

EXTRA

Copies

Pa P.



12

DECLASSIFIED  
Authority NND 883078



E.T.R.

NON PAYMENT OF ARREARS IN PAY TO VETERANS SUSPENDED FROM  
DUTY BECAUSE OF CRIMINAL CHARGES

After the liberation of the Philippines, criminal charges were filed in civil and military courts against a number of Filipino members of the USAFFE. Under Philippine laws, one under criminal prosecution in court is temporarily suspended from duty and from receiving his pay pending the result of his case. In the event that he is acquitted, he is allowed to receive all pay due him or which became due to him during the period of his suspension. Many Filipino members of the USAFFE were suspended from duty as a result of criminal charges being filed against them. In numerous instances, however, the accused veterans were subsequently cleared of the criminal charges filed against them or their cases were dismissed. After they were cleared of the charges against them, they were not paid their arrears in pay because the Finance Service was precluded from giving them such pay after December 31, 1949, the deadline specified in the Shear-Castaneda agreement. In fact, many veterans were cleared of criminal charges only after this date.

Submitted herewith as sample cases and marked Exhibit 44 is a partial list of 14 military personnel which was taken from the records of the Adjutant General Service. This list shows that the veterans named therein were suspended from duty and later cleared of the criminal charges filed against them. They were not able to receive their arrears in pay.

The Philippine Government contends that since these persons have been cleared of all criminal charges, they should be paid their arrears in pay corresponding to the period of suspension.

*No auth to  
approve funds to  
Appropriation  
Act of 1950  
31 Dec 49*

*Incl 1*

DECLASSIFIED  
Authority NND 883078



EX

STATEMENT OF MR. QUINTERO ON ARMY CLAIM NO. 1d -  
"ERRONEOUS DEDUCTIONS FROM ARREARS IN PAY CONSISTING OF THE  
EQUIVALENT OF THREE MONTHS' ADVANCE PAY WHICH WAS NOT ACTU-  
ALLY RECEIVED" (Supporting Documents - Exhibits Nos. 22,  
23, 24, 25, 26, 27, 28 and 29).

I will now take up the Philippine Army Claim No. 1d,  
entitled "Erroneous Deductions from Arrears in Pay Consisting of  
the Equivalent of Three months' Advance Pay which Was Not Actually  
Received."

Background. - During the military occupation of the  
Philippines by the Japanese, USAFFE soldiers in the Philippines  
could not be paid their salaries by the United States Government.  
When General MacArthur landed in Leyte towards the end of the year  
1944, he evinced a desire to have these soldiers paid their full  
salary during the period of occupation. The Missing Persons  
Act passed by the United States Congress in the year 1942 provided  
a basis for paying USAFFE soldiers in the Philippines their sal-  
aries and allowances for the period. However, in the implementation of  
this Act, certain conditions provided in the Act and in the regu-  
lations promulgated thereunder - I am referring particularly to  
the requirements of Staff Memorandum No. 14 GHQ, AFWESPAC - had to  
be fulfilled which would not allow the immediate payment of the  
full back salaries. For example, Staff Memorandum No. 14 pro-  
vided that a person who evaded capture but returned to his home and  
continued a normal mode of living, would be determined not to be in  
a casualty status and not entitled to pay from the date he returned  
home until he actively joined guerrillas or actively participated  
in the anti-Japanese movement, or returned to military control.  
Again, a person who was captured and imprisoned or interned by  
the enemy but was thereafter released, would be determined not  
in a casualty status from the date of his release until the date  
he actually joined a guerrilla force, or actively participated in the  
anti-Japanese movement, or returned to military control. In other  
words, in order to be entitled to arrears in pay under  
the Missing Persons Act, several facts had to be established by  
the claimant. He had to prove that he had USAFFE status, that he  
evaded capture or was captured, that he joined the guerrillas or an

*justified  
with exhibits*



anti-Japanese movement - he had to establish the dates for these activities. It was evident that it would take time for the appropriate United States authorities to make determinations as to how long each individual soldier was in a casualty status within the meaning of the Missing Persons Act and Staff Memorandum No. 14.

At that time, the USAFFE soldiers were in urgent need of money. It was felt that something had to be done for them at once. As an emergency measure, therefore, it was decided that all the soldiers who could prove that he was a member of the USAFFE and persons who joined recognized guerrilla organizations would at once be given a three months' salary advance, without ~~waiting~~ for the determination by the Recovered Personnel Division as to the duration of his casualty status, that is, the full period during which he would be paid. It was the understanding, at the time the three months' advance pay was given, that later on when the duration of the casualty status of a particular individual was finally determined by the Recovered Personnel Division, the three months' salary advance would be deducted from his arrears in pay. With this understanding, payment of the three months' salary advance was started. Soldiers in Leyte and nearby Islands who could be reached by the Army paymasters were paid the three months' salary advance, but those in Luzon and other islands towards the North were not able to receive such three months' salary advance.

In due course of time, the Recovered Personnel Division was able ~~was able~~ to make determinations as to the duration of the casualty status <sup>of</sup> thousands and thousands of members of the USAFFE and members of recognized guerrilla organizations. The Army authorities were then in a position where they could give the pay envelopes to these soldiers for the full arrears in pay said soldiers were entitled to, but the Army authorities were confronted with a problem - a problem similar to that they met in connection with the deductions for NSLI premiums - the gigantic task of ascer-



taining who of the five hundred thousand soldiers and officers received three months' salary advance and who did not. To go through the records which at <sup>that</sup> time were not in very good shape would delay the payment of the full arrears in pay. As in the case of the NSLI premiums, they met the problem by following what I have already called the "policy of presumption"; they presumed that every one of the five hundred thousand men received the three months' salary advance. Accordingly, the pay envelopes containing the arrears in pay of the soldiers were delivered to them, minus the three months' salary advance presumed to have been advanced to them. When this was done, it was of course the intention to make appropriate adjustments and reimbursements later on. The United States Army closed shop in the Philippines before all the adjustments and reimbursements could be made.

NO. PROCESSING FORMS

30 JUNE 48 -  
31 DEC 49

Our Committee is here to seek the reimbursement for all deserving claimants.

Let us now go to actual and specific cases.

Case of Ludovico Cabigon. - Ludovico Cabigon of Basey, Samar, was a school teacher before the war. During the Japanese occupation of the Philippines, he joined the guerrillas. In due time, the guerrilla unit to which Cabigon belonged was given recognition. A determination was made that Cabigon was entitled to arrears in pay under the Missing Persons Act.

I have before me Voucher No. 344 which shows the service record of Cabigon during the Japanese occupation. The voucher indicates that he was entitled to salary and allowances amounting to ₱10,938.70. (I have marked this Voucher "Exhibit No. 22"). Under a column in the voucher entitled "LESS: (DEDUCTIONS)", we find this item: "Advances chargeable to Arrears in Pay - 3 Mos. Adv. - ₱999.99". The total deductions from Cabigon's arrears in pay, including the three months' salary advance supposed to have been received by him, amounted to ₱5,531.47 altogether. Cabigon, therefore, instead of receiving ₱10,936.70 arrears in pay, received only ₱5,405.23 because of the deductions. One of the deductions,

DECLASSIFIED  
Authority NND 883078



On August 31, 1949, Mrs. Sacro wrote to the Adjutant General, Armed Forces of the Philippines, enclosing a voucher to cover a claim for the reimbursement of three months pay amounting to ₱1,200. She stated in her letter (which I have marked Exhibit No. 27) that she was supposed to receive the amount of ₱9,179.00, arrears in pay of her deceased husband, but she actually received ₱7,979.03 only because of an erroneous deduction made corresponding to three months pay of her husband. In an affidavit (which I have marked Exhibit No. 28), Mrs. Sacro states that the three months' salary advance was given to members of the USAFFE in the month of November, 1945, and as her husband died in August of that year, he did not receive the three months' salary advance at all. (Exhibit No. 28). This allegation of non-payment of the three months' salary advance to Mr. Sacro was looked into carefully by the accounting officers of the Finance Division of the Philippine Army and by government auditors, and it was only after these officials had become satisfied that the widow of Mr. Sacro deserved a reimbursement, that a check in the amount of ₱1,200 was handed to her on January 12, 1949, corresponding to three months' salary which her husband never received. (The fact of payment is evidenced by Exhibit No. 29). The Philippine Government is now requesting the United States Government to reimburse it for the ₱1,200 paid to Mrs. Sacro from Philippine Government funds.

The cases of Cabigon and Mrs. Sacro are of course mere samples. There are thousands of other Cabigons and hundreds of other Sacros.

