

lation and who may be enjoying the benefits of such special legislation, shall lose the right to retirement under the provisions of the said Act No. 23 of July 16, 1935, while he enjoys the benefits of the special Act, and shall also lose all right to have reimbursed to him the amount that he has contributed to the retirement fund, and any interest accrued thereon."

Section 2.—This Act, being of an urgent character, shall take effect immediately after its approval.

Approved, September 22, 1948.

[No. 17]

[Approved, September 23, 1948]

AN ACT

TO CREATE A CORPORATION AS A GOVERNMENTAL INSTRUMENTALITY OF THE INSULAR GOVERNMENT UNDER THE TITLE OF "GOVERNMENT DEVELOPMENT BANK FOR PUERTO RICO", GRANTING THE SAME A CHARTER PRESCRIBING ITS POWERS, DUTIES, RIGHTS, OBLIGATIONS, PRIVILEGES, IMMUNITIES, PURPOSES, CONSTITUTION AND STATUS; TO DEFINE CRIMINAL ACTS COMMITTED IN VIOLATION OF THIS LAW AND FIX THE PENALTIES THEREFOR; TO DISSOLVE THE DEVELOPMENT BANK OF PUERTO RICO CREATED UNDER ACT 252 APPROVED MAY 13, 1942, EXCEPT AS TO THE LIMITATIONS SET FORTH IN THIS LAW FOR THE TRANSFER OF ITS ASSETS TO THE NEW BANK HEREBY CREATED, TO REPEAL SAID ACT 252 OF MAY 13, 1942; TO REPEAL ACT 46 APPROVED MAY 4, 1943; TO AMEND THE TITLE OF ACT No. 272 APPROVED MAY 15, 1945; TO AMEND SECTION 1 OF ACT 272 APPROVED MAY 15, 1945; TO DECLARE THE OFFICIAL TEXT OF THIS LAW IN THE ENGLISH LANGUAGE; TO DECLARE THAT THE SAME WILL PREVAIL OVER THE SPANISH TEXT; TO DECLARE AN EMERGENCY, AND FOR OTHER PURPOSES.

Be it enacted by the Legislature of Puerto Rico:

Section 1.—To aid the Insular Government in the performance of its fiscal duties and more effectively to carry out its governmental responsibility to develop the economy of Puerto Rico, particularly with respect to its industrialization, there is hereby created a corporation as a governmental instrumentality of the Insular Government to act by its authority under the title of "Government Development Bank for Puerto Rico" (hereinafter referred to as "the Bank").

Section 2.—The Charter of the Bank shall be as follows:

pecial y que disfrutare de los beneficios de tal legislación especial perderá el derecho al retiro bajo las disposiciones de la referida Ley No. 23 de 16 de julio de 1935, mientras disfrute de los beneficios de la ley especial y perderá también todo derecho a que se le reintegre el importe con que haya contribuido al Fondo de Retiro y sus intereses."

Artículo 2.—Esta Ley, por ser de carácter urgente, empezará a regir inmediatamente después de su aprobación.

Aprobada en 22 de septiembre de 1948.

[NÚM. 17]

[Aprobada en 23 de septiembre de 1948]

LEY

PARA CREAR UNA CORPORACION COMO INSTRUMENTALIDAD GUBERNAMENTAL DEL GOBIERNO INSULAR BAJO EL NOMBRE DE "BANCO GUBERNAMENTAL DE FOMENTO PARA PUERTO RICO", OTORGANDOLE UNA CARTA CONSTITUCIONAL PRESCRIBIENDO SUS FACULTADES, DEBERES, DERECHOS, OBLIGACIONES, PRIVILEGIOS, INMUNIDADES, PROPOSITOS, ORGANIZACION Y STATUS; PARA DEFINIR LOS ACTOS CRIMINALES COMETIDOS EN VIOLACION DE ESTA LEY Y FIJARLES PENALIDADES; PARA DISOLVER EL BANCO DE FOMENTO DE PUERTO RICO CREADO BAJO LA LEY 252 APROBADA EN MAYO 13, 1942, SALVO EN LO QUE RESPECTA A AQUELLAS LIMITACIONES CONTENIDAS EN ESTA LEY PARA EL TRASPASO DE SU ACTIVO AL NUEVO BANCO POR LA PRESENTE CREADO; PARA DEROGAR DICHA LEY 252 DE MAYO 13, 1942; PARA DEROGAR LA LEY 46 APROBADA EN MAYO 4 DE 1943; PARA ENMENDAR EL TITULO DE LA LEY 272 APROBADA EN MAYO 15, 1945; PARA ENMENDAR EL ARTICULO 1 DE LA LEY 272 APROBADA EN MAYO 15, 1945; PARA DECLARAR EL TEXTO OFICIAL EN INGLES DE ESTA LEY; PARA DECLARAR QUE EL MISMO PREVALECERA SOBRE EL ESPAÑOL; PARA DECLARAR UNA EMERGENCIA, Y PARA OTROS FINES.

Decrétase por la Asamblea Legislativa de Puerto Rico:

Artículo 1.—Para ayudar al Gobierno Insular en el desempeño de sus deberes fiscales y realizar más efectivamente su responsabilidad gubernamental de fomentar la economía de Puerto Rico, y especialmente su industrialización, por la presente se crea una corporación como instrumentalidad gubernamental del Gobierno Insular para actuar, por autoridad del mismo, bajo el nombre de "Banco Gubernamental de Fomento para Puerto Rico" (en lo sucesivo en la presente denominado "el Banco.")

Artículo 2.—La Carta Constitucional de "el Banco" será la siguiente:

CHARTER

First: The existence of the Bank shall be perpetual.

Second: The principal office of the Bank shall be at San Juan, Puerto Rico.

Third: The purposes for which the Bank is formed and the business or objects to be carried on and promoted by it are as follows:

(A) To act as fiscal agent and as paying agent and as a financial advisory and reporting agency of the Insular Government and of the agencies, instrumentalities, commissions, authorities, municipalities and political subdivisions of Puerto Rico, the Governor of Puerto Rico, the Executive Council of Puerto Rico and the Treasurer of Puerto Rico.

(B) To act as depositary or trustee of funds for the Insular Government or for the United States and for any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico or the United States and of funds within the custody or jurisdiction of any court, to give security for the repayment of any such funds and to pay interest thereon, and to act as depositary of funds for any bank or trust company organized under or subject to the Banking Law.

(C) To lend money, with or without security, to the Insular Government or to any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico.

(D) To lend money, with or without security, to any person, firm, corporation or other organization engaged or to engage in industrial or commercial enterprises where such moneys are to be used to further the governmental purpose of developing the economy of Puerto Rico, particularly with respect to its industrialization, such loans to be represented by the promissory notes, bonds, debentures or other obligations or evidences of debt of such borrowers; *Provided, however,* that the aggregate indebtedness of any such borrower to the Bank shall not exceed at any time 10 per cent of the capital funds and surplus of the Bank plus an additional 15 per cent of such capital funds and surplus if such indebtedness, either in whole or in part, but in any event that part thereof in excess of 10 per cent of such capital funds and surplus, is secured by collateral of an ascertained value of at least 25 per cent more than the amount of such indebtedness in excess of 10 per cent of such capital funds and surplus.

(E) To invest its funds in direct obligations of the United States or obligations guaranteed as to both principal and interest by the

CARTA CONSTITUCIONAL

Primero: La existencia de "el Banco" será perpetua.

Segundo: La oficina principal de "el Banco" estará en San Juan, Puerto Rico.

Tercero: Los fines para los cuales se organiza "el Banco", y los negocios y propósitos a realizar y a fomentar por él, son los siguientes:

(A) Actuar como Agente Fiscal y como Agente Pagador y como Agente Consultivo Financiero e informativo del Gobierno Insular, y de las agencias, instrumentalidades, comisiones, autoridades, municipios y subdivisiones políticas de Puerto Rico, del Gobernador de Puerto Rico, del Consejo Ejecutivo de Puerto Rico y del Tesorero de Puerto Rico.

(B) Actuar como depositario o fideicomisario de fondos del Gobierno Insular o de los Estados Unidos, y de cualquier agencia, instrumentalidad, comisión, autoridad, municipio o subdivisión política de Puerto Rico o de los Estados Unidos, y de fondos bajo la custodia o jurisdicción de cualquier Corte; para dar garantía por el reembolso de cualesquiera de dichos fondos; para pagar intereses sobre los mismos, y para actuar como depositario de fondos de cualquier banco o compañía de fideicomiso, organizados bajo, o sujetos a, la Ley de Bancos.

(C) Prestar dinero, con o sin garantías, al Gobierno Insular, o a cualquier agencia, instrumentalidad, comisión, autoridad, municipio o subdivisión política de Puerto Rico.

(D) Prestar dinero, con o sin garantía, a cualquier persona, firma, corporación u otra organización dedicada, o que vaya a dedicarse, a empresas industriales o comerciales, cuando tales préstamos sean para usarse en promover el propósito gubernamental de fomentar la economía de Puerto Rico, y especialmente su industrialización, préstamos que estarán evidenciados por pagarés, bonos, cédulas u otras obligaciones o documentos de dichos deudores; *Disponiéndose, sin embargo,* que la deuda total de cualquier prestatario con "el Banco", no excederá en ningún momento del 10 por ciento del capital y sobrantes de "el Banco", más un margen adicional del 15 por ciento de tal capital y sobrantes cuando tal deuda, ya en todo o en parte, pero siempre que en la parte en exceso del 10 por ciento de dicho capital y sobrantes, esté garantizada con colateral de un valor determinado de no menos de un 25 por ciento más que el montante de lo adeudado en exceso del 10 por ciento del referido capital y sobrante.

(E) Invertir sus fondos en obligaciones directas de los Estados Unidos o en obligaciones garantizadas tanto en principal como en

United States, or obligations of Puerto Rico guaranteed as to both principal and interest by Puerto Rico, or obligations of any agency, instrumentality, commission, authority, municipality or political subdivision thereof, or obligations insured or guaranteed under housing laws of the United States.

(F) To discount, at a uniform rate or rates of interest to be fixed from time to time by the Board of Directors of the Bank, for banks or trust companies organized under or subject to the Banking Law, negotiable drafts, notes, bills of exchange and acceptance, bearing the endorsement of the bank or trust company for which discounted, of the character eligible for discount by Federal Reserve Banks of the United States under Regulations of the Board of Governors of the Federal Reserve System from time to time in effect, subject to the conditions and limitations prescribed by such Regulations; *Provided, however*, That the aggregate amount of notes, drafts, bills of exchange and acceptance upon which any person, partnership, association or corporation is liable as maker, acceptor, endorser, drawer or guarantor discounted for any bank or trust company shall not be subject to any limitation contained in such Regulations but shall at no time exceed the amount for which such person, partnership, association or corporation may lawfully become liable to such Bank or trust company under the applicable provisions of the Banking Law as from time to time amended.

(G) To lend money, at a uniform rate or rates of interest to be fixed from time to time by the Board of Directors of the Bank, to any bank or trust company organized under or subject to the Banking Law, for a period not exceeding ninety days, on the promissory note of such bank or trust company, secured by notes, drafts, bills of exchange or acceptance eligible for discount by the Bank under the provisions of the preceding paragraph (F) hereof, or secured by obligations of the Insular Government or of the United States or guaranteed as to both principal and interest by the Insular Government or the United States or obligations of any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico, or secured by other collateral satisfactory to the Bank; *Provided, however*, that in case the security consists of

intereses por los Estados Unidos, o en obligaciones de Puerto Rico o garantizadas tanto en principal como en intereses por Puerto Rico, o en obligaciones de cualquier agencia, instrumentalidad, comisión, autoridad, municipio o subdivisión política de éste, o en obligaciones aseguradas o garantizadas bajo las Leyes de Hogares de los Estados Unidos.

