

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 609



**Introduced by Representatives Enrico A. Pineda,
Francisco G. Datol Jr., Virgilio S. Lacson, Ron P. Salo,
Jorge Antonio P. Bustos**

A RESOLUTION
URGING THE PROPER COMMITTEE OF THE HOUSE OF
REPRESENTATIVES TO CONDUCT AN INVESTIGATION IN AID OF
LEGISLATION ON **THE FRAUDULENT DISBURSEMENTS
COMMITTED BY BANCO FILIPINO AND ITS DIRECTORS AND
OFFICERS PRIOR TO ITS CLOSURE.**

WHEREAS, it was recently discovered that **Banco Filipino Savings and Mortgage Bank (Banco Filipino) and its directors and officers** committed hazardous, unsafe and unsound banking practices by paying SEVEN HUNDRED EIGHTY NINE MILLION AND FOUR HUNDRED SIXTY THOUSAND PESOS (Php789,460,000.00) in legal fees to various law firms without any contracts or supporting documents when it was already in dire financial straits and without the required "pass upon" review of the then BSP Comptroller;

WHEREAS, it was also discovered that Banco Filipino also paid a partner of a law firm who was one of its directors an unconscionable and astounding amount equivalent to TWO HUNDRED TWENTY FIVE MILLION AND EIGHT

HUNDRED SEVENTY THOUSAND PESOS (Php225,870,000.00) despite its financial troubles;

WHEREAS, under Section 26 (f) of R.A. 3591, otherwise known as "An Act Establishing the Philippine Deposit Insurance Corporation (PDIC)", as amended by Section 44 of R.A. 10846, provides for the penalty of imprisonment of six (6) to twelve (12) years and a fine of not more than Ten Million Pesos (Php10,000,000.00) against any director, officer, employee or agent of a bank which conducted business in an unsafe or unsound manner;

WHEREAS, aside from the foregoing, PDIC has previously discovered and filed criminal complaints with the Department of Justice against Banco Filipino, and its directors and officers, involving a total amount of Php5.2 billion due to other irregularities and anomalies committed by the latter;

WHEREAS, the gravity of such offenses is magnified by the fact that Banco Filipino has allowed an excessive volume of past due/non-performing loans which remain uncollected representing 90.9% of its loan portfolio, and outstanding receivables from its directors, officers and related interests (DOSRI) accounts which amount to Php2.192 billion;

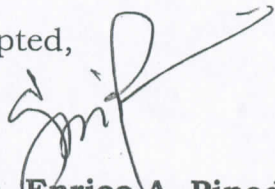
WHEREAS, on 17 March 2011, the Monetary Board of the **Bangko Sentral ng Pilipinas (BSP)** closed Banco Filipino and placed it under receivership due to the latter's dubious, unsafe and unsound banking practices, among other numerous violations;

WHEREAS, the story of Banco Filipino is a landmark case. It is one of a kind. The unique facts surrounding the case is not and should not be duplicated in any banking case in the Philippines. Thus, there is a need for additional laws to strengthen our banking system and avoid the occurrence of similar cases;

WHEREAS, it is imperative that **an investigation on Banco Filipino, its directors and officers relative to the fraudulent disbursements made in favor of certain law firms or lawyers without any written contracts or supporting documents, which worked to the grave prejudice of the 177,652 Filipino depositors**, be conducted so that the legislature may enact the necessary measures that would strengthen our banking laws in order for the same to give more protection to the Filipino depositors and to punish individuals, hiding behind the cloak of corporate identity, who have direct participation in the illegal scheme.

NOW THEREFORE, BE IT RESOLVED, as it is hereby resolved by the House of Representatives to direct the proper Committee to conduct an investigation in aid of legislation on the **fraudulent disbursements made by Banco Filipino, its directors and officers in favor of certain law firms or lawyers without any written contract or supporting documents to the grave prejudice of more or less 178,000 Filipino depositors**.

Adopted,



Hon. Enrico A. Pineda

Representative, 1Pacman Party-list



Hon. Francisco G. Datol Jr.

Representative, Señor Citizen Party-list




Hon. Virgilio S. Lacson

Representative, Manila Teachers Party-list



Hon. Ron P. Salo

Representative, Kabayan Party-list



Hon. Jorge Antonio P. Bustos
Representative, Patrol Party-list