General Vargas, Chief of Staff of the Armed Forces of the Philippines, has sent to our Committee the documents to support ten sample cases of each type of claim - our Committee has picked at random two out of these ten to illustrate the point we want to bring out in connection with each type of claim - but let me read to you the final paragraph of the letter which General Vargas wrote to our Committee:

DECLASSIFIED  
Authority NND 883078



✓✓

"This Headquarters is in possession of complete records of Books of Accounts and records of disbursements x x x x x. These records can be made available to the representatives of our government if it is believed that these records will be of assistance to them in the negotiations that they are undertaking with the representatives of the United States Government."

If you suggest that it would be useful to send for all of the vouchers and documents supporting the claims of the thousands and thousands of claimants, our Committee will be glad to send for those records.

*maybe*

Now, as to the sufficiency of the evidence, We wish to say to you that the documents - these exhibits that I will presently ask the American Delegation to receive - are not the only evidence we can present. For example, in the case of Mr. Sacro, if you feel that we should get the death certificate to corroborate the allegations made by Mrs. Sacro in her sworn statement with respect to the date of the death of her husband, we shall be glad to send for such death certificate from the Philippines. In other words, if you will suggest to us the type of evidence you would want us to present to you to prove a certain state of facts, we will do our utmost to have that evidence before you within the shortest time possible.

May I add that before payment is made to any claimant in the Philippines, he is required to submit a voucher and documentary evidence satisfactory to our finance officers and auditors. We have laws and regulations providing the procedure for settling any money claim against the government. I also desire to state, in passing, that according to the regulations that the United States Government has promulgated governing the disbursement of its funds appropriated for the expenses of the Army of the Philippines - I am referring to Executive Order No. 9011 issued by the President of the United States on January 3, 1942 - the accounting of said funds have

✓

*Check!*



to be done in accordance with Philippine laws and regulations. Executive Order No. 9011 also contains provisions to the effect that when a United States army official turns over any amount from these funds to a Philippine Army officer, all that the United States Army official has to submit in order to be relieved of money responsibility is a receipt signed by the Philippine Army official. Executive Order No. 9011 says that "advances or reimbursements made to the Government of the Philippines by disbursing officers of the Army of the United States x x x will be accounted for on vouchers evidencing the amounts advanced or paid as reimbursement to the Government of the Commonwealth of the Philippines, but such vouchers need not be supported by vouchers paid by disbursing officers of the Army of the Philippines."

Under United States regulations, the vouchers submitted by Philippine Army officers are to be audited, not by United States auditors, but by auditors of the Philippine Government. True, the accounts of our officers, after they have been audited by Philippine Government auditors are subject to "an administrative examination by the Agency designated by the Commanding General, USAFFE", but this administrative examination - under your regulations - is made for one purpose only - "to determine the reimbursement due the Government of the Commonwealth of the Philippines." It was not contemplated that after vouchers are audited by Philippine auditors "in accordance with procedures established by Philippine Commonwealth laws and regulations", they are again to be audited by auditors of the United States Government. And finally, your regulations provide that the vouchers are to be kept in the Philippines "for preservation and safekeeping in accordance with Philippine law."

We do not propose to hide behind a technicality - we are not invoking the provisions of Executive Order No. 9011 of the President of the United States. We have made reference to these regulations because we desire to point out to you that in spite of the provisions in Executive Order No. 9011 which authorize us to



keep these vouchers in the Philippines, we will not keep them there, we have brought some here already and we are prepared to send for the rest of them. We are doing this because we feel that that is the best way we can get all the facts before you - we want you to know the whole truth - we feel that by your knowing all the facts, we can have a pretty fair idea of what your decision would be.

The relations between the American Government and the Philippine Government, between the American people and the Filipino people, have always been characterized by friendship and understanding, by fairness, by a mutual regard for each other's rights. There has never been an instance where a deliberate injustice has been done. Possibly, there may be isolated cases of unfairness, but if such things have ever happened, the fault must have been ours - we have not called your attention to them, we have not given you the facts. That is what we are trying to do today - to call your attention to the cases of the Cabignons and the Sacros. We are giving you all the facts because knowing all the facts, we have no doubt that your decision will be in accordance with law, in accordance with the principles of equity and justice. We have come to you because we have implicit faith in your sense of fairness and justice.

Washington, D.C.

January 27, 1955



PA-10  
EX

G O P I

**HEADQUARTERS  
PHILIPPINES RYUKYU COMMAND  
OFFICE OF THE DEPUTY COMMANDER & CHIEF OF STAFF**

APO 707  
30 June 1948

SUBJECT: Authority to Make Refund of Erroneous Deduction.

TO : The Chief of Staff  
Armed Forces of the Philippines  
Camp Murphy, Iloilo City

1. The letter of this headquarters to Chief of Staff, Armed Forces, Philippines, dated 30 June 1948, subject: "Advance of Funds from the Appropriation of Expenses, Army of the Philippines" for Fiscal Years 1942-1946" is hereby amended to authorize your Headquarters to make refund payments without processing or approval by Headquarters PHILRYCOM of erroneous deductions made from the back pay and allowances of former members of the Philippine Commonwealth Army while in the service of the Armed Forces of the United States.
2. The amount of \$905,000.00 is considered sufficient to settle and pay the deductions mentioned above. Your Headquarters is authorized to use up to this amount out of the sum of \$51,778,000.00 advanced to the Republic of the Philippines for the payment of amounts due on redeterminations approved by the appropriate agencies of the U.S. Army after 30 June 1948.

J. H. ANDERSON  
Major General, U.S. Army  
Deputy Commander and  
Chief of Staff

DECLASSIFIED  
Authority NND 883078

Incl 10<sup>3</sup>

(ANNEX 9)<sup>3</sup>



BASIC: Ltr fr CG, PHILCOM, to Chief of Staff, AFP, subj: "US Funds from Appropriations, "Expenses, Army of the Philippines," dtd 8 Aug 49

GSXD-C

2nd Ind

Headquarters, Philippines Command, APO 707, 14 October 1949

TO: Headquarters National Defense Forces, Camp Murphy, Quezon City

1. All phases of the agreement concerning the advance of \$93,778,000 from the Appropriation "Expenses Army of the Philippines" provide clearly for the return to the United States Treasurer of sums not paid to specific claimants, and the subsequent modifications and the extension of said agreement do not vary this clearly expressed provision. Therefore, this Command is unable to concur with the conclusions expressed in the first endorsement pertaining to alleged support in law and regulation for the action taken by the Chief, Finance Service, Headquarters National Defense Forces, in making payable to himself a sum estimated to cover erroneous deductions repayable to individual officers and men.

2. Except the trust fund specifically established for payments by the Judge Advocate General to heirs of deceased personnel, it was not contemplated by General Moore or his successor, nor is it now intended by this Command, that any part of the funds advanced shall be diverted to a special fund out of which payments may be made in the future to individual claimants subsequent to the restoration of the residue of the appropriation to the Treasurer of the United States.

3. It is noted that the limitation of \$903,000 established by the amendment of the basic agreement on 30 June 1948 remains in effect and that repayments of erroneous deductions to individual claimants are authorized to be made by your Headquarters up to this amount.

4. It is requested that the funds covered by the two (2) checks, Nos. 747584J and 747596J, totalling \$699,764.03, be returned to the Appropriation "Expenses, Army of the Philippines."

GEORGE D. SHEA  
Major General, US Army  
Commanding

DECLASSIFIED  
Authority NND 883078



2

HEADQUARTERS  
PHILIPPINES COMMAND  
UNITED STATES ARMY

GSX 120

AFD 707  
8 Aug 1949

SUBJECT: United States Funds from Appropriation "Expenses -  
Army of the Philippines

TO: Chief of Staff  
Armed Forces of the Philippines  
Camp Murphy, Quezon City  
Philippines

1. Reference is made to those funds heretofore advanced by the Government of the United States to the Philippine Army from the appropriation "Expenses - Army of the Philippines" and to the written agreement dated 30 June 1948, as amended.

2. Cited agreement, as amended, provides that subsequent to 30 June 1948, no disbursements shall be made by Philippine Army from these funds, except:

a. Claims in hands of Philippine Army on 30 June 1948 which had previously been approved by Headquarters PHILCOM.

b. Refund payments of erroneous deductions from back pay and allowances of former members of the Philippine Commonwealth Army while in the service of the Armed Forces of the United States.

c. Claims reconsidered, approved, and forwarded by Headquarters PHILCOM to your Headquarters during period 1 July 1948 through 30 June 1949.

d. Claims which may be approved by Headquarters PHILCOM subsequent to 30 June 1949, and forwarded prior to 1 December 1949 to Philippine Army for payment prior to 31 December 1949.

3. Agreement of 30 June 1948 further provides that your Headquarters would not "make payments for current pay, terminal date guerrilla pay, and other liberation pay" subsequent to 30 June 1948 without specific approval in each case by Headquarters PHILCOM.

