

AN ACT CREATING THE PHILIPPINE EXPORT CREDIT INSURANCE AND GUARANTEE CORPORATION, DEFINING ITS POWERS, FUNCTIONS AND OBJECTIVES AND FOR OTHER PURPOSES.

REPUBLIC ACT NO. 6424, March 30, 1972

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

SECTION 1. Short Title. — This Act shall be known as the "Philippine Export Credit Insurance and Guarantee Corporation Act."

SEC. 2. Declaration of Policy. — It is the policy of the State to actively encourage, promote, and diversify exports and foreign markets of Philippine goods and prices in order to attain a rising level of production and employment, increase foreign exchange earnings, hasten economic development of the country, and assure that benefits of economic growth accrue to the Filipino people. Towards this end, it is important that sufficient incentives and protection be extended to exporters so that export capabilities of the country may be better exceed and encouraged to develop to the fullest extent

SEC. 3. Definition of Terms. — For purposes of this Act the following definitions shall apply:

- "Corporation" shall mean the Philippine Export Credit Insurance and Guarantee Corporation created under this Act.
- "Board" shall mean the Board of Directors of the Corporation.
- "Capital or Insurance Fund" shall mean the capital of the Corporation from which no disbursement shall made until after the Corporation shall have exhausted every other available financial resource and every possibility of borrowing from financial institutions in accordance with this Act.
- "Credit Risks" shall mean possible non-payment of credit granted to a foreign customer by the insured in connection with an export transaction resulting from or occasioned by circumstances, happenings or events which are outside or beyond the control of the insured as follows:
 - Insolvency or protracted default of the foreign customer;
 - Governmental action under circumstances not due to the fault of the buyer which prevents the transfer of payment to exporters;
 - New import or export licensing restrictions the country of the foreign customer or of the insured;
 - Moratoria, war, revolution, civil disturbances, similar circumstances which prevent the payment of accepted goods and/or services; and
 - Such other risks connected with export transactions on deferred payment, except again risks of devaluation or changes in the exchange rate and against risks that are normally insured with commercial insurers licensed to do business in the Philippines such as fire, marine, casualty accident, fidelity, surety, and physical damage

- "Export Credit Agency" shall mean a corporation commission, board, agency of a government, or body incorporated or established in any country having purposes similar to those of the Corporation.
- "Export Credit Insurance" shall mean a contract of insurance entered into by the corporation with persons, natural or juridical, engaged in transactions involving goods and/or services exported or contracted to be exported for losses attributable to the occurrence of any of the credit risks defined in paragraph (d) above.
- "Export Transaction" shall mean any transaction involving: (i) the export of goods out of the Philippines; (ii) the manufacture, treatment or servicing of goods for, or the sale or leasing of goods to a foreign customer; (iii) the sale or licensing of any right in a patent, trademark, or copyright to a foreign customer; or (iv) the rendering to a foreign customer of any managerial, construction, technological, marketing or other services.
- "Foreign Affiliate" shall mean a person, entity, association or corporation carrying on business outside the Philippines that is directly or indirectly controlled by the insured, or vice-versa.
- "Foreign Customer" shall mean a person or any entity, corporation, or organization carrying on business or other activities outside the Philippines, and may include a foreign government.
- "Foreign Government" shall mean the government of a Country, other than the Philippines, or of any political subdivision or agency thereof.
- "Guarantee" shall mean an undertaking by the Corporation to pay the bank or creditor of an insured exporter for money advanced or loans granted to said exporter against export credit instruments that are not paid at maturity.
- "Insured" shall mean any citizen of the Philippines or corporation or partnership or other entity organized under existing Philippine laws who has entered into a contract of insurance with the Corporation covering an export transaction with, a foreign customer, in accordance with the provisions of this Act.
- "Instrument" shall mean a promissory note, bill of exchange bond, debenture, or any other evidence of indebtedness payable by a foreign customer and, in case the customer is a foreign government, includes an agreement to pay.
- "Technical Reserve" shall mean all the available funds kept in a separate account out of which claims for losses will be paid.
- "Working Fund" shall mean the account to which all investment incomes, premium incomes, and all other incomes shall be credited and against which all operating costs and other expenses, including claims paid, shall be debited.

Article I. — Creation, Purposes and Powers of the Corporation

SEC. 4. Creation, Name, Domicile and Term. — There is hereby created a public corporation capitalized at Ten Million Pesos (P10,000,000.00), to be known as the "Philippine Export Credit Insurance and Guarantee Corporation," which shall be organized within three (3) months from the approval of this Act. The domicile and principal place of business of the Corporation shall be within the Greater Manila area, but it 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.