(F) Descontar, para bancos o compañías de fideicomiso organizadas bajo o sujetas a la Ley de Bancos, a un tipo o tipos uniformes de interés a ser fijado de tiempo en tiempo por la Junta de Directores de "el Banco", giros negociables, pagarés, letras de cambio y aceptaciones que lleven el endoso del banco o compañía de fideicomiso para el que se descuenten, y que sean de naturaleza elegible para descuento por los Bancos de la Reserva Federal de los Estados Unidos bajo los reglamentos de la Junta de Regentes del sistema Federal de la Reserva de tiempo en tiempo en vigor, sujeto a las condiciones y limitaciones prescritas por tales Reglamentos; *Disponiéndose, sin embargo*, que el total montante de los pagarés, giros, letras de cambio y aceptaciones de que una persona, sociedad, asociación o corporación sea responsable como libradora, aceptante, endosante, giradora o garantizadora, descontados para cualquier banco o compañía de fideicomiso, no estará sujeto a ninguna de las limitaciones contenidas en dichos Reglamentos, pero en ningún momento excederá del montante por el cual esa persona, sociedad, asociación o corporación pueda legalmente obligarse con dicho banco o compañía de fideicomiso bajo las disposiciones aplicables de la Ley de Bancos según sea enmendada de tiempo en tiempo.

(G) Prestar dinero, a un tipo o tipos uniformes de interés a ser fijado de tiempo en tiempo por la Junta de Directores de "el Banco", a cualquier banco o compañía de fideicomiso organizados bajo, o sujetos a la Ley de Bancos, por períodos que no excederán de noventa días, y sobre pagarés de dichos bancos o compañías de fideicomiso garantizados por pagarés, giros, letras de cambio o aceptaciones elegibles para descuento por "el Banco" bajo las disposiciones del párrafo (F) precedente, o garantizados por obligaciones del Gobierno Insular o de los Estados Unidos o garantizados tanto en principal como en interés por el Gobierno Insular o de los Estados Unidos o por obligaciones de cualquier agencia, instrumentalidad, comisión, autoridad, municipio, o subdivisión política de Puerto Rico, o garantizados por otra colateral satisfactoria a "el Banco"; *Disponiéndose, sin embargo*, que en caso de que la garantía consista de tal otra colateral, el tipo de

such other collateral, the rate of interest on such loan shall in no event be less than one-half of one per cent per annum higher than the highest rate then currently applicable to discounts provided for by the preceding paragraph (F) hereof.

(H) To lend securities, on a fully secured basis, to any bank or trust company organized under or subject to the Banking Law.

(I) To borrow money and contract debts for its corporate purposes upon such terms and conditions as the Bank may from time to time determine, with or without security, to dispose of its obligations evidencing such borrowing, to make, execute and deliver trust indentures and other agreements with respect to any such borrowing, contracting of debt, issuance of bonds, notes, debentures or other obligations, and by the authority of the Government of Puerto Rico which is hereby granted, to issue its bonds, notes, debentures or other obligations in such form, secured in such manner, and subject to such terms of redemption with or without premium, and to sell the same at public or private sale for such price or prices, all as may be determined by its Board of Directors.

(J) To exercise all such incidental powers as may be necessary or convenient for the purpose of carrying on the foregoing business and objects. The power granted in paragraphs (C), (D), and (E) above shall not include the power to lend moneys on short term or to invest in short term securities other than marketable securities, where the borrower or obligor has facilities available to it in banks organized under or subject to the Banking Law.

Fourth: The Bank shall also have the following powers:

(A) To have a common seal and to alter the same from time to time.

(B) To acquire property for its corporate purposes by grant, gift, purchase, devise or bequest, and to hold and to exercise the rights of ownership of and to dispose of the same.

(C) To acquire any property in settlement or reduction of debts previously contracted or in exchange for investments previously made in the course of its business, where such acquisition is necessary to minimize or avoid loss in connection therewith, and to hold such property for such periods as the Board of Directors may deem advisable and to exercise the rights of ownership of and to dispose of the same.

(D) To establish one or more branches, offices or agencies necessary or convenient for the transaction of its business within or without Puerto Rico.

interés de dicho préstamo en ningún caso podrá ser menor que un medio del uno por ciento anual más alto que el tipo corriente más alto entonces aplicable a los descuentos provistos por el párrafo (F) precedente.

(H) Prestar valores, sobre bases de completa seguridad, a cualquier banco o compañía de fideicomiso organizados bajo, o sujetos a, la ley de Bancos.

(I) Tomar dinero a préstamo y contraer deudas para sus fines corporativos bajo aquellos términos y condiciones que "el Banco" de tiempo en tiempo determine, con o sin garantías disponer de sus obligaciones evidenciando tales préstamos, hacer, otorgar y entregar instrumentos de fideicomiso y de otros convenios en relación con cualquiera de dichos préstamos, contracción de deudas, emisión de bonos, pagarés, obligaciones hipotecarias u otras obligaciones y por autoridad del Gobierno de Puerto Rico, que aquí se le otorga, emitir sus propios bonos, pagarés, obligaciones hipotecarias u otras obligaciones en la forma, con la garantía y bajo aquellos términos de redención, con o sin prima, y vender los mismos en venta pública o privada por el precio o precios, según se determinare para todo ello, por su Junta de Directores.

(J) Ejercer todos aquellos poderes incidentales que fueren necesarios o convenientes para los fines de realizar sus antedichos negocios y propósitos. El poder conferido en los párrafos (C), (D) y (E) que anteceden, no incluye poder para prestar dinero a corto plazo, ni para invertir en valores a corto plazo, excepto valores de fácil venta, cuando el prestatario o deudor tiene facilidades disponibles en los bancos organizados bajo, o sujetos a la Ley de Bancos.

Cuarto: "El Banco" tendrá además las siguientes facultades:

(A) Poseer un sello oficial y alterar el mismo de tiempo en tiempo.

(B) Adquirir bienes para sus fines corporativos por concesión, regalo, compra, legado o donación; y poseer y ejercer derechos de propiedad sobre los mismos y disponer de ellos.

(C) Adquirir toda clase de bienes en pago o a cuenta de deudas previamente contraídas o en permuta por inversiones previamente hechas en el curso de sus negocios, cuando tal adquisición es necesaria para disminuir o evitar una pérdida en conexión con las mismas, y para retener tales bienes por el tiempo que la Junta de Directores estime conveniente y para ejercer sobre ellos derechos de propiedad y disponer de los mismos.

(D) Establecer una o más sucursales, oficinas o agencias necesarias o convenientes para la transacción de sus negocios, dentro o fuera de Puerto Rico.

(E) To purchase, hold, lease, mortgage and convey real property as follows: (1) a plot whereon there is or may be erected a building suitable for the transaction of its business, from portions of which not required for its own use a revenue may be derived, (2) such real estate as may be conveyed to it in settlement or reduction of debts previously contracted or in exchange for investments previously made in the course of its business, (3) such as it shall purchase or otherwise acquire at sale under judgments, decrees or mortgages held by it and (4) such as may be necessary for residence of its employees; *Provided, however,* that real property purchased or acquired by it shall be sold within ten years of the date of such purchase or acquisition unless there shall be a building thereon occupied by it as an office or by its employees as a residence or the Treasurer of Puerto Rico shall have extended the time within which such sale shall be made.

(F) To sue and be sued.

(G) To appoint, employ and contract for the services of officers, agents, employees and professional assistants and to pay such compensation for their services as the Bank may determine; and to fix and pay Directors' fees.

(H) To exercise such other corporate powers, not inconsistent herewith, as are conferred upon corporations by the laws of Puerto Rico and to exercise all its powers within and without Puerto Rico to the same extent as natural persons might or could do.

Fifth: The affairs of the Bank shall be managed and its corporate powers exercised by a Board of Directors seven in number. The Governor of Puerto Rico, with the approval of the Executive Council of Puerto Rico, shall appoint the first members of the Board of Directors, two of whom shall be appointed for a term of two years, two of whom shall be appointed for a term of three years and three of whom shall be appointed for a term of four years. Thereafter, as the terms of office of directors expire, successor directors shall be appointed by the Governor, with the approval of the Executive Council, for terms of four years. All vacancies in the office of directors shall be filled by appointment by the Governor, with the approval of the Executive Council; *Provided, however,* That any vacancy occurring between such appointment shall, within sixty days, be filled by the Governor for the unexpired term. All directors shall, unless sooner removed or disqualified, hold office dur-

(E) Comprar, poseer, arrendar, hipotecar y transmitir bienes inmuebles como sigue:

(1) Un solar donde ya exista o pueda construirse un edificio adecuado para la transacción de sus negocios, de partes del cual, no necesarias para su propio uso, pueda derivar rentas; (2) aquellos inmuebles que le fueren traspasados en pago o reducción de deudas previamente contraídas o en permutas por inversiones previamente hechas en el curso de sus negocios; (3) aquellos que comprase o de otro modo adquiriera bajo ejecución de sentencias, decretos o hipotecas a su favor y (4) aquellos que fueren necesarios para residencia de sus empleados; *Disponiéndose, sin embargo,* que los inmuebles comprados o adquiridos por "el Banco", deberán ser vendidos dentro de los diez años a contar de la fecha de su compra o adquisición salvo aquellos ocupados con el edificio de sus oficinas o por residencia de sus empleados, o aquellos para cuya retención y venta el Tesorero de Puerto Rico le haya concedido alguna prórroga.

(F) Demandar y ser demandado.

(G) Nombrar, emplear y contratar los servicios de oficiales, agentes, empleados y auxiliares profesionales y pagar por tales servicios aquella compensación que "el Banco" determinare; y fijar y pagar dietas a sus directores.

(H) Ejercer todos aquellos otros poderes corporativos, no incompatibles con los aquí expresados que por las Leyes de Puerto Rico se confieren a las corporaciones y ejercer todos esos poderes, dentro y fuera de Puerto Rico, en la misma extensión que lo haría o podría hacerlo una persona natural.

Quinto: Los negocios de "el Banco" serán administrados y sus poderes corporativos ejercidos por una junta de directores compuesta de siete miembros. El Gobernador de Puerto Rico, con la aprobación del Consejo Ejecutivo de Puerto Rico, nombrará los primeros miembros de la Junta de Directores, dos de los cuales recibirán nombramiento por el término de dos años, dos por el término de tres años, y tres por el término de cuatro años. En adelante, según vayan expirando los términos de los cargos de directores, el Gobernador, con la aprobación del Consejo Ejecutivo, nombrará los directores sucesores por términos de cuatro años. Toda vacante en el cargo de director se cubrirá por nombramiento del Gobernador con la aprobación del Consejo Ejecutivo; *Disponiéndose, sin embargo,* que toda vacante que ocurra entre uno y otro de dichos nombramientos se cubrirá por el Gobernador dentro de un período de sesenta (60) días por el término que reste sin expirar. Todos los directores, a menos que fueren antes

ing the term for which appointed and until their successors are appointed and qualified. A majority of the directors in office shall constitute a quorum of the Board of Directors for all purposes.

Sixth: The Board of Directors, by the affirmative vote of a majority of the whole Board, may adopt, add to, amend, alter or repeal By-Laws of the Bank, not inconsistent herewith or with law, providing for the management of the business of the Bank, the regulation of its affairs, the organization, conduct and meetings of the Board of Directors, notice of meeting of the Board of Directors and waivers of notice, the appointment of committees of the Board of Directors and the power of such committees, the number, titles, qualifications, terms, election or appointment, removal and duties of officers, the form of the seal of the Bank, and the preparation and submission to the Legislature of annual and other reports; *Provided, however,* That the By-Laws shall not be added to, amended or altered nor shall any By-Law be repealed at any meeting of the Board of Directors unless written notice of the proposed addition, amendment, alteration or repeal shall have been delivered or mailed to each director at least one week before such meeting.

Seventh: The Bank shall not make any loans to its directors, officers, agents or employees or to any privately-owned enterprise in which one or more of the directors, officers, agents or employees own a substantial interest, or make any loans guaranteed by a director, officer, agent or employee, except in each case with the unanimous approval of all the directors, exclusive of any interested director or directors, present at a meeting of the Board of Directors attended by at least 75% of the full Board, exclusive of any interested director or directors, from which meeting such interested director or directors shall be excused during consideration and voting with regard to such loans.

Eighth: Out of the net income resulting at the end of the business year, such amount shall be added to the reserve account of the Bank as the Board of Directors may consider necessary or pertinent; and the balance of such income, may, in whole or in part, be added to the surplus account of the Bank or remain in an unassigned income account, as the Board of Directors may determine.

destituídos o descualificados, servirán sus cargos, por el término de sus nombramientos, y hasta que sus sucesores sean nombrados y hayan tomado posesión. Una mayoría de los directores en servicio constituirá quórum de la Junta de Directores para todos los fines.