4. During the course of the audit currently being made by PHILCOM auditors, of disbursements made by your Headquarters, it is

DECLASSIFIED  
Authority NND 883078



EA

GSX

SUBJECT: United States Funds from the Appropriation "Expenses -  
Army of the Philippines"

revealed that on 30 June 1949, your headquarters issued two (2) checks totalling approximately P700,000.00. From the information presently on hand, these disbursements do not appear to fall within the categories of disbursements which your Headquarters has been authorized to make.

5. It is, therefore, requested that full justification of expenditures be made, or the funds returned to their source.

FOR THE COMMANDING GENERAL:

/s/ James W. Hill  
/t/ JAMES W. HILL  
Lt. Col., AGD  
Adjutant General

C O P Y

- 2 -

DECLASSIFIED  
Authority NND 883078



C O P Y

BASIC: Ltr fr CG, PHILCOM, to Chief of Staff, AFP, subj: "US Funds from Appropriations, "Expenses, Army of the Philippines," dated 8 August 1949.

240 1st Ind  
HEADQUARTERS NATIONAL DEFENSE FORCES, Camp Murphy, Quezon City  
5 OCT 1949

TO: Commanding General  
Philippines Command, U. S. Army  
APO 707

1. In the course of analysis of accounts concerning funds advanced by the United States Army to the Armed Forces of the Philippines from US appropriations, "Expenses, Army of the Philippines," it was noted that there has been withheld from the pay of officers and men of the former Philippine Army various sums ostensibly in payment of accounts due from them. Subsequent study of the cause and nature of this deduction reveals that such deductions should not have been made in the first place, and that the money previously withheld should be refunded.

2. It will be recalled that before the new agreement allowing extension of further payments from these funds, your Headquarters and this Headquarters believed and intended that all payments will cease at midnight, 30 June 1949. To avoid reversion of funds to the Treasury of the United States which should properly be paid out to individual officers and men and considering that there was no material time to make individual refund, it was deemed proper that all these amounts be grouped in one voucher and a check covering the whole amount made payable to the Chief, Finance Service, who, at a latter date, will refund to the individuals concerned the amount shown in the supporting list. This Headquarters believes that the procedure adopted is not in violation of provisions of law and regulations concerning these funds. On the contrary, this procedure finds support and justification in the provisions of Appropriation Acts of the United States Congress ( Public Law 353, 77th Congress and other laws of identical provisions) and Executive Order No. 9011 of the President of the United States, dated 3 January 1942, which provide among other things, that disbursements from these funds "may be made without regard to the provisions of law regulating the expenditure of or accounting for funds of the United States," and that disbursements therefrom "will be accounted for on vouchers evidencing the amounts advanced or paid as reimbursement to the Government of the Commonwealth of the Philippines, but such vouchers

C O P Y

DECLASSIFIED  
Authority NND 883078



COPY

BASIC: Ltr fr CG, PHILCOB to Chief of Staff, AFP, subj: "US Funds from Appropriations, "Expenses, Army of the Philippines," dated 2 August 1949.

need not be supported by vouchers paid by the Disbursing Officers of the Army of the Philippines."

3. It is the opinion of this Headquarters that the two checks in the amount of approximately P700,000.00 are not disbursements in the sense that they are a charge against appropriations; rather, they are refunds of monies earned but withheld from officers and men. The pay from which this amount was deducted was the account that has previously been charged against appropriations.

4. While it is true that there is an agreed extension to allow disbursements from these funds up to 31 December 1949, this Headquarters believes that with the limited personnel and facilities on hand, the period available will not be sufficient to complete individual refunds to all persons concerned. The making of individual refund involves such a tremendous volume of work of preparing and approving vouchers and drawing checks for many thousands of officers and men, that it is feared the time left is too short to do all these.

5. In view of the foregoing observations, and with the belief that in drawing these two checks this Headquarters has substantially complied with the laws and regulations governing the disbursement and accounting of these funds, it is earnestly requested that grouping of refunds to officers and men in two vouchers covered by the two checks for eventual refund by the Chief, Finance Service, to persons concerned, be approved by that Headquarters.

/s/ M. N. Castaneda  
/t/ M. N. CASTANEDA  
Major General, AFP  
Chief of Staff

COPY

DECLASSIFIED  
Authority NNTD 883078



EXTRA

STATEMENT OF MR. QUINTERO ON ARMY CLAIM NO. 1c -  
"ERRONEOUS DEDUCTION ON ACCOUNT OF NATIONAL SERVICE LIFE INSURANCE PREMIUMS"  
(Supporting Documents - Exhibits Nos. 16, 17, 18, 19, 20 and 21)

I will now take up the next Army claim enumerated by Dr. Gamboa in his opening remarks - Claim No. 1c, entitled "Erroneous Deductions on Account of National Service Life Insurance Premiums".

We understand that under the several insurance laws passed by the United States Congress for the benefit of soldiers who fought for the United States in the two world wars, members of the USAFFE could avail of two kinds of insurance - the so-called "automatic insurance" and "contractual insurance". We are concerned here merely with the "contractual insurance" provided for in the National Service Insurance Act of 1940 (Public 801, 76th Congress). As you know, a member of the USAFFE had the choice of whether to apply for this insurance or not. If he desired to take this kind of insurance, he had to file a written application and he had to pay premiums, the amount of which depended upon the amount of his policy. If he took a policy of ₱10,000, he had to pay a premium <sup>based</sup> on ₱10,000; if he took a policy of ₱4,000, the monthly premium he had to pay would be based on ₱4,000, and so on. If he did not apply for this kind of insurance at all, he had no premiums to pay.

There were, many soldiers who did not apply for insurance under the National Service Life Insurance Act and who did not have any obligation to pay any premiums at all, but who nevertheless suffered a reduction in their arrears in pay corresponding to a policy of ₱10,000. There were others who applied for a policy of less than ₱10,000 but were nevertheless made to pay a premium on a policy of ₱10,000. How did this come about?

Let us imagine ourselves in the town of Mandaluyang, province of Rizal, where the Recovered Personnel Division - its American directing heads and the Filipino subordinate personnel, three thousand of them - were busy processing claims under the Missing Persons Act. They had to receive applications, conduct

Incl 1<sup>3</sup>

DECLASSIFIED  
Authority NNT 883078



investigations, ascertain whether this soldier has been inducted into the USAFFE, whether that soldier was imprisoned in Capas, the date of his release, whether he joined a guerrilla unit, whether this unit was recognized, and so on. They had to look into all these details, because they had to determine whether a particular claimant was entitled to arrears in pay under the Missing Persons Act, and if so, <sup>NO! FIN, PA</sup> how much. But let us remember that the Recovered Personnel Division was dealing, not with one hundred cases or one thousand cases - they had before them the gigantic task of processing claims of some 500,000 officers and men of the USAFFE and recognized guerrilla units. After they had determined the period during <sup>which</sup> each of these 500,000 officers and men should be paid, they had to ascertain how much each particular claimant should be paid. In determining the amount that each claimant was entitled to receive, the Recovered Personnel Division had to see to it that certain salary advances and insurance premiums the claimant had to pay, were deducted from his total arrears in pay.

Even in the case of insurance premiums alone, the RPD had before it the gigantic task of checking up who of the 500,000 men and officers applied for insurance under the National Service Insurance, how much each applied for, and what premiums had already been paid, and so on. This involved a tremendous task, considering specially that at that time they had no index cards; the records were not yet in very good shape. On the ~~other~~ <sup>one</sup> hand, we had these 500,000 men clamoring for immediate payment of their arrears in pay. On the other hand, we had the Recovered Personnel Division, undermanned and its employees just starting to acquire experience. The American officers in charge of the Division naturally desired to return to the United States as soon as they possibly ~~can~~ <sup>could.</sup> The war was over. There was a common desire on the part of both our governments to terminate the work of processing the claims and paying those entitled to payment. To go over the records of these 500,000 men under the circumstances then obtaining would have delayed payment.

IF ANNUAL  
NOTED  
CERTIFIED



What did the Recovered Personnel Division do under the circumstances? To enable immediate payment of arrears in pay without prejudicing the interests of the Government, a policy was adopted which, for want of a better term, I will call a "policy of presumption". They presumed that every one applied for contractual insurance under the National Life Service Insurance Act on the basis of \$10,000. Accordingly, the pay envelope of each and every soldier who received arrears in pay was minus an amount for premium payment on a policy of \$10,000. It was, of course, the understanding, when this indiscriminate deduction was done, that later on, when all the records have been compiled and organized and straightened out, proper adjustments and reimbursements would be made. It was the experience of those men in the Recovered Personnel Division that it would be easier and <sup>a</sup> much simpler task for the Government to reimburse a person a portion of his salary that had been withheld from him than for the Government to pay him his salary without deduction and later on attempt to compel him to return an overpayment made to him.

NO BASIS FOR THIS!

Let us now see what happened in certain concrete, specific cases.