The Corporation shall have a term of fifty (50) years from and after the date of organization, unless sooner dissolved by law or for any of the causes provided for by law.

SEC. 5. Purposes. — The Corporation is established for the purposes of facilitating and developing trade between the Philippines and other countries by means of the powers, and authority provided in this Act.

SEC. 6. Corporate Powers. — The Corporation shall have the power:

- To adopt, alter, and use a corporate seal which shall be judicially noticed;
- To have the right of succession;
- To make or enter into contracts;
- To lease or own real and personal property, and to sell or otherwise dispose of the same;
- To sue and be sued;
- To act as receiver;
- To take, hold and sell mortgages on real and personal property and any other security, as additional security for any loan made or guarantees given under this Act, and to acquire, by foreclosure or other proceedings, or in any manner, sell, lease or otherwise dispose of real and/or personal property;
- To employ agents or representatives in any part of the Philippines and/or abroad in the pursuit of the affairs of the Corporation;
- To invest the earnings of the Corporation in bonds, stocks, debentures, or other securities which are fully guaranteed by the Government of the Philippines or by the Central Bank of the Philippines: Provided, however, That preference shall be given to Central Bank supported securities which are high yielding and readily marketable;
- To contract indebtedness in any currency, issue, sell and discount bonds, debentures, and other evidences of indebtedness of the Corporation, upon recommendation of the Secretary of Finance and with the concurrence of the Monetary Board of the Central Bank of the Philippines, but in no case to exceed at, any one time, including other borrowings, an aggregate amount equivalent to fifteen times its combined capital and surplus;
- To adopt, by its Board of Directors, by-laws not inconsistent with law, prescribing the manner by which its general business may be conducted, and the privileges granted to it may be exercised and enjoyed;
- To promulgate such rules and regulations as may be necessary to implement the intent and provisions of this Act, which rules and regulations shall take effect thirty (30) days after their publication in two (2) newspapers of general circulation in the Philippines;
- To exercise, by its Board of Directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the powers so granted;
- To acquire, discount and hold such assets and incur such liabilities as may result directly from operations authorized by the provisions of this Act, or as are essential to the proper conduct of such operations.

In discharging its functions and in exercising its authority under this Act, the Corporation may avail itself of the services and facilities of appropriate departments, branches, and agencies of the Government of the Philippines, including government owned-or-controlled corporations. Such government instrumentalities and sub-divisions shall extend such assistance to the Corporation as may be necessary for the attainment of the objectives of this Act.

Article II. — The Board of Directors

SEC. 7. Board of Directors. — The powers and functions of the Corporation shall be vested in a Board of Directors which shall be composed of seven (7) members as follows:

- The President of the Corporation, who shall preside at all meetings of the Board. He shall be appointed to serve on a full-time basis for a term of six (6) years by the President of the Philippines, with the consent of the Commission on Appointments; and
- A representative each from the Department of Agriculture and Natural Resources, the Department of Finance, the Department of Foreign Affairs, the Department of Commerce and Industry, the Board of Investments, and the Central Bank of the Philippines, other than their respective heads, to be designated by the latter, to serve for a period of two (2) years.

All members of the Board hereinabove-mentioned may be reappointed or redesignated to their respective positions: Provided, however, That a member who has been appointed or designated to fill up a vacancy due to death, resignation, removal or permanent incapacity of a member, who shall serve the unexpired portion of the term of the member concerned, may likewise be reappointed or redesignated to the same position.

SEC. 8. Qualifications. — No person shall be appointed as President, or appointed or designated as a member of the Board, unless he be a natural-born Filipino citizen, at least thirty (30) years old, of good moral character, integrity and responsibility, not previously convicted of a crime involving moral turpitude, and of recognized competence in any of the fields of international finance, export and import trade, commercial law, insurance, economics, international banking, or credit management: Provided, however, That in making appointments, the President of the Philippines may give due consideration to nominations which may be submitted by Filipino agricultural, industrial, commercial, banking, insurance, and other allied associations.

SEC. 9. Disqualifications. — No member of the Board shall, during his term of office, be an officer, director, stockholder, or owner of any insured firm or be personally interested, directly or indirectly, in any transaction with an insured firm.