Sexto: La Junta de Directores podrá, por el voto afirmativo de una mayoría de toda la Junta, adoptar, enmendar, cambiar, derogar o hacer adiciones a un Reglamento de "el Banco" que no esté en pugna con lo aquí provisto o con la Ley, disponiendo lo necesario para la gestión de los negocios de "el Banco", la reglamentación de sus asuntos, la organización, gobierno y reuniones de la Junta de Directores, y las renunciaciones de convocatoria, la designación de comités de la Junta de Directores y las facultades de dichos comités; el número, títulos, requisitos, términos, elección o nombramiento, destitución y deberes de los oficiales; la forma del sello de "el Banco"; y la preparación y presentación a la Asamblea Legislativa, de informes anuales y otros informes; *Disponiéndose, sin embargo,* que no se hará adición al Reglamento, ni se enmendará o cambiará el mismo, ni se derogará ninguna cláusula del Reglamento en reunión alguna de la Junta de Directores, a menos que se dé aviso por escrito de la propuesta adición, enmienda, cambio o derogación, y se haya entregado o enviado dicho aviso por correo a cada director con por lo menos una semana de antelación a dicha reunión.

Séptimo: "El Banco" no hará ningún préstamo a sus directores, oficiales, agentes o empleados, o a empresa privada alguna, en la cual uno a más de dichos directores, oficiales, agentes o empleados posean un interés sustancial; ni concederá préstamos con la garantía de un director, oficial, agente o empleado excepto, y en cada caso, con la aprobación unánime de todos los directores, con exclusión de cualesquiera director o directores interesados, que estén presentes en una reunión de la Junta de Directores a la que asistan por lo menos el setenta y cinco (75) por ciento del número total de miembros de la Junta, con exclusión de cualesquiera director o directores interesados, y durante la consideración de tales préstamos y votación sobre los mismos, se excusará de dicha reunión a los susodichos director o directores interesados.

Octavo: Del ingreso neto que resulte al final del año de negocios, se adicionará a la cuenta de reserva de "el Banco" la suma que la Junta de Directores estime necesaria o pertinente; y el balance de dicho ingreso podrá, en todo o en parte, ingresarse en la cuenta de sobrantes de "el Banco", o permanecer en una cuenta de ingresos sin asignación, según lo determine la Junta de Directores. De tiempo

From time to time the Board of Directors may in its discretion make transfers from the reserve account to the surplus account, from the surplus account to the reserve account and from the surplus account to the capital account of the Bank.

Section 3.—The Development Bank of Puerto Rico, created under Act No. 252, approved May 13, 1942 is hereby dissolved, except to the extent necessary for the transfer of assets, and said Act and Act No. 46, approved May 4, 1943 are hereby repealed and, without further act or execution of deed or document of conveyance, or endorsement or transfer of any kind, all properties, trusts, agency relationships, shares, rights, franchises, powers of attorney, privileges, negotiable instruments, notes, bonds, expressly including all chattel and real estate mortgages, properties of every kind, movable or immovable, deposits in banks in accounts current or in any other forms and all liabilities and obligations of said Development Bank of Puerto Rico, shall become the property of and are by this law transferred and conveyed to the Bank, hereby created and the Bank shall have as regards such property, trusts, agency relationships, shares, rights, franchises, powers of attorney, privileges, negotiable instruments, notes, bonds, chattel and real estate mortgages, properties of any kind, movable or immovable and deposits in banks, the same rights as were had by the Development Bank of Puerto Rico, and shall dispose of them freely and without any limitation. *Provided, however,* that, if, for any unforeseen circumstance a registration or recording in any private or public register, the Registry of Property included, is needed, such registration or recording shall be made by the officers in charge, absolutely free of the payment of any fee or charge.

Section 4.—The title of Act No. 272 approved May 15, 1945, is hereby amended to read as follows: "Authorizing the Government Development Bank for Puerto Rico to act as a fiscal agent, paying and co-paying agent and as agent for other purposes of the Insular Government, its agencies and municipalities, and of the Treasurer of Puerto Rico and on behalf of the Treasurer of Puerto Rico; authorizing and directing the Government Development Bank for Puerto Rico to act as a financial advisory and reporting agency to the Governor of

en tiempo la Junta de Directores podrá, a su discreción, efectuar transferencias de la cuenta de reserva a la de sobrantes; de la de sobrantes a la de reserva; y de la de sobrantes a la de capital de "el Banco".

Artículo 3.—El Banco de Fomento de Puerto Rico creado por la Ley número 252, aprobada el 13 de mayo de 1942, queda por la presente disuelto, salvo hasta donde sea necesario para el traspaso de su activo, y dicha Ley y la Ley número 46, aprobada el 4 de mayo de 1943, quedan por la presente derogadas y sin necesidad de ninguna otra gestión ni de que se otorgue ninguna escritura, documento de traspaso, ni endoso o transferencia de clase alguna, todos los bienes, fideicomisos, relaciones de agencia, acciones, derechos, franquicias, poderes, privilegios, instrumentos negociables, pagarés, bonos incluyendo expresamente todas las hipotecas sobre muebles o inmuebles y propiedades de todas clases muebles o inmuebles, efectivo en bancos ya en cuenta corriente o en cualquier otro concepto, y todas las responsabilidades y obligaciones pertenecientes a dicho Banco de Fomento de Puerto Rico pasarán a ser de la pertenencia y se entenderán traspasadas y transferidas a "el Banco", que por esta Ley se crea; y "el Banco" tendrá, en cuanto a tales propiedades, fideicomisos, relaciones de agencia, acciones, derechos, franquicias, poderes, privilegios, instrumentos negociables, pagarés, bonos, hipotecas sobre muebles o inmuebles, y propiedades de todas clases muebles o inmuebles, y efectivo en bancos, los mismos derechos que tenía el Banco de Fomento de Puerto Rico; y podrá disponer de ellos libremente y sin limitación alguna; *Disponiéndose, sin embargo,* que si por cualquier circunstancia no prevista fuere preciso o necesario hacer algún registro o verificar algún asiento en cualquier Registro privado o público incluyendo los Registros de la Propiedad, los mismos deberán realizarse por los oficiales encargados de dichos Registros, libremente y sin pago de derechos de clase alguna.

Artículo 4.—El Título de la Ley Número 272, aprobada el 15 de mayo de 1945, queda por la presente enmendado para que diga como sigue:

"Autorizando al Banco Gubernamental de Fomento para Puerto Rico para actuar como agente fiscal, agente y coagente pagador y como agente para otros fines del Gobierno Insular, sus agencias y municipios, y del Tesorero de Puerto Rico, y en representación del Tesorero de Puerto Rico; autorizando y ordenando al Banco Gubernamental de Fomento para Puerto Rico para actuar como agencia consultiva financiera y de información del Gobernador de Puerto

Puerto Rico, to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico; authorizing and appointing the Government Development Bank for Puerto Rico as fiscal agent, paying agent and as agent for the purchase, sale, issue and exchange of all bonds, notes, or other evidences of indebtedness for all public service enterprises and authorities owned and controlled by the Insular Government; authorizing and directing all public service enterprises and authorities owned and controlled by the Insular Government to contract with the Government Development Bank for Puerto Rico for certain purposes, defining and determining the terms and conditions of contracts therefor and providing for a method of appeal from the decisions of the Government Development Bank for Puerto Rico as to rate and other aspects of such contracts; defining the responsibilities of the Government Development Bank for Puerto Rico and limiting the rates it may charge; stating the authority of the Government Development Bank for Puerto Rico to buy, sell, own, hold and deal in any of the bonds, notes, evidences of indebtedness and of interest coupons or evidences of interest, appurtenant thereto, of the Insular Government, its agencies, municipalities and authorities and of the Treasurer of Puerto Rico and to join in any action at law relative to such securities; to declare the official text of this law in the English language; to declare that the same will prevail over the Spanish text, to declare an emergency, and for other purposes."

Section 1 of Act No. 272, approved May 15, 1945, is hereby amended to read as follows:

"Section 1.—The Government Development Bank for Puerto Rico (hereinafter called the "Bank") shall be and it is hereby authorized to act as fiscal agent of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico for the purpose of registering, authenticating or countersigning the bonds, notes or other evidences of indebtedness of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico, and to perform, without limitation such other services for the Insular Government, its agencies and municipalities and for the Treasurer of Puerto Rico, for any purpose not contrary to already existent legislation, subject, however, to the approval of the Treasurer of Puerto Rico on such terms as may be agreed upon by and between the Bank and the Treasurer of Puerto Rico for services rendered to the Insular Government, its agencies and the Treasurer of Puerto Rico, and on such terms as may be agreed upon by and

Rico, del Consejo Ejecutivo de Puerto Rico y del Tesorero de Puerto Rico; autorizando y designando el Banco Gubernamental de Fomento para Puerto Rico como agente fiscal, agente pagador y agente para la compra, venta, emisión y permuta de todos los bonos, pagarés, o demás evidencias de deuda para todas las empresas de servicio público y autoridades propiedad del Gobierno Insular y controladas por el mismo; autorizando y ordenando a todas las empresas de servicio público y autoridades propiedad del Gobierno Insular, y controladas por el mismo, para contratar con el Banco Gubernamental de Fomento para Puerto Rico para ciertos fines; definiendo y determinando los términos y condiciones de los contratos al efecto y disponiendo un medio de apelar de las decisiones del Banco Gubernamental de Fomento para Puerto Rico en cuanto a tipos y otros aspectos de dichos contratos; definiendo las responsabilidades del Banco Gubernamental de Fomento para Puerto Rico, y limitando los tipos que puede cobrar; expresando la autoridad del Banco Gubernamental de Fomento para Puerto Rico para comprar, vender, poseer, tener y traficar con cualesquiera de los bonos, pagarés o evidencias de deuda, y con los cupones o evidencias de intereses que sean parte de los mismos, del Gobierno Insular, sus agencies, municipios y autoridades, y del Tesorero de Puerto Rico, y para unirse en cualquiera acción en derecho relativa a dichos valores; para declarar el texto oficial en inglés de esta Ley; para declarar que el mismo prevalecerá sobre el texto castellano; para declarar una emergencia, y para otros fines."

El Artículo 1 de la Ley Núm. 272, aprobada el 15 de mayo de 1945, queda por la presente enmendado para que diga como sigue:

"Artículo 1.—El Banco Gubernamental de Fomento para Puerto Rico (en adelante llamado "el Banco"), estará autorizado y por la presente se le autoriza para actuar como Agente Fiscal del Gobierno Insular, de sus agencies y municipios, y del Tesorero de Puerto Rico, con el propósito de inscribir, autenticar o refrendar los bonos, pagarés u otra evidencia de deuda del Gobierno Insular, de sus agencies y municipios, y del Tesorero de Puerto Rico; y para prestar, sin limitación alguna, al Gobierno Insular, a sus agencies y municipios, y al Tesorero de Puerto Rico, los demás servicios para cualquier fin que no esté en pugna con legislación ya vigente, con sujeción, sin embargo, a la aprobación del Tesorero de Puerto Rico y bajo los términos que el Banco y el Tesorero de Puerto Rico convengan para los servicios prestados al Gobierno Insular, a sus agencies y al Tesorero de Puerto

between the Bank and the municipalities of Puerto Rico for services rendered to the municipalities of Puerto Rico."

Section 5.—It is hereby found and declared that the purpose for which the Bank is created is to aid the Insular Government in the performance of its fiscal duties and more effectively to carry out its government responsibility to develop the economy of Puerto Rico, particularly with respect to its industrialization, and is a public purpose in all respects for the benefit of The People of Puerto Rico, and that therefore the Bank shall not be required to pay any taxes or assessments on any of the property acquired or to be acquired by it, or on its operations or activities, or on the income derived from any of its operations or activities. In order to facilitate the procurement of funds by the Bank to enable it to carry out its said purpose, all bonds, notes, debentures or other obligations of the Bank and the income therefrom and any profits from the sale, resale or exchange of such bonds, notes, debentures or other obligations shall be exempt from any income tax, any estate or inheritance taxes and any personal property tax of Puerto Rico or any municipality or other political subdivision thereof. The debts or obligations of the Bank shall not be debts or obligations of the Insular Government or of any of the municipalities or other political subdivisions of Puerto Rico and neither the Insular Government nor any of such municipalities or other political subdivisions shall be responsible for the same.

