

AN ACT INSTITUTING A COCONUT INVESTMENT FUND AND CREATING A COCONUT INVESTMENT COMPANY FOR THE ADMINISTRATION THEREOF.

REPUBLIC ACT NO. 6260, June 19, 1971

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

SECTION 1. Title. $\frac{1}{2}$ This Act shall be known as the Coconut Investment Act.

SEC. 2. Declaration of Policy.— It is hereby declared to be the national policy to accelerate the development of the coconut industry through the provision of adequate medium and long-term financing for capital investment in the industry, by instituting a Coconut Investment Fund capitalized and administered by coconut farmers through a Coconut Investment Company.

SEC. 3. Name, domicile, and place of business.— There is hereby created a corporation to be known as the "Coconut Investment Company" which shall administer the Coconut Investment Fund established in section 8 hereof and which shall be organized within six (6) months after the approval of this Act. It shall have its principal place of business in the Greater Manila area, which shall be its domicile, and such branches or agencies within or outside the Philippines as may be necessary for the proper conduct of its business.

SEC. 4. Purposes and objectives.— The Company shall have the following purposes and objectives:

- To fully tap the potential of the coconut planters in order to maximize their production and give them greater responsibility in directing and developing the coconut industry;
- To accelerate the growth of the coconut industry and other related coconut products from the raw material stage to the semi-finished and finally, the finished product stage;
- To improve, develop and expand the marketing system; and,
- To ensure stable and better incomes for coconut farmers.

SEC. 5. Specific and general powers.— In order to carry out the purposes mentioned in the preceding Section, the Company shall have the following powers:

- To grant medium and long term loans to Filipino citizens or enterprises, at least seventy percent (70%) of the capital stock of which is owned by Filipinos, for the purpose of financing the establishment, development and expansion of new and/or existing coconut agricultural, industrial or other productive enterprises with proven profitability or great profit potential: Provided, That priority in the grant of loans shall be given to bona-fide coconut farmers or associations owned or controlled by such farmers: Provided further, That the loans granted shall be properly secured in accordance with existing banking laws: Provided, finally, That not less than sixty per cent (60%) of the total loanable funds to coconut farmers shall be allocated for loans to coconut farmers owning not more than ten hectares;
- To invest in shares of stock of corporations, at least seventy percent (70%) of the capital stock of which Is

owned by Filipinos for the purpose of financing the establishment, development and expansion of new and/or existing coconut industrial, financial and marketing enterprises with proven profitability or great profit potential;

- To organize subsidiaries for the purpose of constructing, establishing and operating coconut centrals or mills and other collateral and support enterprises which will enhance the development, integration and modernization of the coconut industry;

- To finance technical and economic research studies, promotional programs, scholarship grants and industrial manpower development projects for the coconut industry;

- To issue bonds and other certificates of indebtedness in an amount not exceeding one hundred million pesos (P100,000,000) the proceeds from the sale of which shall be used exclusively in its lending and investment operations, subject to the approval of the Monetary Board: Provided, That the bonds to be issued under this Act shall be exempted from taxation, attachment, execution and seizure; and

- To enter into contracts and execute such other acts and exercise such powers as may be necessary to carry out the purposes of this Act.

SEC. 6. Capitalization.— The Company shall be capitalized at one hundred million pesos (P100,000,000), divided into ten million common shares, with a par value of ten pesos each. The said capital stock shall be subscribed by the Government of the Republic of the Philippines for and on behalf of the coconut farmers and shall be initially paid from the proceeds of the levy imposed in section eight of this Act.