SEC. 10. Removal of Board Members. — The President of the Philippines may remove any member of the Board for any of the following reasons:

- If the member is disqualified under the provisions of Section 9 of this Act; or
- If the member is guilty of acts or operations which are of fraudulent or illegal character or which are manifestly opposed to the aims and interests of the Corporation; or
- If the member no longer possesses the qualifications in Section 8.

SEC. 11. Meetings of the Board. — The Board of Directors shall meet regularly at least once a month, but whenever deemed necessary, special meetings of the Board may be called by either the President of the Corporation or at the instance of any two members of the Board.

The presence of four (4) members shall constitute a quorum, and all decisions of the Board shall require the concurrence of the majority of such quorum: Provided, however, That the Presiding Officer of the Board shall always have the right to vote.

All members of the Board except the President shall receive a per diem of Two Hundred Pesos for every Board meeting attended: Provided, however, That in no case shall any such member receive more than One Thousand Pesos in any one month in the form of per diem: And provided, further, That no other allowances in any form of compensation shall be paid them, except actual expenses in travelling to and from their residence to attend Board meetings.

SEC. 12. Exercise of Authority. — In order to exercise the authority granted to it under this Act, the Board shall:

- Direct the preparation, approve, amend and repeal such rules and regulations as it considers necessary;
- Direct the preparation, approve, amend and repeal plans of operations including, among other things, a table of organization and administrative procedures;
- Review, approve or amend the annual budget and such supplemental budgets which may be submitted to it by the President of the Corporation from time to time for the performance of the functions and operation of the Corporation: Provided, however, That the operating expenses of the Corporation, excluding the payment of claims, shall in no case exceed forty per cent (40%) of its first One Million Pesos annual gross income: Provided, further, That if such gross annual income exceeds One Million Pesos in any fiscal year, the maximum corporate operating expenses may be increased by twenty-five percent (25%) of such excess: Provided, finally, That in the computation of gross income, recoveries and salvages shall not be included; and
- Generally, exercise all the powers necessary or incidental to attain the intents and purposes of this Act.

Article III. — The Organizational Structure of the Corporation

SEC. 13. Powers and Duties of the President of the Corporation. — The President of the Corporation shall be the chief executive of the organization. His powers and duties, in addition to that provided in Section 7 (a) of this Act shall be:

- To prepare the agenda for the meetings of the Board, and to submit for the consideration of the Board such policies and measures as he believes necessary to carry out the purposes and provisions of this Act;
- To execute, administer and implement the policies and measures approved by the Board;
- With the approval of the Board, to appoint and fix the number and salaries of such subordinate personnel as may be necessary in carrying out the objectives of this Act, and to remove, suspend, or otherwise discipline for cause any subordinate officer or employee of the Corporation;
- To direct and supervise the operations and internal administration of the Corporation. The President may delegate certain of his administrative responsibilities to other officers of the Corporation, subject to the rules and regulations promulgated by the Board;
- To represent the Corporation in all dealings with other offices, agencies, and instrumentalities of the Government and with all persons and other entities, public or private, domestic or foreign;
- To act, in the conduct of the business of the Corporation, in all matters that are not by this Act or by the by-laws of the corporation specifically reserved to the Board; and
- To exercise such other powers and perform such other duties as may be vested in him by the Board.

SEC. 14. Applicability of Civil Service Law. — Appointments to, suspension and removal from the Corporation except those pertaining to positions which the President of the Philippines may, upon recommendation of the Board, declare as policy determining, primarily confidential or highly technical in nature, shall be made only in accordance with the Civil Service Law, and rules and regulations; Provided, however, That the provisions of the WAPCO Law shall not apply to appointments made under this Act.

SEC. 15. Conflict of Interests of the President of the Corporation. — The President of the Corporation shall work on a full-time basis and shall limit his professional activities to those pertaining directly to his position with the Corporation and, accordingly, he may not accept any other employment, whether public or private, remunerated or gratuitous with the exception of appointments to academic positions.

SEC. 16. Compensation of the President of the Corporation. — The President of the Corporation shall receive an annual salary of Fifty Thousand Pesos (P50,000.00) and a monthly commutable allowance in an amount as may be fixed by the Board which shall, in no case, exceed Two Thousand Pesos (P2,000.00).

SEC. 17. Management Succession, — In the absence or incapacity of the President, or in the event of a vacancy in the office of the President due to death, resignation, removal or permanent incapacity and pending the appointment of his successor, the Board shall elect from among its members an acting President.

