GOVERNOR, THEIR CONTINUANCE IN BUS...

Act No. 556, December 09, 1902

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

SECTION 1. Act Numbered Fifty-two entitled "An Act providing for examinations of banking institutions in the Philippine Islands and for reports by their officers," is hereby amended by changing section eight to read section thirteen and by inserting after section seven the following additional sections:

"SEC. 8. In case the examination by the Treasurer made under section three shall disclose to him that the condition of the bank is one of insolvency, or that its continuance in business in the receipt of deposits will involve probable loss to depositors, it shall be the duty of the Treasurer forthwith in writing to inform the Civil Governor of the facts, and if the Civil Governor finds the statements of the Treasurer to be true, he shall forthwith forbid the bank to do a banking business in the Islands and direct the Treasurer to take charge of the assets of the bank and proceed according to law.

"SEC. 9. Upon receiving the order from the Civil Governor mentioned in section eight, the Treasurer shall, by the Attorney-General, file a petition in the Court of First Instance in the territorial jurisdiction of which the bank is situated, reciting the proceedings which have been taken and praying the assistance and supervision of the court, in the liquidation of the affairs of the bank. The Treasurer shall thereafter under the supervision of the court and with nil convenient speed reduce the assets of the bank to money. After payment of the costs of the proceedings, including reasonable commissions and fees to the Treasurer, to be allowed by the court, the Treasurer shall pay the debts of the bank, under decree of the court, in the order following:

"First. All public taxes due.

"Second. Debts due to all other persons in the order of priority, if any, fixed by law.

"In case of debts secured by mortgage of any property of the bank of which the Treasurer takes possession, it shall be the duty of the Treasurer, under direction of the court, to sell the property mortgaged and to apply the proceeds:

"First. To all taxes due.

"Second. To the costs of the sale, including a reasonable commission to the Treasurer and insurance and other expenses.

"Third. To satisfy the debt of the owner of the mortgage.

"Fourth. To the payment of other creditors in the order of priority, if any, fixed by law.

"In case of property of the bank pledged for its debts which, by the contract of security, must remain in possession of the creditor, the Treasurer shall have the same remedies to effect sale of security, payment of the

debt and return of the balance as the bank would have had, and in all proceedings, in respect to his trust, the Treasurer shall represent and exercise the rights of the bank and the general creditors.

"SEC. 10. The administration of the trust under the two next preceding sections may be carried on by a deputy designated by the Treasurer. The costs, fees, and commissions, earned by the Treasurer or his deputies shall be deposited as a special fund with the Insular Treasurer to be used to pay the salaries of the clerks and other employees whose employment is rendered necessary in the discharge of the trust, together with other additional expenses caused thereby. The balance of commissions, fees, and costs earned, after the payment of all expenses, shall be turned into the Insular Treasury.

"SEC. 11. Except as hereinbefore provided the procedure of liquidation and payment of creditors shall be as nearly similar as may be to that pursued in the liquidation of the affairs of a national bank by a receiver under the national banking laws of the United States.

"SEC. 12. All laws or parts of laws inconsistent herewith in so far as they are inconsistent are hereby repealed."

SEC. 2. The public good requiring the speedy enactment of this bill, the passage of the same is hereby expedited in accordance with section two of "An Act prescribing the order of procedure by the Commission in the enactment of laws," passed September twenty-sixth, nineteen hundred.

SEC. 3. This Act shall take effect on its passage.

Enacted, December 9, 1902.

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