Section 6.—The Bank shall maintain a reserve of not less than 20 per cent of its liability on account of deposits other than deposits fully secured by collateral. Such reserve shall be composed of the following:

(A) Reserve to the extent of not less than $6\frac{2}{3}$ per cent of such deposits shall consist of lawful money of the United States.

(B) The remainder of such reserves shall consist of money deposited in other banks, provided that said deposits are authorized by the Treasurer of Puerto Rico and are subject to immediate collection. Other assets of the Bank to the extent of at least 80 per cent of the amount of such deposits shall consist of obligations (not including mortgages) maturing in not more than 180 days, or marketable securities.

Rico; y bajo los términos que "el Banco" y los municipios de Puerto Rico convengan, para los servicios prestados a los municipios de Puerto Rico."

Artículo 5.—Por la presente se determina y declara que el propósito para el cual se crea "el Banco" es el de ayudar al Gobierno Insular en el desempeño de sus deberes fiscales, y para realizar con mayor eficacia sus responsabilidades gubernamentales de fomentar la economía de Puerto Rico, y especialmente su industrialización, y que es finalidad pública en todo respecto para beneficio de El Pueblo de Puerto Rico; y que, por consiguiente, a "el Banco" no se le exigirá el pago de ningún impuesto o tributo sobre ningún bien adquirido o que se adquiera por dicho Banco, o sobre sus operaciones, o actividades, o sobre los ingresos recibidos por concepto de cualquiera de sus operaciones o actividades. Para facilitar la obtención de fondos por "el Banco" y para que el mismo pueda cumplir sus referidos propósitos, todos los bonos, pagarés, obligaciones hipotecarias u otras obligaciones de "el Banco", y el ingreso por concepto de los mismos, y cualesquiera ganancias por concepto de la venta, reventa, o permuta de tales bonos, pagarés, obligaciones hipotecarias u otras obligaciones, estarán exentos del pago de cualquiera contribución sobre ingresos, cualquier contribución sobre patrimonios o herencia, o cualquier contribución sobre bienes muebles de Puerto Rico o de cualquier municipio o subdivisión política de Puerto Rico. Las deudas u obligaciones del Banco no serán deudas u obligaciones del Gobierno Insular ni de ninguno de los municipios u otras subdivisiones políticas de Puerto Rico y ni el Gobierno Insular ni ninguno de dichos municipios o subdivisiones políticas será responsable por las mismas.

Artículo 6.—"El Banco" mantendrá una reserva que no será menor del veinte (20) por ciento de sus obligaciones por concepto de depósitos fuera de los depósitos totalmente asegurados mediante garantía colateral. Dicha reserva se compondrá de lo siguiente:

(A) Una reserva en cantidad no menor del seis y dos tercios ($6\frac{2}{3}$) por ciento de dichos depósitos, consistirá de moneda legal de los Estados Unidos.

(B) El resto de esta reserva consistirá de efectivo depositado en otros bancos, siempre que dichos depósitos estén autorizados por el Tesorero de Puerto Rico, y estén sujetos a retiro inmediato. Otro activo de "el Banco", hasta el punto de por lo menos el ochenta (80) por ciento del montante de dichos depósitos, consistirá de obligaciones, (excluyendo hipotecas) vencidas en un plazo no mayor de 180 días, o de valores de fácil realización en el mercado.

Section 7.—The endorsement by any bank or trust company organized under or subject to the Banking Law of any draft, note, bill of exchange or acceptance discounted or pledged by it to the Bank shall constitute a waiver of demand, notice and protest by such bank or trust company as to its own endorsement exclusively.

Section 8.—The Bank shall make and submit to the Governor of Puerto Rico and the Treasurer of Puerto Rico a written report of its condition as of the last day of each month, in such manner as the Treasurer of Puerto Rico may prescribe. Such report shall show the total amount of outstanding loans to directors, officers, agents and employees or to any privately-owned enterprises in which one or more of the directors, officers, agents or employees may own a substantial interest and outstanding loans guaranteed by a director, officer, agent or employee; shall be subscribed by an officer of the Bank and verified by his oath stating that to the best of his knowledge and belief the report is true and correct in all respects; and shall be submitted to the Governor and the Treasurer within the first ten days of the following month, legal holidays excluded.

Section 9.—The Bank shall file in the office of the Executive Secretary of Puerto Rico, annually, within ninety days after the close of its fiscal year, a report sworn to by an officer or by any two directors of the Bank, stating: (1) the name of the Bank; (2) the location, town or city, street and number, if there is a number, of its main office in Puerto Rico; (3) a profit and loss statement for the last fiscal year and a statement of its assets and liabilities as of the close of such year; and (4) the names and post office addresses of all directors and officers of the Bank and the time when the term of office of each expires. Such report shall be published by the Bank in a newspaper of general circulation in Puerto Rico.

Section 10.—The Bank shall be subject to examination and supervision by the Treasurer of Puerto Rico, in accordance with the terms of the Banking Law applicable to banks organized under or subject to the provisions thereof, provided, however, that no fee shall be required to be paid by the Bank in connection with any such examination.

The Treasurer of Puerto Rico shall issue to the Bank a certificate setting forth the result of each such examination, which certificate shall be presented to the Board of Directors at its next regular or special meeting.

Artículo 7.—El endoso por cualquier banco o compañía de fideicomiso organizado bajo o sujeto a la Ley de Bancos, de cualquier giro, pagaré, letra de cambio, o aceptación, descontado o pignorado por el mismo con “el Banco”, constituirá una renuncia de demanda, aviso, y protesta por dicho banco o compañía de fideicomiso, en cuanto a su propio endoso exclusivamente.

Artículo 8.—“El Banco” preparará y someterá al Gobernador de Puerto Rico y al Tesorero de Puerto Rico un informe por escrito de su situación al día último de cada mes, en la forma que el Tesorero de Puerto Rico prescriba. Dicho informe mostrará el importe total de los préstamos vigentes hechos a directores, oficiales, agentes, y empleados, o a cualquier empresa de propiedad particular en la cual uno o más de los directores, oficiales, agentes, o empleados posean un interés sustancial y los préstamos vigentes garantizados por un director, oficial, agente, o empleado, y dicho informe estará suscrito por un oficial de “el Banco” y comprobado por su juramento declarando que a su mejor saber y entender el informe es fiel y exacto en todo respecto, y el mismo se someterá al Gobernador y al Tesorero dentro de los primeros diez días del mes siguiente, excluyéndose los días feriados oficiales.

Artículo 9.—“El Banco” radicará anualmente en la oficina del Secretario Ejecutivo de Puerto Rico, dentro de los noventa días siguiente al cierre de su año económico, un informe jurado por un oficial o por cualesquiera dos directores de “el Banco” expresando: (1) el nombre de “el Banco”; (2) el sitio, pueblo o ciudad, calle y número, si tuviere número, de su oficina principal en Puerto Rico; (3) un estado de ganancias y pérdidas para el último año económico y un estado de su activo y pasivo al cierre de dicho año; y (4) los nombres y direcciones postales de todos los directores y oficiales de “el Banco” y la fecha en que expira el término del cargo de cada uno. Dicho informe se publicará por el Banco en un periódico de circulación general en Puerto Rico.

Artículo 10.—“El Banco” estará sujeto a examen y supervisión por el Tesorero de Puerto Rico, de acuerdo con los términos de la Ley de Bancos aplicable a los bancos organizados al amparo de la misma o sujetos a sus disposiciones, *Disponiéndose, sin embargo*, que no se exigirá a “el Banco” que pague derecho alguno en relación con cualquier examen de esta índole.

El Tesorero de Puerto Rico expedirá a “el Banco” un certificado expresando el resultado de dicho examen, el cual certificado se someterá a la Junta de Directores en su próxima reunión ordinaria o extraordinaria.

The Bank shall also be subject to an annual examination and audit by certified public accountants of national reputation selected by the Board of Directors of the Bank.

Section 11.—If, in consequence of an examination or a report made by an examiner, the Treasurer of Puerto Rico shall have reason to believe that the Bank is not in sound financial condition or that its affairs are conducted in such manner as to endanger its funds or other assets, or if the Bank shall refuse to submit its books, documents and affairs for the inspection of any duly authorized examiner or if it shall fail to establish reserves as required by this Act after thirty days' notice by the Treasurer of Puerto Rico, or if it shall become insolvent in the judgment of the Treasurer of Puerto Rico, the Treasurer shall report such facts to the Governor. The Governor may then direct the Treasurer to apply to the District Court for the judicial district where the main office of the Bank is located, and if, after having heard the Bank, the Court deems that the facts alleged by the Treasurer are well founded, then the Court shall proceed to appoint a receiver to suspend operations and settle the obligations of the Bank.

The receiver, upon his appointment, shall, under the direction of the District Court, take possession of the assets and liabilities, books (including the minute book), records, papers and files of every description, belonging to the Bank, and shall collect all loans, fees and claims of the Bank, and shall see to the payment of its obligations and debts and of the necessary expenditures of receivership. He shall proceed to settle the affairs of the Bank as soon as possible, and to this end he may sell the personal and real property and other assets of the Bank, subject to the order of the District Court.

Section 12.—If any director of the Bank shall violate or knowingly or negligently permit any of the officers, agents or employees of the Bank to violate any laws or any of the provisions of the Charter of the Bank, the matter shall be reported to the Governor by the Treasurer of Puerto Rico. Upon receiving such report the Governor shall call a meeting of the Executive Council and shall submit to it the report with his recommendations. The Executive Council shall give the director under charge the opportunity to be heard and thereafter it may remove such director and take whatever additional action it may deem necessary.

Section 13.—Neither the Bank nor any officer, agent or employee thereof shall certify any check drawn upon it unless the drawer of such check has on deposit with the Bank at the time such check is

“El Banco” estará además sujeto a un examen anual por contadores públicos autorizados de reputación nacional seleccionados por la Junta de Directores de “el Banco.”

Artículo 11.—Si a consecuencia de un examen o informe hecho por un examinador el Tesorero de Puerto Rico tuviera razón para creer que “el Banco” no está en una buena situación económica, o que sus asuntos se están llevando en una forma que pone en riesgo sus fondos u otro activo, o si “el Banco” rehusare someter sus libros, documentos y asuntos a la inspección de cualquier examinador debidamente autorizado, o si dejare de establecer reservas según se exige por esta Ley, después de haber tenido treinta días de aviso dado por el Tesorero de Puerto Rico, o si resultare insolvente a juicio del Tesorero de Puerto Rico, el Tesorero informará de los hechos al Gobernador. El Gobernador podrá entonces ordenar al Tesorero acudir a la corte de distrito del distrito judicial donde radique la oficina principal de “el Banco”, y si luego de oído “el Banco” la Corte juzgare que los hechos alegados por el Tesorero están bien fundados, la Corte procederá entonces a nombrar un Síndico para suspender las operaciones y liquidar las obligaciones de “el Banco.”

El Síndico, una vez nombrado, tomará posesión, bajo la dirección de la Corte de Distrito, del activo y pasivo, libros (incluyendo el libro de actas), registros, documentos y archivos de todas clases, pertenecientes a “el Banco”, y cobrará todos los préstamos, derechos y reclamaciones de “el Banco”, y velará por el pago de todas sus obligaciones y deudas, y de los gastos necesarios de la sindicatura. El Síndico procederá a liquidar los asuntos de “el Banco” lo más pronto posible, y a este fin podrá vender la propiedad mueble o inmueble y demás activo de “el Banco”, pero sujeto a la orden de la Corte de Distrito.

Artículo 12.—Si cualquier Director de “el Banco” violare, o a sabiendas o por negligencia permitiere que cualquiera de los oficiales, agentes o empleados de “el Banco” viole cualquiera ley o cualesquiera de las disposiciones de la Carta Constitucional de “el Banco”, el Tesorero de Puerto Rico informará el asunto al Gobernador. Al recibir dicho informe el Gobernador convocará una reunión del Consejo Ejecutivo y someterá al mismo el informe, juntamente con sus recomendaciones. El Consejo Ejecutivo dará al Director acusado la oportunidad de ser oído, y podrá luego destituir a dicho director y tomar cualquier acción adicional que estime necesaria.