SEC. 18. Auditor. — The Auditor General shall recommend to the Board a representative who shall be the auditor of the Corporation, and such personnel as may be necessary to assist said representative in the performance of his duties. The salaries of the auditor and his personnel, which shall be appropriated by the Corporation, as well as the number of personnel which may be necessary to assist him, shall be subject to the approval of the Board. Upon approval by the Board, the Auditor General shall appoint the auditor of the Corporation and his staff. The auditor of the Corporation and the personnel under him may be removed for cause only by the Auditor General.

The representative of the Auditor General must be a certified public accountant or a member of the Philippine Bar, preferably a certified public accountant and member of the Philippine Bar, with at least ten years of service in the General Auditing Office, at least five years of which shall have been in positions requiring the knowledge or practice of international banking and/or insurance business. No relative of any member of the Board or of the Auditor General within the sixth degree of consanguinity or affinity shall be appointed as such representative.

Article IV. — General Operations of the Corporation

SEC. 19. Issuance of Insurance Policies and Guarantee Certificates. — The Corporation shall have full authority to issue policies of insurance and certificates of guarantee against credit risks arising out of or in connection with export transactions. Such insurance policies shall be limited in coverage to export transactions where there are reasonable expectations of repayment from the buyer, and to risks in the form of circumstances, happenings, or events which are outside of or beyond the control of the insured: Provided, however, That preference shall be given to Philippine nationals as defined under Section 3 (f) of Republic Act Numbered Fifty One Hundred Eighty-Six or to Board of Investments registered export producers, export traders, or service exporters or to any export products whose local contents shall be no less than twenty per cent (20%) of the individual F.O.B. Philippine port value as defined under Section 3 (b), (c), (d) and (e) of Republic Act Numbered Sixty-One Hundred Thirty-Five, known as the Export Incentives Act of 1970: Provided, further, That the insurance coverage shall in no case exceed eighty per cent (80%) of the invoice value of the goods and/or services exported or contracted to be exported: Provided, finally, That the Corporation shall not enter into contracts of insurance against risks of devaluation or changes in the exchange rates and risks that are normally insured with commercial insurers licensed to do business in the Philippines such as fire, marine, casualty, accident, fidelity, surety and physical damage.

The Corporation shall conduct its operations in a manner which will make it self-sustaining by deriving sufficient income from premiums and investments to pay and compensate for any losses and expenditures.

SEC. 20. Export Credit Insurance and Guarantee. — The Corporation may:

- Enter into a contract of insurance with any person, partnership, corporation, or any other juridical entity carrying on business or other activities in the Philippines that may agree after application to insure with the Corporation against risk of credit loss under or in respect of an export transaction.
- Issue guarantees, by appropriate indorsement of instruments or otherwise, to any person in connection with an export transaction in respect of which a contract of insurance has been or could be entered into under paragraph

(a) of this Section.

The Corporation, in entering into a contract of insurance pursuant to paragraph (a) of this Section, may agree with the insured that an export transaction between a foreign customer and a foreign affiliate of the insured shall be treated as an export transaction between the foreign customer and the insured, and that any loss to the foreign affiliate under or in respect of the transaction shall be deemed to be a loss to the insured.

SEC. 21. Contracts of Re-Insurance. — The Corporation may enter into a contract of re-insurance with any duly organized export credit agency or insurance organization whereby: a) the Corporation shall undertake to insure that agency or organization against its liability to any person carrying on business or other activities in the country in which that agency or organization is established as a result of loss arising out of an export transaction; or b) that agency or organization shall undertake to insure the Corporation against its liability to a person under a contract of insurance entered into under Section 20 of this Act.

SEC. 22. Liability under Outstanding Contracts. — The total outstanding liability of the Corporation under contracts of insurance entered into and guarantees issued under Sections 20 and 21 of this Act shall not exceed a total of thirty (30) times the aggregate of the Insurance Fund and the amount credited to the surplus account of the Corporation within the first three years of operation; sixty (60) times within the next three years thereafter; and one hundred (100) times beyond a period of six years: Provided, however, That whenever eighty per cent (80%) of such maximum liability shall have been issued by the Corporation, no policy of insurance or certificate of guarantee shall be issued except to Philippine nationals or a Board of Investments registered export producer, export trader, or service exporter, or an export product as provided under Section 3 of Republic Act Numbered Fifty-One Hundred Eighty-Six and Sixty-One Hundred Thirty-Five.

SEC. 23. Premium Rates. — The Board shall approve schedules of premium rates that are reasonable and based on risks involved, and consistent with premium rates currently charged for similar export credit insurance coverage throughout the world taking into consideration relevant factors including, but not limited to: a) country of the buyer; b) length of the credit and forms of payment instrument under which it is granted; and c) the type, the products, and the principal markets of the exporter.

