

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8675



Introduced by Honorable Michael L. Romero

EXPLANATORY NOTE

The Republic of the Philippines shall inspire debtors, juridical and natural persons, and their creditors to mutually and accurately resolve opposing claims and property rights.

In continuance, the State shall guarantee a timely, fair, transparent, effective and efficient rehabilitation or liquidation of debtors. The rehabilitation or liquidation shall be made with a view to ensure or maintain certainly and probability in commercial affairs, preserve and maximize the value of the assets of these debtors, recognize creditor rights and respect priority of claims, and ensure equitable treatment of creditors who are similarly situated.

This House Bill seeks to foster the interest of the State to facilitate a speedy and orderly liquidation of these debtor's assets and settlement of their obligations, thus providing stiffer penalties and sanctions.

Thus, the early passage of this bill is earnestly requested.


MICHAEL L. ROMERO Ph.D.

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AN ACT

AMENDING **SECTION 145 OF REPUBLIC ACT 10142**,
“OTHERWISE KNOWN AS THE FINANCIAL REHABILITATION AND
INSOLVENCY ACT (**FRIA**) OF 2010”, PROVIDING FOR STIFFER
PENALTIES AND SANCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1. Section 145 of Chapter X of RA10142, is hereby amended to read:

Section 145. Penalties. - An owner, partner, director, officer or other employee of the debtor who commits any one of the following acts shall, upon conviction thereof, be punished by a fine of *not less than One million pesos (Php 1, 000,000.00)* and imprisonment for *not less than One (1) year* nor more than Five (5) years for each offense;

(a) if he shall, having notice of the commencement of the proceedings, or having reason to believe that

proceedings are about to be commenced, or in contemplation of the proceedings hide or conceal, or destroy or cause to be destroyed or hidden any property belonging to the debtor or if he shall hide, destroy, after mutilate or falsify, or cause to be hidden, destroyed, altered, mutilated or falsified, any book, deed, document or writing relating thereto; if he shall, with intent to defraud the creditors of the debtor, make any payment sale, assignment, transfer or conveyance of any property belonging to the debtor

(b) if he shall, having knowledge belief of any person having proved a false or fictitious claim against the debtor, fail to disclose the same to the rehabilitation receiver or liquidator within one (1) month after coming to said knowledge or belief; or if he shall attempt to account for any of the debtors property by fictitious losses or expense; or

(c) if he shall knowingly violate a prohibition or knowingly fail to undertake an obligation established by this Act.

SECTION 2. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 3. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 4. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 6. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,