



MEMORANDUM ORDER NO. 2014-21

IMPLEMENTING THE ABOLITION OF HGC (SUBIC) CORPORATION

WHEREAS, the HGC (Subic) Corporation (HGC) is a wholly-owned subsidiary of the Home Guaranty Corporation (HGC) and was established through HGC Board Resolution No. 27-2002 dated 03 April 2002, for the purpose of handling, managing, administering, developing and disposing HGC-acquired assets in Subic Bay, Olongapo City;

WHEREAS, the Governance Commission determined that HSC is non-operational since 2002, as the purpose for which it was created did not materialize, and that HSC is not producing the desired outcomes and no longer achieving its objectives, as it has been unable to handle, manage, administer, develop or dispose HGC-acquired assets;

WHEREAS, HSC's primary purpose can be carried out directly by HGC through its broad corporate powers to deal with real property, under Sec. 5(9) of R.A. 8763;

WHEREAS, the Governance Commission recommended the approval of the abolition of HSC to H.E. the President pursuant to GCG's mandate in Section 5(a) of R.A. No. 10149;

WHEREAS, the Governance Commission also recommended that HGC shall, if applicable: (a) act as the successor of HSC's interest including all assets; (b) absorb all liabilities of the HSC; (c) honor all valid contracts entered into by the HSC; (d) assume the functions necessary to continue the mandate of HSC; and (e) implement separation packages for the affected HSC employees in accordance to the pertinent provisions of the Labor Code;

WHEREAS, the recommendation to abolish HSC was approved by H.E. the President through a Memorandum from the Executive Secretary dated 03 July 2014;

WHEREAS, the Governance Commission and the Securities and Exchange Commission have entered into a Memorandum of Agreement on 8 April 2013 for the abolition of Nonchartered GOCCs;

NOW, BE IT –

RESOLVED, the Commission hereby implements the **ABOLITION** of HGC (Subic) Corporation (HSC) in coordination with its Parent GOCC, HGC;

RESOLVED FURTHER, the HGC is directed to dissolve HSC by shortening its corporate term pursuant to Section 120 of Batasang Pambansa (B.P.) No. 68, and to take all proper and necessary steps in connection therewith;

RESOLVED FURTHER, HGC shall perform the following conditions as part of the operational/transition plan to abolish HSC, to wit:

- a. Act as the successor of HSC's interest including all assets;
- b. Absorb all liabilities of HSC;
- c. Honor all valid contracts entered into by the HSC;
- d. Assume the functions necessary to continue the operations of HSC; and
- e. Implement separation packages for the affected HSC employees in accordance to the pertinent provisions of the Labor Code, using as reference Executive Order (E.O.) No. 366, s. 2004, as amended by E.O. No. 77, s. 2012.
- f. Resolve all audit findings by the Commission on Audit (COA) against HSC, taking the necessary legal proceedings when warranted, including but not limited to undertaking administrative disciplinary proceedings and filing criminal complaints.

RESOLVED FINALLY, HGC shall submit reports to GCG within thirty (30) calendar days from the close of each quarter until the implementation of the abolition has been completed.

DONE, in the City of Manila, this 12th day of August, Two Thousand and Fourteen.

BY AUTHORITY OF THE COMMISSION:



CESAR L. VILLANUEVA
Chairman



MA. ANGELA E. IGNACIO
Commissioner



RAINIER B. BUTALID
Commissioner