SEC. 24. Settlement of Claims. — The Board of Directors shall promulgate such rules and regulations for the settlement of claims that may be filed by the insured by virtue of any insurance policy issued by the Corporation under the provisions of this Act, and for the conduct of the proceedings of the Board of Arbitrators which may be constituted hereunder. Such claim (s) should be settled within a reasonable time taking into consideration the circumstances surrounding the case. In case of conflict or failure to have the claim (s) settled within a reasonable time or that the insured believes that the award made is unfair, the parties may agree to arbitrate in which case the insured shall submit to the Board a written request that the claim (s) be referred to a Board of Arbitrators for settlement.

SEC. 25. Board of Arbitrators. — The Board of Arbitrators shall be composed of three (3) members, one from the designated members of the Board to be selected by the President of the Corporation, one member to be selected by the policyholder concerned who shall be drawn from one of the industry chambers, and one member to be selected by the first two members, who shall be drawn from a competent relevant group.

SEC. 26. Capital or Insurance Fund. — The Corporation shall have a capital which shall constitute its Insurance Fund in the amount of Ten Million Pesos (P10,000,000.00). Upon formal organization of the Corporation, the amount of Ten Million Pesos (P10,000,000.00) shall be drawn from the Special Account with the Central Bank of the Philippines provided under Section four, paragraphs (a) and (b) of Republic Act No. 6125, and shall be set aside and credited by the Central Bank of the Philippines to the account of the Corporation. The Central Bank of

the Philippines, within the month following the formal organization of the Corporation as herein provided, is hereby authorized to make the necessary adjustments for this purpose in the distribution of the proceeds of said Special Account under Republic Act No. 6125.

SEC. 27. Appropriation. — The sum of Ten Million Pesos (P10,000,000.00) is appropriated, out of any funds in the National Treasury not otherwise appropriated, to constitute the initial fund of the Technical Reserve.

For purposes of this Act, the said amount of Ten Million Pesos shall be set aside from the proceeds of the export stabilization tax collected under Section 4 of Republic Act Numbered Six Thousand One Hundred Twenty-five, as amended: Provided, however, That upon the formal organization of the Corporation, the Central Bank of the Philippines shall immediately turn over to the Corporation the sum of Five Million Pesos (P5,000,000.00) from the proceeds of the export stabilization tax, to be credited to the Technical Reserve of the Corporation under a separate account: Provided, further, That the remaining sum of Five Million Pesos (P5,000,000.00) shall be credited by the Central Bank of the Philippines to the Technical Reserve of the Corporation upon the commencement of its operations as provided under this Act: And Provided, finally, That the Corporation may disburse funds from the Technical Reserve only for paying duly verified and confirmed losses sustained by the Corporation in the conduct of its business.

SEC. 28. Working Fund. — Upon the formal organization of the Corporation, the Central Bank of the Philippines shall extend a loan at the lowest preferred rate to the Corporation the sum of One Million Pesos (P1,000,000.00) to constitute the initial Working Fund of the Corporation: Provided, however, That this amount shall be independent of and shall not form part of the borrowings authorized under the provisions of this Act.

SEC. 29. Stand-by Credit Line.- The Central Bank of the Philippines is authorized to extend a stand-by credit line to the Corporation, the provisions of any law to the contrary notwithstanding: Provided, however, That the total amount of such credit line shall not exceed an aggregate amount of One Hundred Million Pesos (P100,000,000.00) at any one time: Provided, further, That the rate of interest to be charged by the Central Bank in connection therewith shall be the lowest rate normally granted by the Central Bank for high priority types of credit: And Provided, finally. That such credit line shall be availed of by the Corporation only for the purpose of paying insurance claims in accordance with this Act, and only whenever the Board considers the working fund to be impaired.

SEC. 30. Commencement of Operations. — Within three (3) months from approval of this Act, the President of the Philippines shall appoint the President of the Corporation and shall complete the organization of the Board, by directing the Secretary of Agriculture and Natural Resources, the Secretary of Foreign Affairs, the Secretary of Commerce and Industry, the Chairman of the Board of Investments, and the Governor of the Central Bank of the Philippines to designate their respective representatives to said Board. Within six (6) months from such formal organization of the Board, the Corporation shall commence operations and conduct its business in accordance with this Act.