Artículo 13.—Ni “el Banco”, ni ninguno de los oficiales, agentes, o empleados del mismo, certificará cheque alguno girado contra “el Banco” a menos que el librador de dicho cheque tenga en depósito

certified an amount not less than the amount of such check. Any check so certified by a duly authorized officer, agent or employee of the Bank shall be a valid obligation of the Bank in the hands of any person holding such check in good faith; but any officer, agent or employee of the Bank who knowingly acts in violation of the provisions of this Section shall be deemed guilty of a misdemeanor and shall be liable to imprisonment for not less than one nor more than two years.

Section 14.—All transfers of notes, bonds, bills of exchange or credits of the Bank or of deposits to the credit thereof, and all assignments of mortgages, security on real property, or of judgments or decrees in favor of the Bank, and all deposits of money, gold and silver in bars, or other thing of value and all payments of money to its creditors, made while the Bank is insolvent, or in anticipation of insolvency, with the intent of preventing the application of the assets of the Bank in the manner prescribed in this Act, or with the intent of giving preference to one creditor over another, shall be null and ineffective; and no attachment, levy, execution, foreclosure or writ of injunction shall issue against the Bank or against its properties, before final judgment is rendered in any suit, action or proceedings in the district or municipal court.

Section 15.—Any officer, employee or agent of the Bank who shall receive any deposit knowing that the Bank is insolvent, shall be guilty of a misdemeanor if the amount or value of such deposit is less than twenty-five dollars or if the amount or value of such deposit is twenty-five dollars or over, such person shall be guilty of a felony, and shall be punished by imprisonment for not less than one or more than five years, or by a fine of not less than five hundred dollars or more than three thousand dollars, or by both penalties.

Section 16.—Every director, officer, employee or agent of the Bank who embezzles, abstracts or wilfully misapplies any moneys, funds, credits or securities of the Bank, or who, without being duly authorized, issues or draws any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment or decree for, or who makes any false entry in any book, report or statement of, the Bank, with intent, in any of such cases, to injure or defraud the Bank or any other company, body politic or corporate, or any

en "el Banco" al tiempo en que se certifique dicho cheque una suma no menor que el montante de dicho cheque.

Cualquier cheque así certificado por un oficial, agente o empleado de "el Banco" debidamente autorizado, constituirá una obligación válida de "el Banco" en manos de cualquier tenedor de buena fe de dicho cheque; pero cualquier oficial, agente o empleado de "el Banco" que a sabiendas actuare en violación de las disposiciones de este artículo se considerará culpable de un delito menos grave (*misdemeanor*) y estará sujeto a prisión por no menos de un año ni más de dos años.

Artículo 14.—Serán nulos y sin efecto todo traspaso de pagarés, bonos, letras de cambio o acreencias de "el Banco" o depósitos al crédito del mismo; así como toda cesión de hipoteca, garantía sobre bienes raíces o de sentencia, o de decreto a favor de "el Banco", y todo depósito de efectivo, oro y plata en barras, u otra cosa de valor, y todo pago en efectivo hecho a sus acreedores mientras "el Banco" esté insolvente o en espera de insolvencia, con la intención de evitar que se aplique el activo de "el Banco" en la forma que en esta Ley se prescribe, o con la idea de dar preferencia a un acreedor sobre otro; y ningún embargo, apremio, ejecución simple o hipotecaria, o auto de injunción se expedirá contra "el Banco" o contra la propiedad del mismo antes de dictarse sentencia final en cualesquiera pleito, acción o procedimiento en una corte de distrito o municipal.

Artículo 15.—Cualquier oficial, empleado, o agente de "el Banco" que recibiere depósito alguno a sabiendas de que "el Banco" está insolvente, será culpable de un delito menos grave (*misdemeanor*) si el montante o valor de dicho depósito fuera menor de veinticinco dólares, pero si el montante o valor de dicho depósito fuera veinticinco dólares o más, dicha persona será culpable de un delito grave (*felony*) y castigada con prisión por un término no menor de un año ni mayor de cinco años, o con multa no menor de quinientos dólares ni mayor de tres mil dólares, o con ambas penas.

Artículo 16.—Todo director, oficial, empleado o agente de "el Banco" que cometiere abuso de confianza, sustrajere, o voluntariamente malversare cualesquiera dineros, fondos, créditos o valores de "el Banco", o que sin estar debidamente autorizado para ello expidiere o librare cualquier certificado de depósito, librare cualquier orden o letra de cambio, hiciera cualquier aceptación, traspasare cualquier pagaré, bono, giro, letra de cambio, hipoteca, sentencia, o decreto, o que hiciera algún asiento falso en cualquier libro, informe, o estado de "el Banco" con la intención, en cualquiera de esos casos, de perjudicar o defraudar "el Banco", o cualquier otra compañía,

individual person, or to deceive any officer of the Bank or any agent appointed to examine the affairs of the Bank, and every person who with like intent aids or abets any director, officer, agent or employee in any violation of this section, shall be deemed guilty of a felony, and shall be imprisoned for not less than ten years; *Provided*, That the Bank shall collect and cover into its funds, from the amount of any life insurance policy which the Bank may have taken for such director, officer, employee or agent and the premiums which the Bank may have paid, up to the sum embezzled or disposed of by the director, officer, employee or agent, and the director, officer, employee or agent, his beneficiaries, assignees or successors in interest shall lose all rights to the benefits of such policy.

Section 17.—Any person or publication that knowingly and maliciously makes, circulates or transmits to another, or to others, any statement, rumor or suggestion, whether written, printed, or by word of mouth, which directly or by inference discredits the financial condition of the Bank or any of its branches, or which affects its solvency or credit, or any person or publication that advises, aids, procures, or induces another to originate, transmit, or circulate any such statement or rumor, shall be guilty of a felony, and upon conviction shall be punished by a fine of not less than five hundred dollars, or by confinement in the penitentiary for a term of not more than five years, or by both penalties.

Section 18.—In view of the inclusion in this Act of all necessary and pertinent provisions similar to provisions contained in the Banking Law, none of the provisions of the Banking Law shall apply to the Bank, its directors, officers, employees or agents.

Section 19.—No amendment to this Act or to any other law of Puerto Rico shall impair any obligation or commitment of the Bank.

Section 20.—If any provisions of this Act or the application of such provisions to any person or circumstance shall be held invalid, the remainder of the Act and the application of such provisions to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 21.—It is hereby declared that the official text of this Act is the English version thereof and if in the interpretation and

cuerpo político o corporativo, o persona, o engañar a cualquier oficial de "el Banco" o a cualquier agente nombrado para examinar los negocios de "el Banco", y toda persona que con análoga intención ayudar o instigare a cualquier director, oficial, agente, o empleado en cualquier violación de este artículo se considerará culpable de un delito grave (*felony*) y castigada con prisión por un término no menor de diez años; *Disponiéndose*, que "el Banco" cobrará e ingresará en sus fondos, del montante de cualquier póliza de seguro de vida que "el Banco" hubiere tomado para dicho director, oficial, empleado, o agente, y las primas que "el Banco" hubiere pagado, hasta el montante que hubiere desfalcado o de que hubiere dispuesto, el director, oficial, empleado o agente, y el director, oficial, empleado o agente y los beneficiarios, cesionarios o causahabientes del mismo perderán todo derecho a los beneficios de dicha póliza.

Artículo 17.—Cualquier persona u órgano de publicación que a sabiendas y maliciosamente haga, circule, o trasmita a otra u otras cualquiera manifestación, rumor o indicación, ya escrita, impresa, o de palabra, que directamente o por inferencia desacreditare la situación económica de "el Banco" o de cualquiera de sus sucursales, o que afectare su solvencia o crédito, o cualquier persona o publicación que aconseje, ayude, procure o induzca a otra para que origine, trasmita, o circule cualquier manifestación o rumor de esta índole, será culpable de un delito grave (*felony*) y convicta que fuere será castigada con multa no menor de quinientos dólares o con pena de presidio por un término no mayor de cinco años, o con ambas penas.

Artículo 18.—En vista de que se incluyen en esta Ley todas las disposiciones necesarias y pertinentes análogas a las contenidas en la Ley de Bancos, ninguna de las disposiciones de la Ley de Bancos se aplicarán a "el Banco", sus directores, oficiales, empleados o agentes.

Artículo 19.—Ninguna enmienda a esta Ley o a cualquier otra ley de Puerto Rico menoscabará obligación alguna o compromisos de "el Banco."

Artículo 20.—Si cualquier disposición de esta Ley o la aplicación de dicha disposición a cualquier persona o circunstancia fuere declarada nula, el resto de la Ley y la aplicación de dicha disposición a personas o circunstancias fuera de aquellas con respecto a las cuales se declare nula no quedará afectada por dicha declaración de nulidad.

Artículo 21.—Por la presente se declara que el texto oficial de esta Ley es su versión en el idioma inglés y si en la interpretación y

application of this Act any conflict arises as between the Spanish and the English texts thereof, the latter shall prevail over the former.

Section 22.—Subdivision (a): The official translation into the English language of the title of this Act shall be the following:

“To create a corporation as a governmental instrumentality of the Insular Government under the title of “Government Development Bank for Puerto Rico”, granting the same a Charter prescribing its powers, duties, rights, obligations, privileges, immunities, purposes, constitution, and status; to define criminal acts committed in violation of this law and fix the penalties therefor; to dissolve the Development Bank of Puerto Rico created under Act 252, approved May 13, 1942, except as to the limitations set forth in this law for the transfer of its assets to the new Bank hereby created, to repeal said Act 252 of May 13, 1942; to repeal Act 46, approved May 4, 1943; to amend the title of Act No. 272, approved May 15, 1945; to amend Section 1 of Act 272, approved May 15, 1945; to declare the official text of this law in the English language; to declare that the same will prevail over the Spanish text; to declare an emergency, and for other purposes.”

Subdivision (b): The official translation into the English language of Sections No. 1 to No. 21 of this Act, both inclusive, shall be the following:

“Section 1.—To aid the Insular Government in the performance of its fiscal duties and more effectively to carry out its governmental responsibility to develop the economy of Puerto Rico, particularly with respect to its industrialization, there is hereby created a corporation as a governmental instrumentality of the Insular Government to act by its authority under the title of “Government Development Bank for Puerto Rico” (hereinafter referred to as “the Bank”).

“Section 2.—The Charter of the Bank shall be as follows:

“CHARTER

“*First*: The existence of the Bank shall be perpetual.

“*Second*: The principal office of the Bank shall be at San Juan, Puerto Rico.

“*Third*: The purposes for which the Bank is formed and the business or objects to be carried on and promoted by it are as follows:

aplicación de ella surgiere algún conflicto entre el texto español y el texto inglés de la misma, prevalecerá el último sobre el primero.

Artículo 22.—Inciso (a): La traducción oficial al idioma inglés del título de esta Ley será la siguiente:

“To create a corporation as a governmental instrumentality of the Insular Government under the title of “Government Development Bank for Puerto Rico” granting the same a Charter prescribing its powers, duties, rights, obligations, privileges, immunities, purposes, constitution and status; to define criminal acts committed in violation of this law and fix the penalties therefor; to dissolve the Development Bank of Puerto Rico created under Act 252 approved May 13, 1942, except as to the limitations set forth in this Law for the transfer of its assets to the new Bank hereby created, to repeal said Act 252 of May 13, 1942; to repeal Act 46 approved May 4, 1943; to amend the title of Act No. 272 approved May 15, 1945; to amend Section 1 of Act 272 approved May 15, 1945; to declare the official text of this Law in the English language; to declare that the same will prevail over the Spanish text; to declare an emergency and for other purposes.”

Inciso (b):—La traducción oficial al idioma inglés de los artículos desde el número 1 hasta el número 21 de esta Ley, ambos inclusive, será la siguiente:

“Section 1.—To aid the Insular Government in the performance of its fiscal duties and more effectively to carry out its governmental responsibility to develop the economy of Puerto Rico, particularly with respect to its industrialization, there is hereby created a corporation as a governmental instrumentality of the Insular Government to act by its authority under the title of “Government Development Bank for Puerto Rico” (hereinafter referred to as “the Bank”).