Case of Jose A. Bacnis. - Mr. Bacnis was a Captain of the USAFFE. His claim for arrears in pay under the Missing Persons Act had been processed, and it was determined that for the period he was in the service of the USAFFE, he was entitled to \$11,872.17, basic pay and allowances. This is reflected in Voucher No. 11369 of Mr. Bacnis which, for purposes of identification, I will mark Exhibit 16. This voucher is a printed form - Philippine Army Form No. 1a - and contains a statement of the period during which the subject claimant was in the service of the USAFFE and the amount of salary and allowances he was entitled to during said period. In this Voucher of Mr. Bacnis, he appears to have been in the service of the USAFFE from December 8, 1941 to February 24, 1945, and his salary and allowances for the same period/ amounted to \$11,872.17.



But certain deductions had to be made. There is a column in this voucher with the heading: "Less (deductions)", and the following items appear in this column:

- "1. Overpayment for period
- "2. Advance chargeable to Arrears in Pay
- "3. Insurance premiums due NSLI
- "4. Emergency and guerrilla monies received."

Mr. Bacnis had deductions under all these four items totalling ₱2,087.74. This amount of ₱2,087.74 - the total deductions - was subtracted from his basic pay and allowances for the period in question - ₱11,872.17 - leaving ₱9,784.43, the amount Mr. Bacnis actually received as his full arrears in pay.

At this moment we are interested in the deduction under Item No. 3 which says: "3. Insurance premiums due NSLI, from 1 March 42 to June 46 . . . . ₱374.52." Had Mr. Bacnis applied for contractual insurance under the National Service Life Insurance Act, and if so, how much was his policy?

The records show that Mr. Bacnis first took a policy for ₱4,000, effective January, 1942. Then, in July of 1945, he took an additional policy of ₱6,000, thus increasing his policy from ₱4,000 to ₱10,000.

Now let us go back to Exhibit 16, which shows that the amount of ₱374.52 corresponding to his NSLI premiums from March 1945 to June 1946 was deducted from his arrears in pay. This deduction corresponds to the period when Mr. Bacnis was insured in the amount of ₱4,000. Mr. Bacnis may <sup>have</sup> looked at this figure of ₱374.52, and he may have divided it by 52 - the number of months from March 1, 1942 to June 30, 1945 - and he arrived at the figure ₱7.20, the premium per month that was deducted from his arrears in pay. Mr. Bacnis presumed that deduction to be correct. He was ~~right~~ <sup>such</sup> in the amount of ₱9,784.43, and he did not care to check up whether the "insignificant" amount of ₱7.20 was correct or not. Let us recall at this juncture that his insurance policy then was ₱4,000. After he increased his policy to ₱10,000 in July, 1945, he noted that the monthly deduction from his monthly salary was only ₱8.38. Captain Bacnis then began to doubt the correctness of the amount of ₱7.20 monthly that he was required to

DECLASSIFIED  
Authority NND 883078



pay when his insurance policy was in the amount of ₱4,000, considering that he was required to pay only ₱8.38 when he increased that policy to ₱10,000. He therefore wrote to the Insurance Section Finance Service, Armed Forces of the Philippines, expressing that doubt. His letter, dated September 14, 1948, is marked Exhibit No. 18.

*Records show ₱3000. - 1 Jan 48  
3000. - 1 Apr 48  
₱3000.*

The complaint of Captain Bacnis was looked into by the Finance Service, and it was found that an error had in reality been committed in deducting the amount of ₱374.52 from his arrears in pay when his policy was only in the amount of ₱4,000. It turned out that the amount of ₱374.52 was arrived at on the basis of an assumption that the policy of Captain Bacnis was ₱10,000. In truth, it was only ₱4,000. Proper rectification was made by the Finance Service - a letter was written to that effect by Colonel Gabriel Tomas, Acting Chief of the Finance Service, informing Captain Bacnis that the amount of ₱232.72 would be refunded to him. (Exhibit 19).

*EXCEPTED  
CORRECTION*

This is a case of an erroneous deduction made from the arrears in pay of a member of the USAFFE. He took a policy in the amount of ₱4,000 in the year 1942, but the premium he was required to pay was computed on the basis of a policy of ₱10,000.

*Cannot locate attached file because appear to be certain*

Case of Alfonso A. Dantes - Mr. Dantes was a Captain in the USAFFE. He did not apply for contractual insurance under the National Service Life Insurance Act, and he therefore had no obligation to pay any premiums. Nevertheless, they deducted the amount of ₱132.00 from his salaries of September, October, November and December, 1945, and his salaries for the months of January, February, March, April and May, 1946. The deduction was made on the assumption that he had taken a policy of ₱10,000 under the provisions of the National Service Life Insurance Act of 1940. When this error was found, a report was made by the Finance Service to the Auditor of the Armed Forces of the Philippines on May 30, 1949 (This is indicated in Exhibit No. 20) and on the same date Captain



Dantes was notified by the Finance Service, Armed Forces of the Philippines, that he was entitled to a refund of the amounts erroneously deducted from his salaries during the period in question. (Exhibit No. 21). After verification made by Philippine auditors, Captain Dantes was given a check dated June 2, 1949, in the amount of ₱132.00 as refund of the money erroneously deducted from his monthly salaries. (This is indicated in Exhibit No. 22).

It appears therefore that the Philippine Government has made the refund to Captain Dantes. The Philippine Government desires a reimbursement from the United States Government.

Washington, D.C.

27 January 1955



Ex 17

CLAIM FOR REFUND OF DEDUCTIONS MADE FOR  
CLOTHING ISSUE

This claim involves a simple problem. Members of the USAFFE, upon their return to military control, did not have adequate uniforms nor clothing. / Since there was no system of clothing replenishment from the fall of Bataan until their return to military control, these men were issued items of clothing which, even then, were considered inadequate as initial clothing issues. The amount equivalent to the value of clothing issued was eventually subtracted from the pay of each man.

Presented as evidence of two sample cases and marked Exhibits 45 and 46 are the pay vouchers and statement of charges of Teofilo G. Gasman and Ramiro Esalita, Jr. It will be noted that the amount of ₱25.02 was subtracted from the pay of Teofilo G. Gasman. His statement of charges shows that this amount is the money value of the clothing issued him. The case of Ramiro Esalita, Jr. is similar. The value of clothing issued him as shown in his statement of charges was ₱32.33. His pay voucher shows that this amount was subtracted from his pay.

The regulations governing the issue of uniform clothing to enlisted men are very specific. Such issues are gratuitous and controlled by a clothing allowance for each man. Filipino enlisted men of the USAFFE returned to military control without the necessary uniforms for their basic normal needs in the military service. Deducting from their pay the amount equivalent to the value of clothing issue to them upon their return to military control was erroneous.

The Philippine Government requests that all Filipino members of the USAFFE be reimbursed for this kind of deductions from their pay.

DECLASSIFIED  
Authority NNJ 883078

Incl 1<sup>2</sup> w/ 2 EXHIBITS

(EXH 45)  
(EXH 46)

Notes  
Collection  
M. J. P. in  
files

EX 45  
EX 46

See  
7  
file  
Rev  
do

file  
the



19

This case pertains to the refund of claims which were cancelled by the Adjutant General <sup>Records Repository</sup> Repository Division after such claims had been approved by the Recovered Personnel Division. Presented as evidence for our sample case and marked Exhibit 43 is the Settlement of Arrears in Pay Under the Missing Persons Act of Leopoldo Rinon. Attention is invited to the stamped marginal note. The accompanying Statement of Pay and Allowances of Leopoldo Rinon shows that his claim was left unpaid.

It will be noted that the marginal note states that no payment should be made unless it can be shown that the person concerned has received initial current pay while under the operational control of the 6th Army, AUS, and that no payment should be made if he received current pay in a grade lower than that shown therein. It further states that in either event the papers should be returned by indorsement thereon stating the reasons for which the claim was returned. The Auditor, Armed Forces of the Philippines, in his zealousness to protect government funds, returned all claims that did not have any record of payment in their office, without so much as considering the reasons why some military personnel did not have record of payment. Absence of record of payment in the files of the Auditor, AFP, could not be considered as conclusive evidence of non-payment at all. Such absence could be due to any of the following factors:

(1) Records of disbursements in the field had not been fully indexed or completed.

(2) During the time that the pay data card was needed for payment of arrears in pay, it was being utilized by other divisions for checking and recording of pay and allowances.

(3) The possibility of records being misfiled was very strong as there were hundreds of thousands of pay data cards

INCL # 1<sup>2</sup> w 1 EXH

being handled

DECLASSIFIED  
Authority NND 883078



being handled at the time. For lack of supplies and equipment, pay data cards were done in mimeograph forms only.

(4) Typhoon "Jean" in 1947 caused the loss of some of these records of payment.

