

MEMORANDUM ORDER NO. 61

**BROADENING THE SCOPE OF THE AD-HOC FACT FINDING COMMITTEE ON
BEHEST LOANS CREATED PURSUANT TO ADMINISTRATIVE ORDER NO.
13, DATED 8 OCTOBER 1992**

WHEREAS, among the underlying purposes for the creation of the Ad-Hoc Fact Finding Committee On Behest Loans is to facilitate the collection and recovery of defaulted loans owing government-owned and controlled banking and/or financing institutions;

WHEREAS, this end may be better served by broadening the scope of the fact finding mission of the Committee to include all non-performing loans which shall embrace behest and non-behest loans;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. The Ad-Hoc Fact Finding Committee On Behest Loans shall include in its investigation, inventory, and study all non-performing loans which shall embrace both behest and non-behest loans.

The following criteria may be utilized as a frame of reference in determining a behest loan:

- a. It is undercollaterized.
- b. The borrower corporation is under-capitalized.
- c. Direct or indirect endorsement by high government officials like presence of marginal notes.
- d. Stockholders, officers or agents of the borrower corporation are identified as cronies.



- e. Deviation of use of loan proceeds from the purpose intended.
- f. Use of corporate layering.
- g. Non-feasibility of the project for which financing is being sought.
- h. Extra-ordinary speed in which the loan release was made.

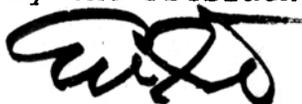
Moreover, a behest loan may be distinguished from a non-behest loan in that while both may involve civil liability for non-payment or non-recovery, the former may likewise entail criminal liability.

Section 2. This Memorandum Order takes effect immediately.

Manila, 9 November 1992.



By the President:



EDELMIRO A. AMANTE, SR.
Executive Secretary

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