

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 988

HOUSE OF REPRESENTATIVES	
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Introduced by Honorable Joaquin M. Chipeco, Jr.

EXPLANATORY NOTE

The continuing saga involving PDAF accountabilities has brought to the fore widespread abuses and malpractices committed by some Non-Governmental Organizations (NGOs). While the 1987 Philippine Constitution has laudably enshrined peoples' organizations (POs), cooperatives and NGOs as the fleshing-out of the "people power" legacy of the Filipino nation, it was not long before a number of these organizations were corrupted by predatory individuals in collusion with certain self-serving politicians. Registered as non-stock, non-profit organizations, these fraudulent organizations have put honest-to-goodness foundations and NGOs as a whole into disrepute.

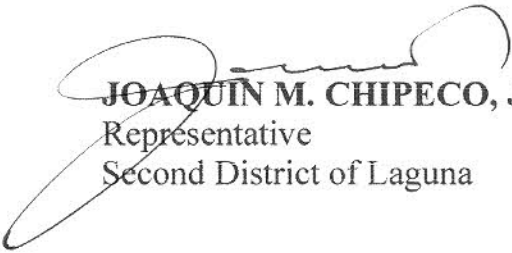
Questions then have been asked – why didn't the Securities and Exchange Commission (SEC), the government's corporate watchdog, alert the general public as to the existence of these dubious organizations? Did the SEC fail in its mandate of protecting the people by its inability to raise "red flags" concerning unethical business practices of these entities? The SEC excuses itself from responsibility by claiming that at present there is no law that specifically mandates the Commission to monitor foundations, NGOs, etc. except for some provisions of the Terrorist Financing Prevention and Suppression Act.

This bill aims to address this deficiency in our laws by empowering the SEC to monitor charitable organizations, foundations, and NGOs with the end in view of protecting the general public from unscrupulous practices.

There is also a need to remedy the reported acute lack of resources and personnel on the part of the SEC. With only eight (8) processors tasked to do the job, the Commission could not possibly check the

activities of 10,000 active foundations out of a total 21,000 registered foundations. The current SEC practice of performing random examinations of around six to 10 percent of the active foundations in a year is not enough to cleanse the slate of illegitimate organizations. It is also deemed necessary to equip the Commission with sufficient information technology to, among others, trigger alerts regarding irregular activities of these organizations from the moment they file their applications for registration with the Commission.

In view of all the foregoing considerations, the early approval of this bill is earnestly requested.



JOAQUÍN M. CHIPECO, JR.

Representative

Second District of Laguna

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

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HOUSE BILL NO. 988

Introduced by Honorable Joaquin M. Chipeco, Jr.

AN ACT
GRANTING THE SECURITIES AND EXCHANGE COMMISSION
THE AUTHORITY TO MONITOR AND INVESTIGATE NON-
GOVERNMENTAL ORGANIZATIONS, FOUNDATIONS, AND
SIMILAR INSTITUTIONS

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

SECTION 1. *Authority to Monitor and Investigate Non-Governmental Organizations, Foundations and Similar Organizations.* – The Securities and Exchange Commission (SEC) may, either upon its own initiative or upon the sworn application of any person or organization, investigate the acts and practices of any non-governmental organization (NGO), foundation, and similar organizations when there exists probable cause to believe that such organizations are committing or attempting or conspiring to commit, or participating in or facilitating an act in violation of existing laws, rules and regulations. For this purpose, the SEC is empowered to summon witnesses, issue *subpoena duces tecum*, administer oaths, and take testimony or evidence relevant to the investigation.

The SEC may enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including

government-owned or controlled corporations, in undertaking its monitoring and investigative functions, which may include the use of its personnel, facilities and resources.

The SEC shall furnish the appropriate law enforcement agencies with the official results of its investigations.

In the exercise of its investigatory powers, the SEC shall ensure that its monitoring activities shall cover all or substantially all active NGOs, foundations and similar organizations.

SEC. 2. *Mandate to Upgrade Personnel and Equipment.* – The SEC shall conduct a periodic review of its budgetary requirements, with the end in view of upgrading its personal services and institutionalizing computer-assisted monitoring and review of activities of all active NGOs, foundations and similar institutions. The Commission shall submit this budget proposal for immediate consideration in the next budget cycle.

SEC. 3. *Appropriations.* - The amount necessary for the implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,