Now that the records of disbursements in the field have been fully indexed, it has been ascertained that many of the payees of these cancelled claims have records of liberation or initial current pay, thereby satisfying the strict requirement that current pay should have been received before back pay checks are delivered.

Furthermore, it is submitted that when a member of the USAFFE was processed and reprocessed by the Recovered Personnel Division, US Army, all factors were already considered and that if the Recovered Personnel Division found that such member of the USAFFE was entitled to arrears in pay, there seemed to be no valid reason why his claim should be cancelled by another agency as has been done.

The Philippine Government, therefore, requests that the claims of the USAFFE men which were originally approved by the Recovered Personnel Division and later cancelled by the Adjutant General Repository Division be paid.



(71)

1. k  
Exhibit missing

NON PAYMENT OF ARREARS IN PAY TO VETERANS SUSPENDED FROM DUTY BECAUSE OF CRIMINAL CHARGES

After the liberation of the Philippines, criminal charges were filed in civil and military courts against a number of Filipino members of the USAFFE. Under Philippine laws, one under criminal prosecution in court is temporarily suspended from duty and from receiving his pay pending the result of his case. In the event that he is acquitted, he is allowed to receive all pay due him or which became due to him during the period of his suspension. Many Filipino members of the USAFFE were suspended from duty as a result of criminal charges being filed against them. In numerous instances, however, the accused veterans were subsequently cleared of the criminal charges filed against them or their cases were dismissed. After they were cleared of the charges against them, they were not paid their arrears in pay because the Finance Service was precluded from giving them such pay after December 31, 1949, the deadline specified in the Shear-Castaneda agreement. In fact, many veterans were cleared of criminal charges only after this date.

Submitted herewith as sample cases and marked Exhibit 44 is a partial list of 14 military personnel which was taken from the records of the Adjutant General Service. This list shows that the veterans named therein were suspended from duty and later cleared of the criminal charges filed against them. They were not able to receive their arrears in pay.

The Philippine Government contends that since these persons have been cleared of all criminal charges, they should be paid their arrears in pay corresponding to the period of suspension.

No auth to  
approve funds  
Subsequent to  
approval of  
Appropriation  
Act of 30  
June 48.

Approved  
24 Nov 49  
31 Dec 49

DECLASSIFIED  
Authority NND 883078

Incl 12



Ext Ra

(11)

REFUND OF DEDUCTIONS MADE FROM THE PAYMENTS  
IN PAY OF MILITARY PERSONNEL WHO FAILED TO  
REPORT TO MILITARY CONTROL ON OR BEFORE  
AUGUST 15, 1945

This claim pertains to deductions made from arrears in pay of military personnel arising from a circular issued by Headquarters Philippine Army in 1944 with the avowed purpose of protecting government interests. The circular required military personnel to report to military control before August 15, 1945. Pay and allowances to personnel reporting after that date would be withheld until it could be ascertained that their absence from military control was justified. Absentee Boards were created to inquire into the cause for the absence of officers and enlisted men concerned. It may be stated here that hostilities in the Philippines lasted until the formal cessation of hostilities with Japan on August 6, 1945. Processing teams which formally recovered military personnel to the military control did not reach remote areas until much later and in fact processing continued into 1946. Many officers and enlisted men, therefore, could not be formally returned to military control before August 15, 1945 for reasons other than personal negligence on their part. Some were actually with a recognized guerrilla unit actively engaged with the enemy and could not report to a Replacement Center for formal processing until after August 15, 1945. In many cases, the absentee boards found that the delay was unavoidable due to distance, inadequate or total absence of transportation facilities, and ailments. Regardless of the findings of the absentee boards, deductions were made from their pay.

The Philippine Army circular in effect only made it clear that disbursements of pay and allowances to personnel after August 15, 1945 were made to personnel on active service status and entitled to such pay and allowances.

INCL 1<sup>2</sup> W/ 2 EXHIBITS



cases where it was subsequently determined that return to military control after August 15, 1945 was justified, reimbursement of deductions made in their arrears in pay was paid. However, in view of the Shea-Castaneda agreement on July 11, 1949 terminating disbursement from the appropriation of "expenses, Army of the Philippines" by December 1949, reimbursement for this type of deductions after December 1949 could not be made.

Presented herewith is a voucher of First Lieutenant Valeriana H. Nicholas marked (Exhibit 41) which shows that because of a voucher per circular No. 59 series of 1945, a deduction was made from her arrears in pay in the amount of P1,645.14 representing pay from the period August 16, 1945 to January 13, 1946. This deduction has never been reimbursed to said officer. Another illustrative case is that of Private First Class Jose B. Obillado whose voucher is presented herewith marked (Exhibit 42). It shows that subject enlisted man suffered a deduction from his arrears in pay in the amount of P18,229 representing pay and allowances to said enlisted man from August 16, 1945 to June 30, 1946. Subject enlisted man has not been reimbursed this deduction.

The Philippine Government, therefore, requests that members of the USAFRR who failed to report to military control before August 16, 1945 but who subsequently were cleared by the Absentee Boards be reimbursed for the deductions mentioned above.



EXTRA

UNPAID QUARTERS ALLOWANCE

This claim pertains to the unpaid quarters allowance of officers and enlisted men for the period they were entitled to pay and allowances. Presented herewith (marked Exhibit 1) is a copy of the Executive Order promulgated by President Manuel L. Quezon on March 19, 1942 fixing the pay and quarters allowances of officers and enlisted men effective March 15, 1942 and extending for the duration of the war and six months thereafter unless sooner terminated by competent authority."

Prior to President Quezon's executive order mentioned above, the Philippine Army officers and men were paid quarters allowance in the following manner. Regardless whether they were married or unmarried, officers were paid quarters allowance according as to whether they lived in Manila or in the provinces, provided they were not furnished government quarters. In the case of enlisted men, the area of assignment was immaterial and the only criterion for payment of quarters allowance for enlisted men was whether they were quartered in barracks or not. As a general rule, married enlisted men were authorized to live outside the camp. In cases where housing was inadequate, bachelor enlisted men were also authorized to live outside the camp and to claim quarters allowance.

When President Quezon issued his executive order he abolished in effect differentiation of quarters allowance as to area. It is contended that dugouts and trenches, rough temporary huts or tents are not adequate quarters for officers and enlisted men. As such they are entitled to the quarters allowance specified in President Quezon's executive order. If such officers and men after their

release from

20013



allowance officers had was quarters allowance.

Presented herewith is the voucher of 2nd Lieutenant Victorino A. Pinto (marked Exhibit 39) and Captain Josue C. Placido (marked Exhibit 40) both of which show that quarters allowance was not paid in any amount. These are sample cases documenting our claim.



HEADQUARTERS ~~OF~~ THE PHILIPPINES  
 FINANCE SERVICE  
 CAMP MURPHY, QUEZON CITY

Re Claim No.

AP 3010 -18

VOUCHER No.

23 Oct '47

Pursuant to determination made and authority of CG, PHILRYCOM, dated \_\_\_\_\_ payment in the amount of pesos ~~P4,822.97~~ as final settlement of pay and allowances of the following named individual is hereby made. **4141.01**

STATEMENT OF PAY AND ALLOWANCES

PERIOD COVERED	AUTHORIZED MONTHLY		B.P.	Q.A.	TOTAL
	B.P.	Q.A.			
Feb 10 - 31 Dec 41	17.00		13.06		1206
1 Jan 42 Jan 42	17.00		17.00		17.00
1 Feb 42 30 Jun 42	22.00		110.00		110.00
1 Jul 42 Dec 42	27.00		222.00		222.00
1 - 15 Jan 43	27.00		14.22		14.22
15 Jan 43 Apr 43	----- H. O. S. -----				
1 Apr 43 Jun 43	27.00		111.00		111.00
1 Jul 43 31 Jul 43	70.00		70.00		70.00
1 Aug 43 31 Dec 43	200.00		1000.00		1000.00
1 Jan 44 Oct 44	200.00		2000.00		2000.00
1 Nov 44 30 Nov 44	200.00		66.67		66.67
1 Dec 44 31 Dec 44	200.00		141.67		141.67
1 Jan 45 31 Jul 45	200.00		200.00		200.00
1 Aug 45 31 Dec 45	200.00		177.42		177.42
<b>TOTALS</b>			<b>P 5,963.14</b>		<b>P 5,963.14</b>

Philippine Army rates: Ex. Or., 10 Mar '42 (Phil): \_\_\_\_\_ married on \_\_\_\_\_  
 AMOUNT DUE: **P 5,963.14**  
 Base pay \_\_\_\_\_  
 Quarters allowance \_\_\_\_\_  
 TOTAL **P 5,963.14**  
 Less: (Deductions)  
 1. Overpayment for period **4/10 - 31 Dec 41** **12.00**  
 2. Advances chargeable to Apprais in Pay **111.00**  
 3. Insurance premiums **1044.08**  
 4. Emergency and guerrilla monies received **1,821.13**  
 5. \_\_\_\_\_  
**4141.01**

