


FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

'12 MAY -8 P2:24

RECEIVED BY: 

SENATE

S. No. 3186

Introduced by Senator Franklin M. Drilon

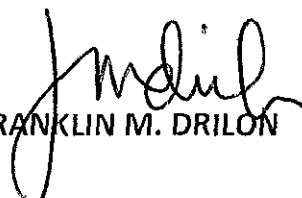
EXPLANATORY NOTE

Fiduciary funds deposited with the courts by private parties that remain unclaimed for long periods of time after the termination of their respective court cases or the release date provided in the final order of the court constitute a significant source of funding for the Republic of the Philippines. From 2008 to 2010, around 50 Million Pesos of such fiduciary funds were forfeited by the courts¹, but could not be deposited with the Bureau of Treasury because there is no law authorizing such transfer. Instead of being used to fund government projects that stimulate economic development and help the poor, these funds are currently abandoned, idle, and wasted.

Moreover, the Supreme Court has, in fact, already acknowledged that such unclaimed fiduciary funds may be escheated or forfeited in favor of the government, through the Bureau of Treasury, provided that a law is passed for such purpose.²

Hence, there is an urgent need for the a law -- in the words of the Supreme Court -- that would provide for, the escheating or forfeiting of unclaimed fiduciary funds, fixing the period for declaring such funds abandoned and ownerless, and prescribing the due process requirements.

In view of the foregoing, approval of this bill is strongly recommended.


FRANKLIN M. DRILON

¹ Letter of Court Administrator Midas P. Marquez, dated 30 September 2011 with Schedule of Collections of Confiscated/Forfeited Bonds for the years 2008, 2009 and 2010.

² Supreme Court Resolution, A.M. No. 05-3-35-SC (Re: Audit Observation Memorandum) & A.M. No. 10-8-3-SC (Re: Fiduciary Fund Deposits Not Remitted to the Bureau of Treasury), page 10.

SENATE

RECEIVED

BY: 

S. No. 3186

Introduced by Senator Franklin M. Drilon

AN ACT
PROVIDING FOR RULES ON THE ESCHEAT OF UNCLAIMED FIDUCIARY FUNDS, AND
FOR OTHER PURPOSES

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

1 **SECTION 1.** *Short Title.* – This Act shall be known as the “*Escheat of Unclaimed*
2 *Fiduciary Funds of 2012*”.

3
4 **SECTION 2.** *Scope.* – “*Unclaimed Fiduciary Funds*”, within the meaning of this Act,
5 shall refer to funds deposited by private parties to any court of law in *custodia legis*
6 to guarantee an obligation in favor of another private party, including cancelled
7 deposits by private parties intended to guarantee undertakings to the government
8 such as but not limited to cancelled cash bail bonds, and interest thereon, the
9 rightful private owners of these funds have failed to claim the same during the
10 preceding ten years or more from the termination of the case or from such release
11 date provided in the final order by the courts.

12
13 Such unclaimed fiduciary funds, together with the increase and proceeds thereof,
14 but after deducting a service fee of 10% per annum of the interests earned in favor
15 of the Judiciary Fund in accordance with PD 1949, as amended, shall be deposited
16 with the Treasurer of the Philippines to the credit of the Government of the Republic
17 of the Philippines to be used as the Congress may direct.

18
19 **SECTION 3.** *Reporting of Unclaimed Fiduciary Fund; Notice to Parties.* – Immediately
20 after effectivity of this Act and within the month of January of every odd year, the
21 Chief of the Supreme Court’s Fiscal and Management Budget Office shall forward to
22 the Treasurer of the Philippines a statement, under oath, of all deposits being held