Section 2.—The Charter of the Bank shall be as follow:

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“*Second*: The principal office of the Bank shall be at San Juan, Puerto Rico.

“*Third*: The purposes for which the Bank is formed and the business or objects to be carried on and promoted by it are as follows:

“(A) To act as fiscal agent and as paying agent and as a financial advisory and reporting agency of the Insular Government and of the agencies, instrumentalities, commissions, authorities, municipalities and political subdivisions of Puerto Rico, the Governor of Puerto Rico, the Executive Council of Puerto Rico and the Treasurer of Puerto Rico.

“(B) To act as depositary or trustee of funds for the Insular Government or for the United States and for any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico or the United States and of funds within the custody or jurisdiction of any court, to give security for the repayment of any such funds and to pay interest thereon, and to act as depositary of funds for any bank or trust company organized under or subject to the Banking Law.

“(C) To lend money, with or without security, to the Insular Government or to any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico.

“(D) To lend money, with or without security, to any person, firm, corporation or other organization engaged or to engage in industrial or commercial enterprises where such moneys are to be used to further the governmental purpose of developing the economy of Puerto Rico, particularly with respect to its industrialization, such loans to be represented by the promissory notes, bonds, debentures or other obligations or evidences of debt of such borrowers; *Provided, however,* That the aggregate indebtedness of any such borrower to the Bank shall not exceed at any time 10 per cent of the capital funds and surplus of the Bank plus an additional 15 per cent of such capital funds and surplus if such indebtedness, either in whole or in part, but in any event that part thereof in excess of 10 per cent of such capital funds and surplus, is secured by collateral of an ascertained value of at least 25 per cent more than the amount of such indebtedness in excess of 10 per cent of such capital funds and surplus.

“(E) To invest its funds in direct obligations of the United States or obligations guaranteed as to both principal and interest by the United States, or obligations of Puerto Rico or guaranteed as to both principal and interest by Puerto Rico, or obligations of any agency, instrumentality, commission, authority, municipality or political subdivision thereof, or obligations insured or guaranteed under housing laws of the United States.

(A) To act as fiscal agent and as paying agent and as a financial advisory and reporting agency of the Insular Government and of the agencies, instrumentalities, commissions, authorities, municipalities and political subdivisions of Puerto Rico, the Governor of Puerto Rico, the Executive Council of Puerto Rico and the Treasurer of Puerto Rico.

(B) To act as depositary or trustee of funds for the Insular Government or for the United States and for any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico or the United States and of funds within the custody or jurisdiction of any court, to give security for the repayment of any such funds and to pay interest thereon, and to act as depositary of funds for any bank or trust company organized under or subject to the Banking Law.

(C) To lend money, with or without security, to the Insular Government or to any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico.

(D) To lend money, with or without security, to any person, firm, corporation or other organization engaged or to engage in industrial or commercial enterprises where such moneys are to be used to further the governmental purpose of developing the economy of Puerto Rico, particularly with respect to its industrialization, such loans to be represented by the promissory notes, bonds, debentures or other obligations or evidences of debt of such borrowers; *Provided, however,* that the aggregate indebtedness of any such borrower to the Bank shall not exceed at any time 10 per cent of the capital funds and surplus of the Bank plus an additional 15 per cent of such capital funds and surplus if such indebtedness, either in whole or in part, but in any event that part thereof in excess of 10 per cent of such capital funds and surplus, is secured by collateral of an ascertained value of at least 25 per cent more than the amount of such indebtedness in excess of 10 per cent of such capital funds and surplus.

(E) To invest its funds in direct obligations of the United States or obligations guaranteed as to both principal and interest by the United States, or obligations of Puerto Rico or guaranteed as to both principal and interest by Puerto Rico, or obligations of any agency, instrumentality, commission, authority, municipality or political subdivision thereof, or obligations insured or guaranteed under housing laws of the United States.

“(F) To discount, at a uniform rate or rates of interest to be fixed from time to time by the Board of Directors of the Bank, for banks or trust companies organized under or subject to the Banking Law, negotiable drafts, notes, bills of exchange and acceptance, bearing the endorsement of the bank or trust company for which discounted, of the character eligible for discount by Federal Reserve Banks of the United States under Regulations of the Board of Governors of the Federal Reserve System from time to time in effect, subject to the conditions and limitations prescribed by such Regulations; *Provided, however,* That the aggregate amount of notes, drafts, bills of exchange and acceptance upon which any person, partnership, association or corporation is liable as maker, acceptor, endorser, drawer or guarantor discounted for any bank or trust company shall not be subject to any limitation contained in such Regulations but shall at no time exceed the amount for which such person, partnership, association or corporation may lawfully become liable to such Bank or trust company under the applicable provisions of the Banking Law as from time to time amended.

“(G) To lend money, at a uniform rate or rates of interest to be fixed from time to time by the Board of Directors of the Bank, to any bank or trust company organized under or subject to the Banking Law, for a period not exceeding ninety days, on the promissory note of such bank or trust company, secured by notes, drafts, bills of exchange or acceptance eligible for discount by the Bank under the provisions of the preceding paragraph (F) hereof, or secured by obligations of the Insular Government or of the United States or guaranteed as to both principal and interest by the Insular Government or the United States or obligations of any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico, or secured by other collateral satisfactory to the Bank; *Provided, however,* That in case the security consists of such other collateral, the rate of interest on such loan shall in no event be less than one-half of one per cent per annum higher than the highest rate then currently applicable to discounts provided for by the preceding paragraph (F) hereof.

“(H) To lend securities, on a fully secured basis, to any bank or trust company organized under or subject to the Banking Law.

“(I) To borrow money and contract debts for its corporate purposes upon such terms and conditions as the Bank may from time to time determine, with or without security, to dispose of its obligations evidencing such borrowing, to make, execute and deliver trust

(F) To discount, at a uniform rate or rates of interest to be fixed from time to time by the Board of Directors of the Bank, for banks or trust companies organized under or subject to the Banking Law, negotiable drafts, notes, bills of exchange and acceptance, bearing the endorsement of the bank or trust company for which discounted, of the character eligible for discount by Federal Reserve Banks of the United States under Regulations of the Board of Governors of the Federal Reserve System from time to time in effect, subject to the conditions and limitations prescribed by such Regulations; *Provided, however,* that the aggregate amount of notes, drafts, bills of exchange and acceptance upon which any person, partnership, association or corporation is liable as maker, acceptor, endorser, drawer or guarantor discounted for any bank or trust company shall not be subject to any limitation contained in such Regulations but shall at no time exceed the amount for which such person, partnership, association or corporation may lawfully become liable to such Bank or trust company under the applicable provisions of the Banking Law as from time to time amended.

(G) To lend money, at a uniform rate or rates of interest to be fixed from time to time by the Board of Directors of the Bank, to any bank or trust company organized under or subject to the Banking Law, for period not exceeding ninety days, on the promissory note of such bank or trust company, secured by notes, drafts, bills of exchange or acceptance eligible for discount by the Bank under the provisions of the preceding paragraph (F) hereof, or secured by obligations of the Insular Government or of the United States or guaranteed as to both principal and interest by the Insular Government or the United States or obligations of any agency, instrumentality, commission, authority, municipality or political subdivision of Puerto Rico, or secured by other collateral satisfactory to the Bank; *Provided, however,* that in case the security consist of such other collateral, the rate of interest on such loan shall in no event be less than one-half of one per cent per annum higher than the highest rate then currently applicable to discounts provided for by the preceding paragraph (F) hereof.

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(I) To borrow money and contract debts for its corporate purpose upon such terms and conditions as the Bank may from time to time determine, with or without security, to dispose of its obligations evidencing such borrowing, to make, execute and deliver trust

indentures and other agreements with respect to any such borrowing, contracting of debt, issuance of bonds, notes, debentures or other obligations, and by the authority of the Government of Puerto Rico which is hereby granted, to issue its bonds, notes, debentures or other obligations in such form, secured in such manner, and subject to such terms of redemption with or without premium, and to sell the same at public or private sale for such price or prices, all as may be determined by its Board of Directors.

“(J) To exercise all such incidental powers as may be necessary or convenient for the purpose of carrying on the foregoing business and objects. The power granted in paragraphs (C), (D), and (E) above shall not include the power to lend moneys on short term or to invest in short term securities other than marketable securities, where the borrower or obligor has facilities available to it in banks organized under or subject to the Banking Law.

“*Fourth*: The Bank shall also have the following powers:

“(A) To have a common seal and to alter the same from time to time.

“(B) To acquire property for its corporate purposes by grant, gift, purchase, devise or bequest, and to hold and to exercise the rights of ownership of and to dispose of the same.

“(C) To acquire any property in settlement or reduction of debts previously contracted or in exchange for investments previously made in the course of its business, where such acquisition is necessary to minimize or avoid loss in connection therewith, and to hold such property for such periods as the Board of Directors may deem advisable and to exercise the rights of ownership of and to dispose of the same.

“(D) To establish one or more branches, offices or agencies necessary or convenient for the transaction of its business within or without Puerto Rico.

“(E) To purchase, hold, lease, mortgage and convey real property as follows: (1) a plot whereon there is or may be erected a building suitable for the transaction of its business, from portions of which not required for its own use a revenue may be derived, (2) such real estate as may be conveyed to it in settlement or reduction of debts previously contracted or in exchange for investments previously made in the course of its business, (3) such as it shall purchase or otherwise acquire at sale under judgments, decrees or mortgages held by it and (4) such as may be necessary for residence of its employees; *Provided, however*, That real prop-

indentures and other agreements with respect to any such borrowings, contracting of debt, issuance of bonds, notes, debentures or other obligations, and by the authority of the Government of Puerto Rico which is hereby granted, to issue its bonds, notes, debentures or other obligations in such form, secured in such manner, and subject to such terms of redemption with or without premium, and to sell the same at public or private sale for such price or prices, all as may be determined by its Board of Directors.

(J) To exercise all such incidental powers as may be necessary or convenient for the purpose of carrying on the foregoing business and objects. The power granted in paragraphs (C), (D), and (E) above shall not include the power to lend moneys on short term or to invest in short term securities other than marketable securities, where the borrower or obligor has facilities available to it in banks organized under or subject to the Banking Law.

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(C) To acquire any property in settlement or reduction of debts previously contracted or in exchange for investments previously made in the course of its business, where such acquisition is necessary to minimize or avoid loss in connection therewith, and to hold such property for such periods as the Board of Directors may deem advisable and to exercise the rights of ownership of and to dispose of the same.

(D) To establish one or more branches, offices or agencies necessary or convenient for the transaction of its business within or without Puerto Rico.

(E) To purchase, hold, lease, mortgage and convey real property as follows: (1) a plot whereon there is or may be erected a building suitable for the transaction of its business, from portions of which not required for its own use a revenue may be derived, (2) such real estate as may be conveyed to it in settlement or reduction of debts previously contracted or in exchange for investments previously made in the course of its business, (3) such as it shall purchase or otherwise acquire at sale under judgments, decrees or mortgages held by it and (4) such as may be necessary for residence of its employees; *Provided, however*, That real property purchased or

erty purchased or acquired by it shall be sold within ten years of the date of such purchase or acquisition unless there shall be a building thereon occupied by it as an office or by its employees as a residence or the Treasurer of Puerto Rico shall have extended the time within which such sale shall be made.

“(F) To sue and be sued.

“(G) To appoint, employ and contract for the services of officers, agents, employees and professional assistants and to pay such compensation for their services as the Bank may determine, and to fix and pay Directors’ fees.

“(H) To exercise such other corporate powers, not inconsistent herewith, as are conferred upon corporations by the laws of Puerto Rico and to exercise all its powers within and without Puerto Rico to the same extent as natural persons might or could do.