AMOUNT DUE **4 December 1947**  
 APPROVED \_\_\_\_\_  
 FOR THE CHIEF OF STAFF  
**B. JARDELEZA**  
 Colonel, F.S.  
 Chief of Finance  
 By: **CARLOS C. REYES**  
 Chief, Claims Division  
 Finance Service, HPA

Check No. \_\_\_\_\_  
 Date \_\_\_\_\_  
 Delivered Mailed \_\_\_\_\_  
 Mailed to \_\_\_\_\_  
 Address \_\_\_\_\_  
 USAFFE \_\_\_\_\_  
 YOU, No. \_\_\_\_\_  
 Residence Certificate No. \_\_\_\_\_  
 202

DECLASSIFIED  
 Authority **NWD 883078**



HEADQUARTERS ARMY OF THE PHILIPPINES  
FINANCE SERVICE  
CAMP MURPHY, QUEZON CITY

AP 30 70 - 16

VOUCHER No

Pursuant to determination made and authority of CG, PHILRYCOM, dated 21 Oct '47 payment in the amount of pesos ~~6,299.38~~ <sup>5,248.38</sup> as final settlement of pay and allowances of the following named individual is hereby made.

STATEMENT OF PAY AND ALLOWANCES

JOSUE C. PLACINO  
Laoban, Quezon  
(Name)

Capt (Rank Br. of Serv.)

0-42670 (ASN)

PERIOD COVERED	AUTHORIZED MONTHLY		B.P.	Q.A.	TOTAL
	B.P.	Q.A.			
(3rd Lt)					
8-31 Dec 41	150.00		116.13		116.13
1 Jan - 30 Apr 42	150.00		600.00		600.00
1 - 14 May 42	150.00		67.74		67.74
HCS - - 15 May 42 - 30 Aug 42 - -					
31 Aug 42	200.00		6.45		6.45
1 Sep - 31 Dec 42	200.00		800.00		800.00
1 Jan - 31 Dec 43	200.00		2400.00		2400.00
1 Jan - 31 Dec 44	200.00		2400.00		2400.00
1 Jan - 30 Apr 45	200.00		800.00		800.00
1 - 22 May 45	200.00		141.94		141.94
(Capt)					
23 - 31 May 45	400.00		116.13		116.13
1 Jun - 31 Jul 45	400.00		800.00		800.00
1 - 14 Aug 45	400.00		180.65		180.65
TOTALS			8,429.04		8,429.04

Philippine Army rates: Ex. Or., 10 Mar 42 (Phil) \* married on

AMOUNT DUE:

Base pay

Quarters allowance

TOTAL

8,429.04

Less: (Deductions)

1. Overpayment for period M/R (Phucy) 21 May 42

2. Advances chargeable to Arrears in Pay

3. Insurance premiums due (NSLI

from

4. Emergency and guerrilla monies received

AMOUNT DUE

26 Nov '47

593.55  
~~598.91~~  
 60.00  
 1,987.78  
 1,096.75  
 2290.33  
 3,180.66  
~~5,248.38~~  
 5,248.38  
 6138.71

408 AB  
14-12

/pgc

B JARDELEZA

BY: [Signature]

Chief Claims Division  
Finance Service, HPA

DECLASSIFIED  
Authority NWD 883078

EXHIBIT 40



EXTRA

"ERRONEOUS DEDUCTIONS FROM SOLDIERS' ARREARS  
IN PAY ON ACCOUNT OF GUERRILLA NOTES RECEIVED  
BY THEM DURING THE JAPANESE OCCUPATION"

This is an explanation of the Philippine Government claim numbered 1(e), to wit, "Erroneous deductions from soldiers' arrears in pay on account of guerrilla notes received by them during the Japanese occupation."

When the United States Armed Forces returned to the Philippines, machinery was immediately set in motion to return all living Filipino and American members of the USAFFE in liberated areas to the military control of the United States Armed Forces. The same procedure was also followed in placing members of recognized guerrilla units under military control. Processing teams were set up to accomplish this. Part of the processing consisted in filling out a duly subscribed form wherein officers and enlisted men aside from making an up-to-date personal military history dating back from the time he was missing in action, also declared all monies they **received to** include Emergency or Guerrilla notes that may have been given to them.

Distinct and separate from the processing papers, Filipino disbursing officers of guerrilla units also submitted to the Chief, Finance Service of the Philippine Army, a statement of all disbursements made to individuals including Emergency or Guerrilla notes disbursed.

In the determination of arrears in pay of officers and enlisted men, Emergency or Guerrilla notes received as reported in processing papers, were deducted at par from the total amounts due these officers and enlisted men. In some case, moreover, amounts of Emergency or Guerrilla notes reported by disbursing officers as having been paid these men were also deducted separately from the total

Incl. 3



amounts due. The double deduction that resulted was due to an action of the Philippine Army Auditor in protecting the interest of the Government as he was not sure at the time the deduction was made whether it was in fact a double deduction.

The specific case of First Lieutenant Narciso E Ragay is hereby presented as an illustration of this claim. As per statement of pay and allowances (marked Exhibit 30), Lt Ragay received as his arrears in pay the amount of ₱1,392.14 after ₱1,354.33 representing Emergency or Guerrilla money was deducted from his arrears in pay and ₱1,523.00 representing an amount reported in the statement of charges. After receiving his arrears in pay, Lt Ragay requested for reimbursement in the amount of ₱1,354.33 (marked Exhibit 31), claiming that this was a double deduction as the aforementioned amount was included in, and part of the ₱1,523.00 of the Statement of Charges which was also deducted from his arrears in pay. Submitted herewith are letters of Major Romeo Intengan (marked Exhibit 32) and First Lieutenant Angel B Campoy (marked Exhibit 33) which shows that this was in fact what happened in the case of the computation in arrears in pay of Lt Ragay. The validity of the claim for reimbursement having been established, the auditor of the Philippine Army authorized the payment to Lt Ragay in the amount of ₱1,354.33 and accordingly, Lt Ragay was paid this amount by Check No. 365457 dated May 30, 1949 (marked Exhibit 34). It is clear that this amount being rightfully due to Lt Ragay as part of his arrears in pay constitutes an obligation of the United States Government, and since the Philippine Government was already paid this obligation it now claims reimbursement from the United States Government.

Another illustrative example is given to the case of Lt Ragay



is that of First Lieutenant Laurano B Pao. As shown by the statement of pay and allowances, Lt Pao was paid the amount of ₱1,352.78 as his arrears in pay after having suffered deductions in the amount of ₱1,573.74 representing Emergency or Guerrilla monies received and also ₱1,099.66 as charges collectible per memorandum receipt transmitted by Lt Colonel Intengan to the Chief, Finance Service in his letter dated September 29, 1949 (marked Exhibit 35). The letters of Major Intengan (marked Exhibit 36) and First Lieutenant Angel B Campoy (marked Exhibit 37) submitted herewith show that the amount of ₱1,099.66 was included in, and part of the amount of the ₱1,573.74 which represented all the Emergency or Guerrilla notes received by Lt Pao. As shown in the case of Lt Ragay, Lt Pao was paid the amount of ₱1,099.00 Check No. 811153 dated May 3, 1949 (marked Exhibit 38).

The Philippine Government claims reimbursement for this amount. The cases presented herewith as representative cases on this particular claim of the Philippine Government show that Emergency or guerrilla notes received by officers and enlisted men were deducted from their arrears in pay on the basis of one peso to one guerrilla peso. The guerrilla notes at the time they were issued, however, did not have as much value as the peso and in fact these notes were not redeemed at par value. Moreover, in the case of the Philippine Leyte Forces under Colonel Ruperto Kangleon, Emergency or Guerrilla notes given to officers and men were considered operational expenses of the unit and were not deducted from their arrears in pay and this procedure was approved by the United States Government.

In the case of single deductions made for arrears in pay from officers and enlisted men on the basis of one

Philippine peso to one Guerrilla peso, it is



contended that such deductions should be adjusted. In the light of circumstances existing at the time these Guerrilla notes were used by the officers and men, it is undoubted that this guerrilla money did not have the value or the purchasing power of the genuine peso. In the first place, possession by any civilian of this money was tantamount to a sentence of death, if apprehended by the Japanese. Secondly, this money was limited in circulation to the relatively limited area under the control of the guerrillas. As such, its purchasing power was very low. As among the different areas under the various guerrilla commanders, it was not even legal tender in some of the free areas. To deduct arrears in pay of officers and enlisted men to the full amount of the genuine Philippine peso is tantamount to penalizing these men. In justice and equity, such accounts should be adjusted accordingly.



