

AN ACT TO AMEND CERTAIN SECTIONS OF THE CORPORATION LAW, ACT NUMBERED FOURTEEN HUNDRED AND FIFTY-NINE, PROVIDING FOR THE PUBLICATION OF THE ASSETS AND LIABILITIES OF CORPORATION...

Act No. 2792, February 18, 1919

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Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Section nine of Act Numbered Fourteen hundred and fifty-nine, as amended by section two of Act Numbered Eighteen hundred and thirty-four, is hereby further amended to read as follows:

"SEC. 9. The Director of the Bureau of Commerce and Industry shall not file the articles of incorporation of any stock corporation unless accompanied by a sworn statement of a treasurer elected by the subscribers showing that at least twenty per centum of the entire capital stock has been subscribed, and that at least twenty-five per centum of the subscription has been either paid to him in actual cash for the benefit and to the credit of the corporation, or that there has been transferred to him in trust and received by him for the benefit and to the credit of the corporation property the fair valuation of which is equal to twenty-five per centum of the subscription: Provided, That it shall be the duty of the Director of the Bureau of Commerce and Industry, immediately after the filing of the articles of incorporation of a corporation, to publish, at the expense of said corporation, the assets and liabilities of the same once in a newspaper of general circulation in the locality where the corporation is domiciled, if any, or in default thereof in a newspaper of general circulation in the city of Manila."

SEC. 2. Section sixteen of Act Numbered Fourteen hundred and fifty-nine is hereby amended to read as follows:

"SEC. 16. No corporation organized under this Act shall create or issue bills, notes, or other evidence of debt for circulation as money, and no corporation shall issue stock or bonds except in exchange for actual cash paid to the corporation or for property actually received by it at a fair valuation equal to the par value of the stock or bonds so issued; and in case of disagreement as to their value, the same shall be presumed to be the assessed value or the value appearing in invoices or other commercial documents, as the case may be; and the burden of proof that the real present value of the property is greater than the assessed value or value appearing in invoices or other commercial documents, as the case may be, shall be upon the corporation.

"Any officer of any corporation consenting to the issuance of stock or bonds in exchange for property valued in excess of its real fair cash value, or who, having knowledge thereof, does not forthwith express his disapproval in writing, shall be severally and jointly liable to the corporation and its creditors for the difference between the real present cash value of the property at the time of the issuance of the stock and the par value of the same.

"No corporation shall make or declare any stock or bond dividend or any dividend whatever except from the surplus profits arising from its business, or divide or distribute its capital stock or property other than actual profits among its members or stock holders until after the payment of its debts and the termination of its existence by limitation or lawful dissolution: Provided, That banking, savings and loan, and trust corporations

may receive deposits and issue certificates of deposit, checks, drafts, and bills of exchange and the like in the transaction of the ordinary business of banking, savings and loan, and trust corporations."

SEC. 3. Act Numbered Fourteen hundred and fifty-nine is hereby amended by inserting, after section one hundred and ninety of said Act, a new section which shall be designated as section one hundred and ninety (A) and shall read as follows:

"SEC. 190. (A). Penalties.—The violation of any of the provisions of this Act and its amendments not otherwise penalized therein, shall be punished by a fine of not more than one thousand pesos, or by imprisonment for not more than five years, or both, in the discretion of the court. If the violation is committed by a corporation, the same shall, upon such violation being proved, be dissolved by quo warranto proceedings instituted by the Attorney-General or by any provincial fiscal, by order of said Attorney-General: Provided, That nothing in this section provided shall be constructed to repeal the other causes for the dissolution of corporations prescribed by existing law, and the remedy provided for in this section shall be considered as additional to the remedies already existing."

SEC. 4. This Act shall take effect on its approval.

Approved, February 18, 1919.

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