“*Fifth*: The affairs of the Bank shall be managed and its corporate powers exercised by a Board of Directors seven in number. The Governor of Puerto Rico, with the approval of the Executive Council of Puerto Rico, shall appoint the first members of the Board of Directors, two of whom shall be appointed for a term of two years, two of whom shall be appointed for a term of three years and three of whom shall be appointed for a term of four years. Thereafter, as the terms of office of directors expire, successor directors shall be appointed by the Governor with the approval of the Executive Council, for terms of four years. All vacancies in the office of directors shall be filled by appointment by the Governor, with the approval of the Executive Council; *Provided, however*, That any vacancy occurring between such appointment shall, within sixty days, be filled by the Governor for the unexpired term. All directors shall, unless sooner removed or disqualified, hold office during the term for which appointed and until their successors are appointed and qualified. A majority of the directors in office shall constitute a quorum of the Board of Directors for all purposes.

“*Sixth*: The Board of Directors, by the affirmative vote of a majority of the whole Board, may adopt, add to, amend, alter or repeal By-Laws of the Bank, not inconsistent herewith or with law, providing for the management of the business of the Bank, the regulation of its affairs, the organization, conduct and meetings of the Board of Directors, notice of meeting of the Board of Directors and waivers of notice, the appointment of committees of the Board of Directors and the power of such committees, the number, titles, qualifications, terms, election or appointment, removal and duties of of-

acquired by it shall be sold within ten years of the date of such purchase or acquisition unless there shall be a building thereon occupied by it as an office or by its employees as a residence or the Treasurer of Puerto Rico shall have extended the time within which such sale shall be made.

(F) To sue and be sued.

(G) To appoint, employ and contract for the services of officers, agents, employees and professional assistants and to pay such compensation for their services as the Bank may determine, and to fix and pay Directors’ fees.

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Sixth: The Board of Directors, by the affirmative vote of a majority of the whole Board, may adopt, add to, amend, alter or repeal By-Laws of the Bank, not inconsistent herewith or with law, providing for the management of the business of the Bank, the regulation of its affairs, the organization, conduct and meetings of the Board of Directors, notice of meeting of the Board of Directors and waivers of notice, the appointment of committees of the Board of Directors and the power of such committees, the number, titles, qualifications, terms, election or appointment, removal and duties of of-

ficers, the form of the seal of the Bank, and the preparation and submission to the Legislature of annual and other reports; *Provided, however,* That the By-Laws shall not be added to, amended or altered nor shall any By-Law be repealed at any meeting of the Board of Directors unless written notice of the proposed addition, amendment, alteration or repeal shall have been delivered or mailed to each director at least one week before such meeting.

“Seventh: The Bank shall not make any loans to its directors, officers, agents or employees or to any privately-owned enterprise in which one or more of the directors, officers, agents or employees own a substantial interest, or make any loans guaranteed by a director, officer, agent or employee, except in each case with the unanimous approval of all the directors, exclusive of any interested director or directors, present at a meeting of the Board of Directors attended by at least 75% of the full Board, exclusive of any interested director or directors, from which meeting such interested director or directors shall be excused during consideration and voting with regard to such loans.

“Eighth: Out of the net income resulting at the end of the business year, such amount shall be added to the reserve account of the Bank as the Board of Directors may consider necessary or pertinent; and the balance of such income, may, in whole or in part, be added to the surplus account of the Bank or remain in an unassigned income account, as the Board of Directors may determine. From time to time the Board of Directors may in its discretion make transfers from the reserve account to the surplus account, from the surplus account to the reserve account and from the surplus account to the capital account of the Bank.

*“Section 3.—*The Development Bank of Puerto Rico, created under Act No. 252, approved May 13, 1942, is hereby dissolved, except to the extent necessary for the transfer of assets, and said Act and Act No. 46, approved May 4, 1943 are hereby repealed and, without further act or execution of deed or document of conveyance, or endorsement or transfer of any kind, all properties, trusts, agency relationships, shares, rights, franchises, powers of attorney, privileges, negotiable instruments, notes, bonds, expressly including all chattel and real estate mortgages, properties of every kind, movable or immovable deposits in banks in accounts current or in any other forms and all liabilities and obligations of said Development Bank of Puerto Rico, shall become the property of and are by this Law transferred and conveyed to the Bank, hereby created and the Bank

ficers, the form of the seal of the Bank, and the preparation and submission to the Legislature of annual and other reports; provided, however, that the By-Laws shall not be added to, amended or altered nor shall any By-Law be repealed at any meeting of the Board of Directors unless written notice of the proposed addition, amendment, alteration or repeal shall have been delivered or mailed to each director at least one week before such meeting.

Seventh: The Bank shall not make any loans to its directors, officers, agents or employees or to any privately-owned enterprise in which one or more of the directors, officers, agents or employees own a substantial interest, or make any loans guaranteed by a director, officer, agent or employee, except in each case with the unanimous approval of all the directors, exclusive of any interested director or directors, present at a meeting of the Board of Directors attended by at least 75 per cent of the full Board, exclusive of any interested director or directors, from which meeting such interested director or directors shall be excused during consideration and voting with regard to such loans.

Eighth: Out of the net income resulting at the end of the business year, such amount shall be added to the reserve account of the Bank as the Board of Directors may consider necessary or pertinent; and the balance of such income, may, in whole or in part, be added to the surplus account of the Bank or remain in an unassigned income account, as the Board of Directors may determine. From time to time the Board of Directors may in its discretion make transfers from the reserve account to the surplus account, from the surplus account to the reserve account and from the surplus account to the capital account of the Bank.

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shall have as regards such property, trusts, agency relationships, shares, rights, franchises, powers of attorney, privileges, negotiable instruments, notes, bonds, chattel and real estate mortgages, properties of any kind, movable or immovable and deposits in banks, the same rights as were had by the Development Bank of Puerto Rico, and shall dispose of them freely and without any limitation. *Provided, however,* That if, for any unforeseen circumstance a registration or recording in any private or public register, the Registry of Property included, is needed, such registration or recording shall be made by the officers in charge, absolutely free of the payment of any fee or charge.

“Section 4.—The title of Act No. 272 approved May 15, 1945, is hereby amended to read as follows: ‘Authorizing the Government Development Bank for Puerto Rico to act as fiscal agent, paying and co-paying agent and as agent for other purposes of the Insular Government, its agencies and municipalities, and of the Treasurer of Puerto Rico and on behalf of the Treasurer of Puerto Rico, authorizing and directing the Government Development Bank for Puerto Rico to act as a financial advisory and reporting agency to the Governor of Puerto Rico, to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico; authorizing and appointing the Government Development Bank for Puerto Rico as fiscal agent, paying agent and as agent for the purchase, sale, issue and exchange of all bonds, notes, or other evidences of indebtedness for all public service enterprises and authorities owned and controlled by the Insular Government; authorizing and directing all public service enterprises and authorities owned and controlled by the Insular Government to contract with the Government Development Bank for Puerto Rico for certain purposes, defining and determining the terms and conditions of contracts therefor and providing for a method of appeal from the decisions of the Government Development Bank for Puerto Rico as to rate and other aspects of such contracts; defining the responsibilities of the Government Development Bank for Puerto Rico and limiting the rates it may charge; stating the authority of the Government Development Bank for Puerto Rico to buy, sell, own, hold and deal in any of the bonds, notes, evidences of indebtedness and of interest coupons or evidences of interest, appurtenant thereto, of the Insular Government, its agencies, municipalities and authorities and of the Treasurer of Puerto Rico and to join in any action at law relative to such securities; to declare the official text of this law in the English language; to declare that

shall have as regards such property, trusts, agency relationships, shares, rights, franchises, powers of attorney, privileges, negotiable instruments, notes, bonds, chattel and real estate mortgages, properties of any kind, movable or immovable and deposits in banks, the same rights as were had by the Development Bank of Puerto Rico, and shall dispose of them freely and without any limitation. *Provided, however,* that if, for any unforeseen circumstance a registration or recording in any private or public register, the Registry of Property included, is needed, such registration or recording shall be made by the officers in charge, absolutely free of the payment of any fee or charge.

Section 4.—The title of Act No. 272 approved May 15, 1945, is hereby amended to read as follows: Authorizing the Government Development Bank for Puerto Rico to act as fiscal agent, paying and co-paying agent and as agent for other purposes of the Insular Government, its agencies and municipalities, and of the Treasurer of Puerto Rico and on behalf of the Treasurer of Puerto Rico; authorizing and directing the Government Development Bank for Puerto Rico to act as a financial advisory and reporting agency to the Governor of Puerto Rico, to the Executive Council of Puerto Rico and to the Treasurer of Puerto Rico; authorizing and appointing the Government Development Bank for Puerto Rico as fiscal agent, paying agent and as agent for the purchase, sale, issue and exchange of all bonds, notes, or other evidences of indebtedness for all public service enterprises and authorities owned and controlled by the Insular Government; authorizing and directing all public service enterprises and authorities owned and controlled by the Insular Government to contract with the Government Development Bank for Puerto Rico for certain purposes, defining and determining the terms and conditions of contracts therefor and providing for a method of appeal from the decisions of the Government Development Bank for Puerto Rico as to rate and other aspects of such contracts; defining the responsibilities of the Government Development Bank for Puerto Rico and limiting the rates it may charge; stating the authority of the Government Development Bank for Puerto Rico to buy, sell, own, hold and deal in any of the bonds, notes, evidences of indebtedness and of interest coupons or evidences of interest, appurtenant thereto, of the Insular Government, its agencies, municipalities and authorities and of the Treasurer of Puerto Rico and to join in any action at law relative to such securities; to declare the official text of this law in the English language; to declare that the

the same will prevail over the Spanish text, to declare an emergency, and for other purposes.'

"Section 1 of Act No. 272, approved May 15, 1945, is hereby amended to read as follows:

"Section 1.—The Government Development Bank for Puerto Rico (hereinafter called the "Bank") shall be and it is hereby authorized to act as fiscal agent of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico for the purpose of registering, authenticating or countersigning, the bonds, notes or other evidences of indebtedness of the Insular Government, its agencies and municipalities and of the Treasurer of Puerto Rico, and to perform, without limitation, such other services for the Insular Government, its agencies and municipalities and for the Treasurer of Puerto Rico, for any purpose not contrary to already existent legislation, subject, however, to the approval of the Treasurer of Puerto Rico on such terms as may be agreed upon by and between the Bank and the Treasurer of Puerto Rico for services rendered to the Insular Government, its agencies and the Treasurer of Puerto Rico, and on such terms as may be agreed upon by and between the Bank and the municipalities of Puerto Rico for services rendered to the municipalities of Puerto Rico.

"Section 5.—It is hereby found and declared that the purpose for which the Bank is created is to aid the Insular Government in the performance of its fiscal duties and more effectively to carry out its government responsibility to develop the economy of Puerto Rico, particularly with respect to its industrialization and is a public purpose in all respects for the benefit of The People of Puerto Rico, and that therefore the Bank shall not be required to pay any taxes or assessments on any of the property acquired or to be acquired by it, or on its operations or activities, or on the income derived from any of its operations or activities. In order to facilitate the procurement of funds by the Bank to enable it to carry out its said purpose, all bonds, notes, debentures or other obligations of the Bank and the income therefrom and any profits from the sale, resale or exchange of such bonds, notes, debentures or other obligations shall be exempt from any income tax, any estate or inheritance taxes and any personal property tax of Puerto Rico or any municipality or other political subdivision thereof. The debts or obligations of the Bank shall not be debts or obligations of the Insular Government or of any of the municipalities or other political subdivisions of

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Puerto Rico and neither the Insular Government nor any of such municipalities or other political subdivisions shall be responsible for the same.

“Section 6.—The Bank shall maintain a reserve of not less than 20 per cent of its liability on account of deposits other than deposits fully secured by collateral. Such reserve shall be composed of the following:

“(A) Reserve to the extent of not less than $6\frac{2}{3}$ per cent of such deposits shall consist of lawful money of the United States.

“(B) The remainder of such reserves shall consist of money deposited in other banks, provided that said deposits are authorized by the Treasurer of Puerto Rico and are subject to immediate collection. Other assets of the Bank to the extent of at least 80 per cent of the amount of such deposits shall consist of obligations (not including mortgages) maturing in not more than 180 days, or marketable securities.

“Section 7.—The endorsement by any bank or trust company organized under or subject to the Banking Law of any draft, note, bill of exchange or acceptance discounted or pledged by it to the Bank shall constitute a waiver of demand, notice and protest by such bank or trust company as to its own endorsement exclusively.