EX-100  
16

STATEMENT OF MR. QUIRO  
ON ARMY CLAIM NO. 1b,  
"EXPENSES OF THE RECOVERED PERSONNEL  
DIVISION". (Supporting Document - Exhibit No. 15)

During our first meeting on January 14, 1955, I took up the first of our military claims - the claim under Executive Order No. 22 of President Osmena, identified by the Chairman of our Committee, Dr. Gamboa, as Claim No. 1(a) in his opening remarks. That claim, as I stated then, has not been taken up by any agency of the Republic of the Philippines with any agency of the United States Government.

The claim which I will take up this afternoon and which my colleague, Captain Albert, will take up in the future, are in a different class - different in the sense that they have already been the subject of an exchange of notes between the Department of Foreign Affairs and the United States Embassy in Manila, and between the Philippine Embassy in Washington and the Department of State.

A few conferences were also held in connection with these claims between officials of our two governments. On January 16, 1950, a conference was held in the Office of Undersecretary Felino Neri in Manila. Present at this conference were General H. M. Turner, Commanding Philippines Command (Air Force) and several members of his staff, Counselor Eugene Clay of the United States Embassy at Manila, and on the Philippine side, General Mariano Castaneda, Chief of Staff, Armed Forces of the Philippines, with several members of his staff, Undersecretary Neri and myself. On July 7, 1950, a meeting was held at the Pentagon, in which the United States was represented by Colonel E. K. Shultz of the Office of the Army Comptroller, and Colonel Irvin Schindler, Chief, Claims Division, Office of the Judge Advocate General, Department of the Army. The Philippine Government was represented at this meeting by Dr. Gamboa, Colonel Salientes, Colonel Camins and myself. A week later - on July 12, 1950 - a second conference was held, this time at the State Department, in which were present Colonel E. K. Shultz of the office of the Army Comptroller, Mr. Ralph Hirshtritt of the Treasury Department,



Mr. Richard Ely and Mr. Eugene Clay, both of the State Department. On the Philippine side, the officials who attended the first conference at the Pentagon on July 5, 1950, were the same ones who attended the second conference on July 12, 1950.

I made reference to the exchange of notes between our two Governments and to the three conferences held before, one in Manila and two in Washington, because we want you to know that we are not unmindful of the consideration that has previously been given by the United States Government to our claims. At the moment, I have in mind what Assistant Secretary of State Walter S. Robertson said in a letter he wrote to Senator Jose P. Laurel, Chairman of the Philippine Economic Mission to the United States, which as you know, is the agency of my Government taking up our claims with the United States Government. Our group here is a part of the Philippine Economic Mission headed by Senator Laurel. In reply to a letter that Senator Laurel addressed to Secretary of State Dulles, asking that his Mission be given the opportunity to present evidence to prove our claims, Mr. Robertson, among other things, said:

"I would like to emphasize that while my Government is always willing to consider any points which your Government may wish to raise, I cannot undertake to anticipate that the United States will be able to alter decisions on those matters which have previously been taken after full and sympathetic examination."

We have particularly noted the words "full and sympathetic examination". Gentlemen, the position of my Government is this: The examination has been sympathetic but not full.

We say that it has not been full because previous to this date, we have not had the opportunity to present to you direct evidence or proof of our claims. This we propose to do now. Indeed, the notes that the Department of Foreign Affairs had addressed to your Embassy in Manila, and the notes which the Philippine Embassy in Washington have sent to the Department of State contained mere outlines or very brief descriptions of our claims. They did not



Government then needed. These negotiations culminated in the signing of the Romulo-Snyder Loan Agreement on November 6 of the same year in which a new accord was arrived at with respect to the return of the USAFFE funds in the hands of the Philippine Army. The Romulo-Snyder Loan Agreement of 1950 novated the Moore-Jalandoni Agreement of 1948, as modified by the Shea-Castaneda Agreement of 1949. The return of the funds to the United States Treasury, which was the main question at issue during our conferences in July 5 and July 12 was settled by the provision in the Romulo-Snyder Loan Agreement which required the return of said funds to the United States Government in ten annual installments. With respect to the financial claims of the Philippine Army, the Romulo-Snyder Loan Agreement provided as follows:

"It is understood and agreed by the parties hereto that the acceptance of this agreement by the Government of the Republic of the Philippines shall not be construed as a waiver of the rights to negotiate with the Government of the United States for the settlement of any pending claims which may be outstanding as of the effective date of this agreement."

It is in pursuance of the provisions of the Romulo-Snyder Agreement I have referred to and in accordance with the treaties, and laws that the Chairman of our Committee, Dr. Gamboa, cited in his opening statement on January 14, 1955, that the Philippine Economic Mission has sought to have the present negotiations.

I will now take up the military claim, identified by Dr. Gamboa as Claim 1(b) in his opening remarks - the Expenses of the Recovered Personnel Division.

The Recovered Personnel Division was an agency of the United States Government. It was created with the approval of the Commanding General AFWESPAC who succeeded the Commanding General USAFFE. The directing heads of the Recovered Personnel Division were Americans, officers of the United States Army. The personnel consisted mainly of Filipinos, a number of whom were members of



the Philippine Army, but the great majority were civilians. The Filipino personnel consisted of investigators, adjudicators, accountants, audit clerks, mailing clerks, stenographers, typists, and so on. The Filipino personnel of the Recovered Personnel Division were recruited by the Philippine Army but they were assigned to the Recovered Personnel Division and worked full time for the United States Army. The salaries of the Filipino personnel of the Recovered Personnel Division were paid from Philippine Government funds but it was the understanding, when such Filipino personnel were assigned to work for the Division, that their salaries and all official expenses would be shouldered by the United States Government.

What work did the Filipino personnel of the Recovered Personnel Division perform? Their work was in connection with the "adjudication, audit and payment of claims" of members of the USAFFE and their heirs. They did all the investigating and clerical work in connection with the implementation of the Missing Persons Act. As you know, this Act was enacted by the United States Congress to provide payment of salaries and allowances to American and Filipino troops who during the Second World War were in a neutral country, captured by the enemy, beleaguered or besieged. Processing and investigating teams were created in the Recovered Personnel Division to process and investigate former members of the USAFFE who had filed claims under the Missing Persons Act. These men prepared reports based on their findings in the field. The clerks, stenographers and typists did the office work. The auditing clerks checked up vouchers of expenses submitted by claimants. The approved claims were paid from United States Government funds. The mailing clerks took charge of sending out the thousands and thousands of letters that emanated from the Recovered Personnel Division. The records clerks kept records of all the claims and letters sent to the Recovered Personnel Division, all the reports submitted by the investigators and adjudicators, and all the letters sent out by the Division. These records were not



records of the Philippine Government. They were records of your Government. If we go down to St. Louis today, we will see hundreds and hundreds of bound volumes of important documents - the records produced by the Recovered Personnel Division which were later on taken over by the Adjutant General Records Depository (the AGRD). These records are United States Government records - the result of the work of the Filipino adjudicators, the clerks and typists. These people did work for the United States Government. It is but fair that the United States Government pay their salaries and other legitimate expenses.

Indeed, the validity of our claim under this item has already been recognized by an authorized representative of the United States Government, General H. M. Turner, Commanding, Philippines Command. I will now present a certified copy of a letter (I have marked it "Exhibit No. 15" - the first fourteen exhibits were submitted in connection with our Claim 1a). This letter was written by General Turner to the Chief of Staff, Armed Forces of the Philippines, on December 29, 1949. The letter contains four paragraphs. The first paragraph is a request that the Philippine Army live up to the commitment made by General Jalandoni and General Castaneda that the balance of the USAFFE funds in their hands be returned to the Treasurer of the United States on December 31, 1949. The second paragraph turns down the request of the Philippine Army for a postponement of the return of the funds pending settlement of certain claims. These are the last two paragraphs;

"3. As the final audit figures are not now available, it is requested that the sum of ₱50,000,000 be returned now to the Treasurer of the United States.

"4. After reimbursement of ₱50,000,000, the balance



United States Army had been apprised of those preliminary figures in inter-army communications. The Philippine Army had in the meantime billed the United States Army in the amount of some ₱6,000,000 - for expenses in the "adjudication, audit and payment of claims". Philippine Army officials moreover informed United States Army officials that in addition to the ₱6,000,000 (I am using round figures) already billed to the United States Army representing the expenses of the Recovered Personnel Division, there were other expenses of the same Division not yet billed, which would raise the amount to approximately ₱10,000,000. The Philippine Army was requesting that they be given more time to submit vouchers of expenses of the Recovered Personnel Division; that is one of the reasons behind their request they should not be compelled to return the balance on December 31, 1949.

