

## **AN ACT TO AMEND SECTIONS ELEVEN HUNDRED AND SEVENTY-TWO AND ELEVEN HUNDRED AND SEVENTY-SIX OF THE ADMINISTRATIVE CODE, AS AMENDED BY ACTS NUMBERED TWENTY-SEVEN HUNDRED AND SIXTY...**

*Act No. 3084, March 16, 1923*

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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 eleven hundred and seventy-two of the Administrative Code, as amended by Acts Numbered Twenty-seven hundred and sixty-one and Twenty-nine hundred and twelve, is hereby further amended to read as follows:

"SEC. 1172. Certificate of Philippine register.—Upon registration of a vessel of domestic ownership, and of more than fifteen tons gross, a certificate of Philippine register shall be issued for it. If the vessel is of domestic ownership and of fifteen tons gross or less the taking of the certificate of Philippine register shall be optional with the owner.

" 'Domestic ownership,' as used in this section, means ownership vested in some one or more of the following classes of persons: (a) Citizens of the Philippine Islands; (b) citizens of the United States residing in the Philippine Islands; (c) any corporation or company composed wholly of citizens of the United States or of the Philippine Islands, or of both, created under the laws of the United States, or of any State thereof, or of the Philippine Islands, provided some duly authorized officer thereof, or the agent, master or administrator of the vessel resides in the Philippine Islands; (d) any corporation or company created under the laws of the United States, or of any State thereof, or of the Philippine Islands, duly authorized to engage in business in the Philippine Islands, provided seventy-five per centum at least of the capital stock thereof or of any interest in said capital is wholly owned by citizens of the Philippine Islands, or of the United States, or of both, and provided some duly authorized officer thereof, or the agent, master or administrator of the vessel resides in the Philippine Islands; (e) any corporation or company created under the laws of the United States, or of any State thereof, or of the Philippine Islands, provided some duly authorized officer thereof, or the agent, master or administrator of the vessel resides in the Philippine Islands; Provided, That the certificate of Philippine register issued to a vessel be- cause the owner thereof comes under the provisions of this subsection (e), shall extend to the vessel the privilege of engaging only in the foreign or high-sea commerce, but not in the Philippine coastwise trade.

"Any vessel of more than fifteen tons gross which on February eighth, nineteen hundred and eighteen, had a certificate of Philippine register under existing law, shall likewise be deemed a vessel of domestic ownership so long as there shall not be any change in the ownership nor any transfer of stock of the companies or corporations owning such vessel to persons who are not citizens of the Philippine Islands or of the United States.

"Under the terms of this Act, no corporation, firm or company shall be considered as of domestic ownership for the coastwise trade unless the president or managing directors thereof are citizens of the United States or of

the Philippine Islands: Provided, however, That in the case of a corporation, association, firm or company operating any vessel in the coastwise trade, the controlling interest or capital stock held by citizens of the United States or of the Philippine Islands, or both, shall be seventy-five per centum of the capital investment in the same: Provided, further, That the controlling interest in the corporation shall not be considered as held by citizens of the United States or of the Philippine Islands: (a) If the majority of the stock is not held by such citizens and such stock is not subject to any trust or fiduciary obligation in favor of any person not a citizen of the United States or of the Philippine Islands; (b) if the majority of the votes in said corporations is not in the hands of citizens of the United States or of the Philippine Islands; (c) if by means of a contract or agreement, it has been so arranged that the majority of the stock can be voted directly or indirectly in favor of any person not a citizen of the United States or of the Philippine Islands; (d) if by any other means, the control of the corporation is conferred upon or allowed to be exercised by any person not a citizen of the United States or of the Philippine Islands.

"It shall not be considered that seventy-five per centum of the interest in a corporation are held by citizens of the United States or of the Philippine Islands: (a) If the certificates of seventy-five per centum of the capital stock are not held by such citizens and such certificates are not subject to some trust or other fiduciary obligation in favor of a person not a citizen of the United States or the Philippine Islands; (b) if seventy-five per centum of the votes of said corporation are not in the hands of citizens of the United States or of the Philippine Islands; (c) if by means of some contract or agreement, it has been so arranged that over twenty-five per centum of the stock in such corporation or company can be voted directly or indirectly in favor of any person not a citizen of the United States or the Philippine Islands; (d) if "by any other means, the control of any interest in the corporation in excess of twenty-five per centum has been conferred upon or is allowed to be exercised by any person not a citizen of the United States or the Philippine Islands.

"The provisions of this Act shall be applicable to the administrators and trustees of all persons coming under the provisions of this Act and to the successors or assigns of such persons."

SEC. 2. Section eleven hundred and seventy-six of the Administrative Code, as amended by Act Numbered Twenty- seven hundred and sixty-one, is hereby further amended to read as follows:

"SEC. 1176. Investigation into character of vessel.—No application for a certificate of Philippine register shall be approved until the Collector of Customs is satisfied from an inspection of the vessel that it is engaged or destined to be engaged in legitimate trade and that it is of domestic ownership as such ownership is defined in section eleven hundred and seventy-two of this Code.

"The Collector of Customs may at any time make an administrative investigation as to the ownership or title of any vessel engaged in the coastwise trade and whether such title or ownership is in accordance with the requirements of this Act; and any vessel chartered, sold, transferred, or mortgaged to any person not a citizen of the United States or the Philippine Islands without previous permission of the Insular Collector of Customs or put under foreign register or Hag without such permission or operated in violation of any of the provisions of this Act, shall be seized by the Government of the Philippine Islands; and any person, corporation, company or association violating any of the provisions of this Act shall be guilty of a misdemeanor and be punished by a fine of not more than five thousand pesos or imprisonment for not more than "five years, or both: Provided, That in the event the person guilty of such violation is a corporation, company or association, the manager or, in his default, the president thereof shall be criminally responsible for such violation.

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

Approved, March 16, 1923.

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