SEC. 7. Incorporation as a private entity under Act Numbered One thousand four hundred fifty-nine, as amended. Normal 0 MicrosoftInternetExplorer4 /* Style Definitions */ table.MsoNormalTable {mso-style-name:"Table Normal"; mso-tstyle-rowband-size:0; mso-tstyle-colband-size:0; mso-style-noshow:yes; mso-style-parent:""; mso-padding-alt:0in 5.4pt 0in 5.4pt; mso-para-margin:0in; mso-para-margin-bottom:.0001pt; mso-pagination:widow-orphan; font-size:10.0pt; font-family:"Times New Roman";} — Upon, full payment of the authorized capital stock, as evidenced by receipts issued for levies paid, or upon termination of a ten-year period from the start of the collection of the levy as provided in section eight hereof, whichever comes first, the shares of stock held by the Philippine Government for and on behalf of the coconut farmers shall be transferred, in accordance with such rules, regulations and procedures as the Company shall prescribe and promulgate, to and in the name of the coconut farmers who shall then incorporate as a private entity under Act Numbered One thousand four hundred fifty-nine, as amended: Provided, That all powers, privileges and rights initially endowed on the Company under this Act shall be transferred to the new corporation together with all outstanding assets and liabilities, except the right to levy which shall be terminated upon the issuance of the certification of registration by the Securities and Exchange Commission to the Coconut Investment Company as a private corporation.

SEC. 8. The Coconut Investment Fund.½There shall be levied on the coconut farmer a sum equivalent to fifty-five centavos (P0.55) on the first domestic sale of every one hundred kilograms of copra, or its equivalent in terms of other coconut products, for which he shall be issued a receipt which shall be converted into shares of stock of the Company upon its incorporation as a private entity in accordance with Section seven hereof. For every fifty-five centavos (P0.55) so collected, fifty centavos (P0.50) shall be set aside to constitute a special fund, to be known as the Coconut Investment Fund, which shall be used exclusively to pay the subscription by the Philippine Government for and in behalf of the coconut farmers to the capital stock of said Company: Provided, That this levy shall be imposed until the one hundred million pesos authorized capital stock is fully paid, but collection of said levy shall not continue longer than ten years from the start thereof: Provided, further, That the Philippine Coconut Administration (PHILCOA) shall, in consultation with the recognized national association of coconut producers with the largest number of membership as determined by the Philippine Coconut

Administration, prescribe and promulgate the necessary rules, regulations and procedures for the collection of such levy and issuance of the corresponding receipts: Provided, still further, That the receipts and/or certificates shall be non-transferable except to coconut farmers only and to the company: Provided, furthermore, That operational expenses of the Company shall be limited to and charged against the earnings and/ or profits of the Fund: Provided, finally, That one-tenth of such earnings of the fund for each year shall be used to finance technical and economic research studies, promotional programs, scholarships grants and industrial manpower development programs for the coconut industry.

SEC. 9. PHILCOA as Collection Agent and Trustee of the Fund.—The PHILCOA shall collect the levy and immediately thereafter deposit the proceeds thereof in an interest-earning account with the Development Bank of the Philippines or any other government-owned or controlled banking institution to the credit of the Fund: Provided, That all deposits made by the PHILCOA to the credit of said Fund shall be transferred to the Company immediately upon its establishment: Provided, however, That the legal and administrative structure for such collection and issuance of receipts shall, within six (6) months from the approval of this Act, be completely set up by the PHILCOA in consultation with the recognized national association of coconut producers with the largest number of membership as determined by PHILCOA: Provided, also, That payments shall accrue from such time as the said structure shall function, as determined by PHILCOA. Provided, further, That three centavos (P0.03) out of every fifty-five centavos (P0.55) collected shall be set aside to be used exclusively to defray the expenses for: (a) the setting up and continued operation of the machinery for the collection and acknowledgment of payment, (b) the organization of municipal and provincial conventions of coconut planters, (c) the organization, supervision and conduct of regional coconut conventions and a national coconut congress, and (d) the production and dissemination of information: Provided, finally, That the remaining two centavos (P0.02) shall be placed at the disposition of the recognized national association of coconut producers with the largest number of membership as determined by the Philippine Coconut Administration for the maintenance and operation of its principal office which shall be responsible for continuing liaison with the different sectors of the industry, the government and its own mass base.

