

07 January 2021 Office of the Chief  
Philippine National Police

**PGEN DEBOLD SINAS**  
**Chief, Philippine National Police (PNP)**  
National Headquarters,  
Camp Crame, Quezon City

JAN 11 2021  
**RECEIVED**  
By: *[Signature]* *[Signature]* *[Signature]*  
Helen *[Signature]* 3462

Re: **Demand to Call for a Special Meeting for the Purpose of  
Removing the Incumbent Board of Trustees of PSSLAI,  
Among Other Purposes**

Dear **PGEN SINAS**:

This is to confirm receipt of your *Letter* dated 06 January 2021 with subject: "Demand to Call for a Special Meeting for the Purpose of Removing the Incumbent Board of Trustees of PSSLAI, Among Other Purposes". In the same *Letter*, you also mentioned five (5) concerns which you would like bring to the attention of PSSLAI Management.

Before delving into the matter of calling a special members' meeting, please allow us to provide a useful information regarding the purported concerns that you enumerated. Since there were neither supporting documents nor explanations elaborating or detailing these concerns, we take this opportunity to impart additional information which you may find helpful specifically in connection with your membership in the Association.

1. "Imposition of compounded interests on borrower-members"

PSSLAI has a policy on imposition of interests, but nothing therein allows compounding of interest. It does not compound interest imposed *on the loans* of borrowing members. As an institution supervised by the *Bangko Sentral ng Pilipinas* (BSP), PSSLAI's financial books and transactions are examined and audited at least once every two (2) years and not one finding involved illegal compounding of interest. In any event, compounding of interest is not illegal *per se*. Article 2212 of the Civil Code recognizes compounding of interest. <sup>1</sup>It would have been helpful if there were

<sup>1</sup>**Article 2212.** Interest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent upon this point.



documents proffered to substantiate or elaborate why imposition of compounded interest became a concern that PSSLAI Management must address.

2. "Lack of transparency in corporate transactions"

The yearly financial statements of the Association are posted in the Association's website after the same are submitted to the Bureau of Internal Revenue (BIR) and the Securities and Exchange Commission (SEC). Copies of financial statements and other documents pertaining to the Association, once submitted to the SEC, may be requested by any member. Members can also visit the Head Office and/or write the Association to request for corporate documents – which happens frequently and were favorably and promptly acted upon. The Association has not denied any request from a member for information on corporate matters, provided that there is no law protecting the information. Corollary, the Association is very cautious when the request for information does *not* come from a member and the information requested is protected by confidentiality or data protection laws. At any rate, the Association owes its duty of transparency to its members, and nobody else. Finally, acts and decisions of Management are presented to the members for ratification during the members' meeting held annually.

3. "Members in the active service are not represented in the Board"

First, the absence of trustee who is in the active service should, by no means, be taken as lack of representation of the said members in the Association's Board. Moreover, other than seats in the Board, the Association have put in place other forums to ensure that concerns of all sectors are heard and addressed. Likewise, the absence of an active personnel in the Association's current Board is only in conformity with laws and regulation. BSP regulations prohibit appointive government officials from occupying trusteeship positions in supervised-institutions. Correspondingly, there is no law requiring the allocation of board seats specifically for members in the active service – not even Republic Act (R.A.) No. 8367 or the *Revised Non Stock Savings and Loan Association Act of 1997*. This is on account of the fact that the Association is a private corporation while its members who are in the active service are necessarily public officers and employees covered by Section 8, Article XI(B) of the Constitution<sup>2</sup> and R.A. No. 6713 (Code of Conduct and Ethical Standards for Public Officials and Employees).

<sup>2</sup>**Section 8.** No elective or appointive public officer or employee shall receive additional, double, or indirect compensation, unless specifically authorized by law, nor accept without the consent of the Congress, any present, emolument, office, or title of any kind from any foreign government.

Pensions or gratuities shall not be considered as additional, double, or indirect compensation.

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4. "Un-condoned loan of deceased members"

Strictly, condonation applies to penalties and not to the loan itself. On the other hand, loans with outstanding balances may be written-off. In the case of deceased members, PSSLAI collects the unpaid balance from an insurer so that the relatives left behind will no longer pay the outstanding amount. This is premised on the assumption that the member's death has been reported to the Association. Thus, there is no reason to raise as concern "un-condoned" loan of deceased members (which, we have interpreted to mean loans still collected after the death of the borrower).

5. "Non-holding of Annual meeting"

In conformity with Section 1 Article IV of the By-laws<sup>3</sup>, the Association regularly holds its meeting on the third Saturday of January of each year. The meeting is announced at least 30 days prior to the schedule in accordance with the By-laws and members are encouraged to attend and participate. Again, this is another matter that is regularly reported to the SEC and verified during on-site examination by the BSP.

As earlier stated, the foregoing are for additional information and reference only, and must not be taken as answers to the purported concerns. This is on account of the lack of any detail, explanation or substantiation in your *Letter* that would elaborate, support, or authenticate the veracity of the alleged concerns. The Association's Management will appreciate if the concerns will be explained and substantiated so that the same will be threshed out and answered satisfactorily and effectively.

We will now be addressing your demand to call for a special meeting of members. Anent thereto, you have cited and invoked Sec. 27 of R.A. No. 11232 which provides for the formalities required to remove a director (or trustee in the case of the Association, as a non-stock corporation).

Relative to the above, it was stated in your *Letter* that you represent the "174,730 members of PSSLAI from the ranks of the Philippine National Police (PNP)". However, such bare assertion cannot be given credence without any substantiation. You are well aware that the PSSLAI is a private corporation operating independently from the mother organization of its members. Each member has equal right and representation insofar as PSSLAI is concerned. With all due respect to the honorable general, you may be acting in the capacity as the Chief of the PNP, but insofar as membership in the Association is concerned, your membership stands on the same level as every other

<sup>3</sup>**Section 1.** Annual Meeting – Annual meeting of the members shall be held on the 3<sup>rd</sup> Saturday of January of each year at the principal office of the Association or at any place within the Philippines as may be designated by the Board of Trustees.

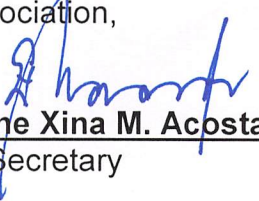
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member. Unless authorized with the proper document designating you as their representative, it is rather unfortunate that we cannot take cognizance of your standing and the PSSLAI is not bound to honor such assertion of representation without any proof or written authorization from the individuals claimed to be represented. As such, the *Letter* would be treated as a personal correspondence written on your behalf as an individual member.

Given that the written demand of majority of the members entitled to vote was not satisfied, we regret to inform you that your demand to issue the necessary Notice for a Special Meeting is denied for failing to obtain the required written demand of the members entitled to vote. While we acknowledge the right of every member to demand the holding of a meeting, we would be remiss in our fiduciary duty as trustee of billions of assets belonging to our members if we disregard the procedures set forth by the law.

We hope you find the foregoing in order. If you have any further queries do not hesitate to respond to this letter.

For the Association,

  
**Atty. Eireene Xina M. Acosta-Quebral (G.I.C.D.)**  
Corporate Secretary

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