

MAXIMIZING THE USE OF VETERANS CLAIMS SETTLEMENT FUNDS FOR THE BENEFITS OF PHILIPPINE VETERANS AND THEIR DEPENDENTS.

PRESIDENTIAL DECREE NO. 642, January 21, 1975

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WHEREAS, the Trust Agreement dated September 5, 1967 by and between the Republic of the Philippines as Trustor, and the Philippine Veterans Bank as Trustees over the P121,368,000.00 Veterans Claims Settlement Funds as Trust Corpus, representing the \$31,120,000.00 (at conversion rate of P3.90 for every dollar) turned over by the United States of America to the Republic of the Philippines to pay the two claims of Filipino Veterans for services rendered during World War II empire as of July 7, 1972, as provided under paragraph 7 thereof, and was renewed by the parties thereto, on April 5, 1974;

WHEREAS, P38,556,272.90 was already paid to settle 62,721 claims adjudicated by the Philippine Veterans Affairs Office as of June 30, 1974;

WHEREAS, only P23,928,400.00 is still needed to settle in full the remaining claims estimated to be only about 45,083 officers and enlisted men entitled to backpay, and to the refund of erroneous deductions from their backpay;

WHEREAS, the Philippine Veterans Assistance Commission (PVAC) was created to render assistance to Philippine Veterans pursuant to PD No. 244 dated July 12, 1973, and the Philippine Veterans Investment Development Corporation (PHIVIDEC) was also created pursuant to PD No. 243 dated July 12, 1973, as amended, as an investment arm of the government to generate funds for PVAC, in order that the latter can effectively provide and support its veterans projects;

WHEREAS, all banking institutions are required by a Central Bank Memorandum-Letter dated April 23, 1973 to increase their individual paid-up capital to at least P100 million pesos, which in the case of the Philippine Veterans Bank is imperative in order to enable it to effectively participate in the activities of the banking system and serve as an instrument of economic development;

WHEREAS, in order to maximize the investment earning of the Philippine Veterans Investment Development Corporation (PHIVIDEC) and generate more funds for the benefits of Philippine Veterans, it is necessary to invest a large portion of the balance of the said Veterans Claims Settlement Fund to worthwhile projects, in order to accelerate the socio-economic development of the country, especially those which are labor-intensive, and productive of high returns, and thereby prevent the stagnation of aforecited funds, without prejudice to the settlement of the claims remaining as yet unpaid;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081 dated September 21, 1972, and General Order No. 1 dated September 22, 1972, as amended, and in order to effect the desired changes and reforms in the social, economic, and political structure of our society, do hereby order and decree the following:

- That, P49 million of the balance of the aforementioned Veterans Claims Settlement Fund be segregated and turned over to the Philippine Veterans Bank as payment by the Government of the Republic of the Philippines for 490,000 preferred shares of stock with a par value of one hundred pesos each, for and in behalf of the veterans, their widows, orphans, or compulsory heirs as provided under Section 3, paragraph (a) of RA 3518, in order to increase its paid-up capital to P100 million as required for all banking institutions pursuant to a Central Bank Memorandum-Letter dated April 27, 1973: Provided, however, That each veteran referred to under Section 3 (b) of said Republic Act 3518, as amended shall be entitled to one common share and one preferred share;
- That, P24 million of the balance of said Funds be segregated and retained in trust with the Philippine Veterans Bank to pay all the remaining claim still unadjudicated by the Philippine Veterans Affairs Office under the same terms and conditions set forth in the renewed Trust Agreement dated April 5, 1974;
- That another P8 million of said funds be segregated and turned over to the Philippine Veterans Investment Development Corporation as the second partial payment by the Government of the Republic of the Philippines, corresponding to the balance of its unpaid subscription of the sixty per centum of the authorized capital of said corporation;
- That the remaining P2 million., more or less, of said balance be segregated and turned over to the Philippine Veterans Assistance Commission for the specific purpose of utilizing the same for the medicare of the veterans, for the establishment and support of veteran homes for the aged, and for small business loans not exceeding P2,000.00 for each veteran-applicant: Provided, however, That the Philippine Veterans Assistance Commission enter a Trust Agreement with the Philippine Veterans Investment Development Corporation for the investment of said funds, pursuant to its corporate powers under paragraph 2(f) of Presidential Decree No. 353, to obtain maximum yield, consistent with the safety liquidity of the funds;
- The provision of all laws, decrees, instructions, executive orders, proclamations, administrative orders rules and regulations or part thereof which are inconsistent with the provisions of this decree are either repealed or modified accordingly; and
- That the President of the Philippine Veterans Bank (PVB), the President of the Philippine Veterans Investment Development Corporation (PHIVIDEC), the Administrator of the Philippine Veterans Assistance Commission (PVAC), and the Administrator of the Philippine Veterans Affairs Office (PVAO), shall make the necessary coordination among themselves to effect immediately the implementation of this decree.

This Decree shall take effect upon its promulgation.

Done in the City of Manila, this 21st day of January, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ROBERTO V. REYES

Acting Executive Secretary

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