Article V. — Special Provisions

SEC. 31. Additional Financial Powers. — By the affirmative vote of at least five (5) members of the Board, the Corporation may negotiate, purchase, lend money against, sell, or otherwise dispose of a negotiable instrument insured or guaranteed by it, a negotiable instrument made payable to the Corporation or an interest in any such instrument, or a negotiable instrument made or accepted by a foreign customer under or in connection with an export transaction in respect of which a contract of insurance has been entered into under Section 20 of this Act.

SEC. 32. Tax Exemptions. — The Corporation shall, for a period of five (5) years from the approval of this Act, be

exempt from all national, provincial, municipal and city taxes, fees, imposts and assessments now in force or hereafter established, except import duties.

The exemptions authorized in the preceding paragraph of this section shall apply to all property of the Corporation, and to the resources, receipts, expenditures, profits and income of the Corporation as well as to all contracts, deeds, debentures, bonds, or such obligations Issued by the Corporation, documents and transactions related to the conduct of the business of the Corporation: Provided, however, That said exemptions shall apply only to such taxes, fees, imposts and assessments for which the Corporation itself would otherwise be liable, and shall not apply to taxes or assessments payable by persons or other entities doing business with the Corporation: Provided, further, That interests on bonds or other evidences of indebtedness issued by the Corporation shall be exempt from the payment of income tax.

SEC. 33. Auditing and Legal Service. — The Auditor General and the Secretary of Justice shall be the ex-officio auditor and legal adviser of the Corporation, respectively. The Auditor General,, or his authorized representative, shall submit to the Board, soon after the close of each fiscal year, audited, statements showing the financial condition and progress of the Corporation for the fiscal year just closed: Provided, however, That the Insurance Commissioner or his authorized representative shall make an examination into the financial condition and methods of transacting business of the Corporation at least once in two years and the report of said examination shall be submitted to the Board and the copies thereof furnished the Congress and the Office of the President of the Philippines within a reasonable time after the close of the examination : And Provided, finally, That for each examination the Corporation shall pay to the Office of the Insurance Commissioner an amount equal to the actual expenses of said office in the conduct of the examination, including salaries of the examiners of said office who have been assigned to make such examination for the actual time spent in said examination.

SEC. 34. Prohibitions. — No official or employee of the Government, its subdivisions or instrumentalities shall appear as counsel for or act as agent or representative of, or in any manner intervene or intercede, directly or indirectly, in behalf of any party applying for insurance with the Corporation.

Any information, data, records, or documents relating to the condition or business of the Corporation or of any insured person, firm, association or corporation are hereby declared confidential in nature. Any member of the Board, officer or employee of the Corporation who shall, directly or indirectly, reveal such confidential information to any third party, except to an export credit agency or upon order of a competent court, shall be liable for any financial loss suffered by the Corporation as a result thereof, without prejudice to any criminal liability.

Any of the foregoing persons who may be found guilty of gross negligence in the performance of his duties resulting in a financial loss to the Corporation or the insured, shall be liable for such loss.

SEC. 35. Penal Clause. — Any violation of the provisions of this Act or of the rules and regulations promulgated by the Board pursuant to this Act, shall be punished by a fine not to exceed Fifty Thousand Pesos (P50,000.00) or imprisonment for not more than three (3) years or both, at the discretion of the Court. If the offender is not a citizen of the Philippines, he shall be deported without further proceedings on the part of the Deportation Board, in addition to the penalty prescribed herein and after service of the sentence therefor. If the guilty party is a government official or employee, he shall, in addition, be dismissed from the service with prejudice to reinstatement and subsequent appointment to any public office. If the violation is committed by a member of the Board, such member shall be punished with double the penalty herein provided.

In cases where any of the provisions of this Act is violated by a duly organized corporation, partnership, or association, the principal officers or managing partner thereof who knowingly caused or failed to prevent the

commission of such violation shall be held liable therefor.

SEC. 36. Applicability of the Corporation Law. — The provisions of the Corporation Law which are not inconsistent with the provisions of this Act shall be applicable to this Corporation.

SEC. 37. Separability Clause. — If any provision or section of this Act, or the application thereof to any person or circumstance, is held invalid, the other provisions or sections of this Act, or the application of such provision or section to other persons or circumstances, shall not be affected thereby.

SEC. 38. Repealing Clause, — All Acts or parts of Acts and executive orders, administrative orders or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed or amended accordingly.

SEC. 39. Effectivity. — This Act shall take effect upon its approval.

Approved, March 30, 1972.

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