

**IN THE MATTER OF THE GUARDIANSHIP OF REMIGIO PAQUIAO.
MARCIANA LUNASCO, PETITIONER AND APPELLANT, VS. VETERANS
ADMINISTRATION, OPPOSITOR AND APPELLEE.**

G.R. No. 45400. April 14, 1939

Ponente: VILLA-REAL, J.

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VILLA-REAL, J.:

Remigio Paquiao, son of the spouses Atilano Paquiao and Eduarda Caisip, was born on October 1, 1922. The father, Atilano Paquiao, was in life a beneficiary of the Veterans Administration for having rendered military service in the United States Army. Upon the death of his parents, the Veterans Administration, at the request of the herein claimant Marciana Lunasco, grandmother of Remigio Paquiao, granted the latter a monthly pension of \$15 from September 18, 1935, to September 30, 1940. On March 24, 1936, Marciana Lunasco filed in the Court of First Instance of Rizal a petition praying for the appointment of the Philippine Trust Company as guardian of the estate of said minor. Said petition having been granted, the Philippine Trust Company was on April 18, 1936, duly appointed guardian of said estate, and, after qualifying as such, received from the Veterans Administration the accrued pension of the minor covering a period of eleven and one-half months, beginning September 18, 1935, and P30 monthly thereafter.

On August 23, 1936, Marciana Lunasco filed in the court a petition asking that the guardian be ordered to pay her the sum of P230, covering the amounts advanced and expenses incurred by her for the support and education of the minor during the eleven and one-half months in which he was not able to receive his pension from the Veterans Administration. During this period she took care of him and supported and educated him with her own means. Actually the guardian gives her P20 a month for the care and custody of the minor.

The Veterans Administration opposed the petition, alleging that in accordance with the provisions of section 3 of Public Act No. 362 of the 74th Congress (49th Statute, 607), approved on August 12, 1935, entitled "An Act to safeguard the estates of Veterans derived from payments of Pension, Compensation, Emergency Officers' Retirement Pay and Insurance, and for other Purposes," benefit payments are exempt from claims of creditors for debts incurred before or after receipt by the beneficiary.

In the order of October 1, 1936, the court sustained the opposition and denied the claim of the petitioner.

From this order Marciana Lunasco has interposed the present appeal to this court, assigning as error allegedly committed by the lower court in its aforesaid order the denial of her petition for the reimbursement of the money spent by her for the support and education of the minor Remigio Paquiao during the time when the Veterans Administration withheld the monthly pensions of said minor pending the appointment of his legal guardian.

Section 3 of the Act of Congress mentioned above reads as follows:

"Payments of benefits due or to become due shall not be assignable, and such payments made to, or on account of, a beneficiary under any of the laws relating to veterans shall be exempt from taxation, shall be exempt from

the claims of creditors, and shall not be liable to attachment, levy, or seizure by or under any legal or equitable process whatever, either before or after receipt by the beneficiary. Such provisions shall not attach to claims of the United States arising under such laws nor shall the exemption herein contained as to taxation extend to any property purchased in part or wholly out of such payments. Section 4747 of the Revised Statutes and section 22 of the World War Veterans' Act, 1924, are hereby repealed, and all other Acts inconsistent herein are hereby modified accordingly. The provisions of this section shall not be construed to prohibit the assignment by any person, to whom converted insurance shall be payable under Title III of the World War Veterans' Act, 1924, of his interest in such insurance to any other member of the permitted class of beneficiaries."

The only question to be decided in the present appeal refers to the meaning and scope of the phrase "shall be exempt from the claims of creditors" contained in the above-quoted section.

The case of *In re Murphy's Committee* (134 Misc., 683; 236 N. Y. S., 343), involved the claim filed by the Utica State Hospital and others against the estate of an incompetent consisting solely of payments made pursuant to the provisions of the World War Veterans' Act. The amounts claimed were for board, care and maintenance of the incompetent before and after the appointment of the committee. The Supreme Court of New York (237 N. Y. S., 448) disapproved the claims for services rendered to the incompetent or materials furnished him before the appointment of the committee, but approved the claims for services rendered or materials furnished after the date of said appointment. In deciding the question, the Supreme Court of New York said:

"PER CURIAM. In our opinion claims reasonable in amount and based in good faith on the support and maintenance of the incompetent person after the appointment of the committee may be deemed to be obligations incurred by the committee, even though there be no express agreement by the committee in advance to pay them and may therefore be paid out of the funds received from the Government under the provisions of the World War Veterans' Act 1024.

"Order modified, so as to provide that the claims, only so far as they arose out of services rendered to the incompetent or materials furnished to him before the appointment of the committee, are not subject to payment as in the order provided; and by striking out the last four paragraphs of the order; and by determining that the committee may lawfully pay out of funds in his hands received under the terms of the World War Veterans' Act 1924 (38 USCA par. 421, et seq.) so much of the claims as arose out of services rendered or materials furnished to the incompetent in good faith for his support and maintenance since the date of the appointment of the committee, if reasonable in amount and when approved by the court and remitting the matter to the special term to pass upon the claims in these respects; and, as so modified, the order is affirmed, without costs of this appeal to any party."

Another analogous case is *In re Ferarazza's Estate* (Cal., 1934; 28 P., [2d], 670), in which a disabled veteran of the World War was confined in a State hospital for treatment. He had no estate or means of support, but subsequently received disability compensation and allowance pursuant to the provisions of the World War Veterans' Act of 1924. Later, a bank was appointed guardian of the properties of said invalid, which bank, after qualifying as such guardian, received for him a certain sum of money as disability compensation and allowance. As a claim for the support and care of the invalid at the hospital was filed, the court approved so much of the claim as referred to expenses of hospitalization incurred after the date of the approval of the appointment of the committee, but disapproved so much thereof as referred to expenses incurred prior to said appointment. When the case was appealed to the Supreme Court of California, the latter, relying upon the case of *In re Murphy's Committee*, supra, affirmed the decision.

In view of the interpretation given by the Supreme Courts of the States of New York and California to the World War Veterans' Act of 1924, which is of universal application in all the States of the American Union, we are constrained to respect said interpretation and to decide the legal question raised before us in the sense that the

herein petitioner and appellant Marciana Lunasco is entitled only to the payment, out of the funds received by the guardian from the Veterans Administration, of the money advanced by her for the care and support of the minor Remigio Paquiao after the appointment of the Philippine Trust Company as guardian of the estate of said minor and its qualification therefor on April 18, 1936.

Wherefore, the appealed decision is modified and the appellant's claim for expenses incurred by her for the care and support of the minor after the appointment of the Philippine Trust Company as guardian of the estate of said minor Remigio Paquiao and its qualification on April 18, 1936, is approved, and so much of the claim as refers to expenses incurred by her for the same purpose before said appointment and qualification, is disapproved, without special pronouncement as to costs. So ordered.

Avanceña, C. J., Imperial, Diaz, Laurel, Concepcion, and Moran, JJ., concur.

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