SEC. 10. Composition, terms of office, compensation and manner of choosing the members of the Board.— The corporate powers of the company shall be vested in a board of directors consisting of eleven (11) members to be composed, for the period that shares of stock held by the Philippine Government for and in behalf of the coconut planters have not been transferred to and in the name of said farmers, as provided for in Section seven hereof, of the PHILCOA Board Chairman and the duly elected president of the recognized national association of coconut producers with the largest number of membership as determined by the PHILCOA, as ex-officio members, and nine (9) other members, all of whom shall be natural-born Filipino citizens, who shall, upon the recommendation of the National Coconut Congress be appointed by the President of the Philippines with the consent of the Commission on Appointments and who shall serve for a term of three years, except as hereinafter provided. The members of the Board shall each receive a per diem of one hundred pesos (P100.00) for every meeting actually attended, not to exceed four (4) meetings a month.

The PHILCOA shall organize and supervise, within six (6) months from the approval of this Act, every year thereafter, (a) three regional conventions, one each for Luzon, Visayas, and Mindanao, of delegations of coconut farmers elected through successive municipal and provincial conventions, for the purpose of deliberating on matters of regional interest and selecting delegates to a national coconut congress, and (b) the national congress of coconut farmers for the purpose of deliberating on matters of national interest and electing the officers of the National Coconut Congress and six members whose names shall be submitted to the President of the Philippines and from which list the President shall choose and appoint three representing the three regions as members of the Board within sixty (60) days from their election and nomination by the national coconut congress: Provided, That

the first national coconut congress convened under this Act shall elect eighteen (18) instead of six members, from which number nine (9) shall be appointed members of the Board, as provided earlier in this Section, except that three shall be appointed for a term of one year, another three for two years, and the last three for three year: Provided, further, That all terms of office shall be reckoned from the date the first board shall have been appointed and qualified: Provided, furthermore, That the PHILCOA shall, in consultation with the recognized national association of coconut producers with the largest number of membership as determined by the PHILCOA, formulate and establish the rules, regulations and procedures for the accreditation of delegations to, and the holding of, the said municipal, provincial and regional conventions and the national congress, in accordance with accepted principles of equal and just representation: Provided, finally, That in the election of delegates, from the municipal level to the provincial convention, any bona fide coconut land owner, coconut tenant operator or copra processor who is the holder of COCOFUND receipts and/or certificates shall each have one vote.

SEC. 11. Powers of the Board.— The Board of Directors shall have the following powers and duties:

- To elect a Chairman by a majority vote from among themselves, who shall serve for a term of one (1) year;
- To formulate polices necessary to carry out effectively the provisions of this Act and to adopt by laws, rules and regulations for the effective operations of the Company in conformity with this Act and existing law;
- To determine the organizational structure of the Company by creating such departments or offices as are essential for its efficient operation;
- To determine the number and fix the compensation of the officers and employees of the Company, including the general manager: Provided, That existing salary plans, laws, rules and regulations governing the civil service shall not apply in the fixing of the compensation and appointment of officer and employees;
- To approve the annual and/or supplemental budgets of the Company which may be submitted to it by the management from time to time; and
- To conduct and maintain an up-to-date census of the number of coconut trees owned by coconut farmers and such, other date as may be deemed necessary.

SEC. 12. Penal Provisions.— No member of the Board, official or employee of the Company shall have any financial interest in or connection with, enterprises invested in by the Company. Any person or persons who shall be found guilty of fraud, or intent or conspiracy to defraud, in connection with any transaction or agreement directly related to the operation or administration of the Company or the Fund, or who shall seek to circumvent the provisions, intent and purposes of this Act shall, in addition to penalties already prescribed under the general laws, be punished by a fine of not less than one thousand pesos (P1,000.00) but not more than two thousand pesos (P2,000.00), or by imprisonment of not less than two months but not more than two (2) years, or both, at the discretion of the court.

SEC. 13. Constitutionality.— If any provision or provisions of this Act shall be held unconstitutional, its other provisions shall not be affected thereby.

SEC. 14. Effectivity.—This Act shall take effect upon its approval and shall be deemed and accepted, to all legal intents and purposes, as the statutory articles of incorporation of the Company, but not beyond its transformation into a private corporation in accordance with Section seven of this Act.

Approved, June 19, 1971.

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