“Section 8.—The Bank shall make and submit to the Governor of Puerto Rico and the Treasurer of Puerto Rico a written report of its conditions as of the last day of each month, in such manner as the Treasurer of Puerto Rico may prescribe. Such report shall show the total amount of outstanding loans to directors, officers, agents and employees or to any privately-owned enterprises in which one or more of the directors, officers, agents or employees may own a substantial interest and outstanding loans guaranteed by a director, officer, agent or employee; shall be subscribed by an officer of the Bank and verified by his oath stating that to the best of his knowledge and belief the report is true and correct in all respects; and shall be submitted to the Governor and the Treasurer within the first ten days of the following month, legal holidays excluded.

“Section 9.—The Bank shall file in the office of the Executive Secretary of Puerto Rico, annually, within ninety days after the close of its fiscal year, a report sworn to by an officer or by any two directors of the Bank, stating: (1) the name of the Bank; (2) the location, town or city, street and number, if there is a number, of its main office in Puerto Rico; (3) a profit and loss statement

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for the last fiscal year and a statement of its assets and liabilities as of the close of such year; and (4) the names and post office addresses of all directors and officers of the Bank and the time when the term of office of each expires. Such report shall be published by the Bank in a newspaper of general circulation in Puerto Rico.

“Section 10.—The Bank shall be subject to examination and supervision by the Treasurer of Puerto Rico, in accordance with the terms of the Banking Law applicable to banks organized under or subject to the provisions thereof, *Provided, however,* That no fee shall be required to be paid by the Bank in connection with any such examination.

“The Treasurer of Puerto Rico shall issue to the Bank a certificate setting forth the result of each such examination, which certificate shall be presented to the Board of Directors at its next regular or special meeting.

“The Bank shall also be subject to an annual examination and audit by certified public accountants of national reputation selected by the Board of Directors of the Bank.

“Section 11.—If, in consequence of an examination or a report made by an examiner, the Treasurer of Puerto Rico shall have reason to believe that the Bank is not in sound financial condition or that its affairs are conducted in such manner as to endanger its funds or other assets, or if the Bank shall refuse to submit its books, documents and affairs for the inspection of any duly authorized examiner or if it shall fail to establish reserves as required by this Act after thirty days' notice by the Treasurer of Puerto Rico, or if it shall become insolvent in the judgment of the Treasurer of Puerto Rico, the Treasurer shall report such facts to the Governor. The Governor may then direct the Treasurer to apply to the District Court for the judicial district where the main office of the Bank is located, and if, after having heard the Bank, the Court deems that the facts alleged by the Treasurer are well founded, then the Court shall proceed to appoint a receiver to suspend operations and settle the obligations of the Bank.

“The receiver, upon his appointment, shall, under the direction of the District Court, take possession of the assets and liabilities, books (including the minute book), records, papers and files of every description, belonging to the Bank, and shall collect all loans, fees and claims of the Bank, and shall see to the payment of its obligations and debts and of the necessary expenditures of receivership. He shall proceed to settle the affairs of the Bank as soon as possible,

for the last fiscal year and a statement of its assets and liabilities as of the close of such year; and (4) the names and post office addresses of all directors and officers of the Bank and the time when the term of office of each expires. Such report shall be published by the Bank in a newspaper of general circulation in Puerto Rico.

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and to this end he may sell the personal and real property and other assets of the Bank, subject to the order of the District Court.

“Section 12.—If any director of the Bank shall violate or knowingly or negligently permit any of the officers, agents or employees of the Bank to violate any law or any of the provisions of the Charter of the Bank, the matter shall be reported to the Governor by the Treasurer of Puerto Rico. Upon receiving such report the Governor shall call a meeting of the Executive Council and shall submit to it the report with his recommendations. The Executive Council shall give the director under charge the opportunity to be heard and thereafter it may remove such director and take whatever additional action it may deem necessary.

“Section 13.—Neither the Bank nor any officer, agent or employee thereof shall certify any check drawn upon it unless the drawer of such check has on deposit with the Bank at the time such check is certified an amount not less than the amount of such check. Any check so certified by a duly authorized officer, agent or employee of the Bank shall be a valid obligation of the Bank in the hands of any person holding such check in good faith; but any officer, agent or employee of the Bank who knowingly acts in violation of the provisions of this Section shall be deemed guilty of a misdemeanor and shall be liable to imprisonment for not less than one nor more than two years.

“Section 14.—All transfers of notes, bonds, bills of exchange or credits of the Bank or of deposits to the credit thereof, and all assignments of mortgages, security on real property, or of judgments or decrees in favor of the Bank, and all deposits of money, gold and silver in bars, or other thing of value and all payments of money to its creditors, made while the Bank is insolvent, or in anticipation of insolvency, with the intent of preventing the application of the assets of the Bank in the manner prescribed in this Act, or with the intent of giving preference to one creditor over another, shall be null and ineffective; and no attachment, levy, execution, foreclosure or writ of injunction shall issue against the Bank or against its properties, before final judgment is rendered in any suit, action or proceedings in the district or municipal court.

“Section 15.—Any officer, employee or agent of the Bank who shall receive any deposit knowing that the Bank is insolvent, shall be guilty of a misdemeanor if the amount or value of such deposit is less than twenty-five dollars, or if the amount or value of such

possible, and to this end he may sell the personal and real property and other assets of the Bank, subject to the order of the District Court.

Section 12.—If any director of the Bank shall violate or knowingly or negligently permit any of the officers, agents or employees of the Bank to violate any law or any of the provisions of the Charter of the Bank, the matter shall be reported to the Governor by the Treasurer of Puerto Rico. Upon receiving such report the Governor shall call a meeting of the Executive Council and shall submit to it the report with his recommendations. The Executive Council shall give the director under charge the opportunity to be heard and thereafter it may remove such director and take whatever additional action it may deem necessary.

Section 13.—Neither the Bank nor any officer, agent or employee thereof shall certify any check drawn upon it unless the drawer of such check has on deposit with the Bank at the time such check is certified an amount not less than the amount of such check. Any check so certified by a duly authorized officer, agent or employee of the Bank shall be a valid obligation of the Bank in the hands of any person holding such check in good faith; but any officer, agent or employee of the Bank who knowingly acts in violation of the provisions of this Section shall be deemed guilty of a misdemeanor and shall be liable to imprisonment for not less than one nor more than two years.

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Section 15.—Any officer, employee or agent of the Bank who shall receive any deposit knowing that the Bank is insolvent, shall be guilty of a misdemeanor if the amount or value of such deposit is less than twenty-five dollars, or if the amount or value of such

deposit is twenty-five dollars or over, such person shall be guilty of a felony, and shall be punished by imprisonment for not less than one or more than five years, or by a fine of not less than five hundred dollars or more than three thousand dollars, or by both penalties.

“Section 16.—Every director, officer, employee or agent of the Bank who embezzles, abstracts or wilfully misapplies any moneys, funds, credits or securities of the Bank, or who, without being duly authorized, issues or draws any certificate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment or decree for, or who makes any false entry in any book, report or statement of, the Bank, with intent, in any of such cases, to injure or defraud the Bank or any other company, body politic or corporate, or any individual person, or to deceive any officer of the Bank or any agent appointed to examine the affairs of the Bank, and every person who with like intent aids or abets any director, officer, agent or employee in any violation of this section, shall be deemed guilty of a felony, and shall be imprisoned for not less than ten years; *Provided*, That the Bank shall collect and cover into its funds, from the amount of any life insurance policy which the bank may have taken for such director, officer, employee or agent and the premiums which the Bank may have paid, up to the sum embezzled or disposed of by the director, officer, employee or agent, and the director, officer, employee or agent, his beneficiaries, assignees or successors in interest shall lose all rights to the benefits of such policy.

“Section 17.—Any person or publication that knowingly and maliciously makes, circulates or transmits to another, or to others, any statement, rumor or suggestion, whether written, printed, or by word of mouth, which directly or by inference discredits the financial condition of the Bank or any of its branches, or which affects its solvency or credit, or any person or publication that advises, aids, procures, or induces another to originate, transmit, or circulate any such statement or rumor, shall be guilty of a felony, and upon conviction shall be punished by a fine of not less than five hundred dollars, or by confinement in the penitentiary for a term of not more than five years, or by both penalties.

“Section 18.—In view of the inclusion in this Act of all necessary and pertinent provisions similar to provisions contained in the Banking Law, none of the provisions of the Banking Law shall apply to the Bank, its directors, officers, employees or agents.

deposit is twenty-five dollars or over, such person shall be guilty of a felony, and shall be punished by imprisonment for not less than one or more than five years, or by a fine of not less than five hundred dollars or more than three thousand dollars, or by both penalties.

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Section 18.—In view of the inclusion in this Act of all necessary and pertinent provisions similar to provisions contained in the Banking Law, none of the provisions of the Banking Law shall apply to the Bank, its directors, officers, employees, or agents.

“Section 19.—No amendments to this Act or to any other law of Puerto Rico shall impair any obligation or commitment of the Bank.

“Section 20.—If any provisions of this Act or the application of such provisions to any person or circumstance shall be held invalid, the remainder of the Act and the application of such provisions to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

“Section 21.—It is hereby declared that the official text of this Act is the English version thereof and if in the interpretation and application of this Act any conflict arises as between the Spanish and the English texts thereof, the latter shall prevail over the former.”

Section 22*.—It is hereby declared that an emergency exists which justifies the immediate effectiveness of this Act, and the same shall, therefore, take effect immediately after its approval.

Approved, September 23, 1948.

[PUBLIC LAW 746—80TH CONGRESS]

[Chapter 610—2D Session]

(S. 2508)

AN ACT

RELATING TO SALARIES OF CERTAIN OFFICERS AND EMPLOYEES OF THE UNITED STATES AND CERTAIN OFFICERS AND EMPLOYEES OF PUERTO RICO.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of section 49b of the Organic Act of Puerto Rico (U. S. C., title 48, sec. 793b (1)) is amended by striking out “\$7,500” and inserting in lieu thereof “\$10,000 to be paid out of funds appropriated by Congress for such purpose.”

Sec. 2. Section 50 of the Organic Act of Puerto Rico (U. S. C., title 48, secs. 797 and 798) is amended to read as follows:

“Sec. 50. Except as otherwise provided in this or any other Act, the salaries and office expenses of all officials of Puerto Rico, including deputies, assistants, and other help, shall be such and be

* Thus in the original.

Section 19.—No amendment to this Act or to any other law of Puerto Rico shall impair any obligations or commitment of the Bank.

Section 20.—If any provisions of this Act or the application of such provisions to any person or circumstance shall be held invalid, the remainder of the Act and the application of such provisions to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 21.—It is hereby declared that the official text of this Act is the English version thereof and if in the interpretation and application of this Act any conflict arises as between the Spanish and the English texts thereof, the latter shall prevail over the former.”

Artículo 23.—Por la presente se declara que existe una emergencia que justifica la inmediata vigencia de esta Ley, y la misma por lo tanto, empezará a regir a partir de la fecha de su aprobación.

Aprobada en 23 de septiembre de 1948.

[LEY PÚBLICA 746—OCTOGÉSIMO CONGRESO]

[Capítulo 610—Segunda Sesión]

[S. 2508]

LEY

RELATIVA A LOS SUELDOS DE CIERTOS FUNCIONARIOS Y EMPLEADOS DE LOS ESTADOS UNIDOS Y CIERTOS FUNCIONARIOS Y EMPLEADOS DE PUERTO RICO.

Decrétase por el Senado y la Cámara de Representantes de los Estados Unidos de América, en Congreso reunidos: Que el inciso 1 del artículo 49b de la Ley Orgánica de Puerto Rico (U.S.C., título 48, sec. 793b (1)) queda enmendado eliminando “\$7,500” e insertando en su lugar \$10,000, a pagarse de fondos asignados por el Congreso para tal fin.”

Artículo 2.—El Artículo 50 de la Ley Orgánica de Puerto Rico (U.S.C., título 48, secs. 797 y 798) queda enmendado para que lea como sigue:

“Artículo 50.—Con excepción de lo que en contrario se dispone en ésta o cualquiera otra ley, los sueldos y gastos de oficina de todos los funcionarios de Puerto Rico, incluyendo delegados, auxi-