Now, let us get our figures straight. Out of the balance of ₱93,000,000 (let us use round figures) advanced to General Jalandoni on June 30, 1949, there was an estimated balance of ₱61,000,000 to be returned on December 31, of that year. The Philippines had actually billed the United States Army ₱6,000,000 for expenses of the "adjudication, audit and payment of claims" - and expected this amount to reach ₱10,000,000 once they had all the supporting papers gathered. These were the figures in General Turner's mind when he wrote this letter I have marked Exhibit 15 - ₱61,000,000 balance, ₱10,000,000 expenses. We have now a clear picture of the background for his request that ₱50,000,000 be returned to the United States Treasury. In other words, this is what General Turner agreed: You say the balance you are to return to me amounts to ₱61,000,000. You have incurred expenses for adjudication, audit and payment of claims" under the Missing Persons Act amounting to ₱10,000,000. Well, you do not have to return all of the ₱61,000,000. Return ₱50,000,000, and the balance of ₱11,000,000 now in your hands should be more than adequate to pay the expenses of the Recovered Personnel Division which you say amount to ₱10,000,000.



The situation was made doubly clear during the conference in the office of Undersecretary Neri in Manila on January 16, 1950, I have referred to above. I was privileged to be present at this conference as a representative of the Department of Foreign Affairs together with Undersecretary Neri, and I remember very well what General Turner and those of his staff said in connection with the General's letter of December 29, 1949. When the conference was held on January 16, 1950, the balance of \$61,000,000 had not been returned to the United States Treasury, in spite of the fact that the deadline for said return had already passed, December 31, 1949, but the representatives of the United States Government present in that conference of January 16, 1950 still stood behind the statement of General Turner in his letter of December 29 which admitted that the expenses of the Recovered Personnel Division are a valid claim against the funds in question.

Our request is that the commitment made by the authorized representative of the United States Government in his letter of December 29, 1949 - Exhibit No. 15 - be now implemented.

Washington, D.C.

January 27, 1955



DECLASSIFIED  
Authority NND 883078

~~CONFIDENTIAL~~

SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President of The Philippines Sated 28 October 1944

Refer AGRC-R particularly made to Legal Opinion Relating to Executive Order Nr 22, President of The Philippines dated 28 October 1944

The Judge Advocate General TAG

In view of the foregoing, the following points of law and legal review and opinion are presented: Mr. Belnap/71984

1. Reference is made to the attached seventeen (17) inclosures which document presentation of facts relating to this claim.
2. Early in 1942, attempts were made by General MacArthur and President Quezon to secure the same rates of pay for members of the Philippine Army as were received by members of the United States Army. Under authority of Section 90, National Defense Act and the Emergency Powers Law of 1941 (Philippine Commonwealth), President Quezon by Executive Order of 10 March 1942 raised the rates of pay for Philippine officer personnel to correspond exactly to that received by officers of the United States Army and raised the pay of the Philippine enlisted personnel to correspond exactly to that received by Philippine Scout enlisted men. On 19 March 1942 a recommendation for the enactment of legislation to effect an equal pay scale was submitted by the War Department to the Chairman of the Senate Committee on Military Affairs. This resulted in the passage by the Senate of S-2387 on 30 March 1942; however, this legislation was not enacted by the House of Representatives and the 77th Congress adjourned without final favorable action on this legislation.
3. The rates of pay under the Executive Order of 10 March 1942 could not be effective 15 March 1942 as indicated therein, in view of the restrictive language of Public Law 353, 77th Congress, which prohibited payment from this appropriation in excess of pay and allowances authorized by Philippine law, executive order and regulations in effect 1 November 1941. In the subsequent appropriation acts this restrictive language does not appear. The new rates of pay as prescribed by President Quezon were paid from 1 July 1942. Since this rate corresponded to the existing rate of pay for the Philippine Scouts, there appears to have been no legal objections to its approval. It should not be assumed that the new pay rate was adopted 1 July 1942 without War Department approval. On the contrary, such pay rate was announced by Finance Bulletin Nr. 136, Office of the Chief of Finance, Washington, D. C. dated November 24, 1942. It should be noted that the old rate of pay was announced by Finance Bulletin Nr. 104, Office of Chief of Finance, Washington, D. C. dated September 3, 1942.
4. As regards Executive Order Nr 22 issued by President Osmena on 28 October 1944, it is clear that action of the President of the Philippines to obligate expenditures of funds not provided for in the military budget, or as a necessary expense to the prosecution of operations of the war, was not concurred in by the Secretary of War, budget officials and Congressional leaders. Payment by Finance Officers from United States funds was held in abeyance. The War Department Radio from Secretary Stimson dated 29 December 1944, received 2 January 1945 by General MacArthur, indicates the action desired by the War Department. The response thereto by General MacArthur to the Secretary of War in Radio UA 62256 in conjunction with the results of General Livesay's interview with General MacArthur on 5 November 1946, leaves little basis to assume that Executive Order Nr 22 was not for all practical purposes rescinded and without effect in regards to computation of salaries due personnel of the Philippine Army being paid or to be paid from funds appropriated by the U. S. Congress.

~~CONFIDENTIAL~~

FOR OFFICIAL USE ONLY



~~CONFIDENTIAL~~

AGRC-R  
SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President  
of The Philippines dated 28 October 1944

Reference is particularly made to Incl Nr 13 which is a chronology of events relating to Executive Order Nr 22.

5. In view of the foregoing, the following points of law and question requiring legal review and opinion are presented:

a. The basic legal question arising under the presentation of the claim by the Philippine Economic Mission is:

(1) Is the United States Government obligated to payments in the rates as prescribed in Executive Order Nr 22, issued by the President of the Philippines?

b. The specific questions by the Philippine Economic Mission and other related questions are:

(1) Why should the United States Government pay expenses of the Philippine Commonwealth Army during the Second World War? As phrased, this question requires no reply, since payment of expenses of the Army of the Philippines has been provided for by Executive Order of the U. S. President and Acts of Congress. However, the Mission has indicated in the presentation of this question that the rate of pay for the National Guard of the Philippines called into the service of the United States during World War I (1918), was as provided for the members of the Regular Army. This is only partially correct. Rates were prescribed at not to exceed those existing for members of the Philippine Scouts. Philippine Scouts were members of the Regular Army. Further, it appears that the provisions of Public Law 97 were considered applicable at the time of issuance of the Executive Order of President Quezon 10 March 1942, even though The Judge Advocate General, United States, had rendered an opinion (Opinion 093) 11 September 1941, which held that Public Law 97 was no longer applicable. Rates in that order do not exceed those of the Philippine Scouts.

(2) Who had the authority to fix the salaries of personnel of the Philippine Commonwealth Army while said Army was in the service of the United States? There does not seem to be any question about the right of the President of the Philippines to fix the rates of pay and allowances of members of the Philippine Army. Provisions for this action are contained in Section 90, Commonwealth Act Nr 1 and in the Emergency Powers Law of the Commonwealth Government. However, the right of obligating the Government of the United States to enormous sums of monies to carry out the provisions of such executive orders is not believed inherent in any Act of the Philippine Executive or Congress. In regard to this same question, it is requested that a review be made of the provisions of Public Law 97, 65th U. S. Congress and Section 2. (a) (12) and Section 15 of Public Law 127, 73rd U. S. Congress. It may be that a fundamental change in the character of the Philippine forces occurred; however, it is not self apparent in the Philippine Independence Act (Public Law 127).

Public Law 97:

"The Militia and other locally created armed forces in the

SECRET  
DECLASSIFIED  
7 FEB 1958  
ORDER SER ARMY  
BYTAG/SU  
RESTRICTED

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

AGRC-R

SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President of The Philippines dated 28 October 1944

Philippines may be called into the service of . . . . ."

Public Law 127:

" . . . . . Upon order of the President, to call into the service of such Armed Forces all military forces organized by the Philippine government".

(a) Is it proper to consider that Public Law 127 embraces all military forces without regard to the specific category?

(b) Does Public Law 127 repeal or amend Public Law 97 (Reference Section 15, Public Law 127)?

(c) Is it proper to consider as applicable to the basic question (2), the provisions of Public Law 97, 65th U. S. Congress, approved January 26, 1918 and the restriction therein, specifically providing that pay and allowances shall in no case exceed the pay and allowances for corresponding grades of Philippine Scouts?

(3) Was there authority from the United States Congress for the President of the Philippines to increase the salaries of enlisted men of the Philippine Army? This question is assumed to include "while in the service of the United States Armed Forces", otherwise the reply thereto will have little or no effect in resolving the views on the claim under consideration. The Economic Mission has made specific references to the various appropriation acts by the U. S. Congress and Executive Order Nr 9011. A prevailing view is that, by the language of Public Law 353, Congress restricted the pay and allowances of said force, when serving in the Philippine Islands, to an amount not to exceed that in effect 1 November 1941. This restrictive language does not appear in the subsequent appropriation act.

(a) Is it proper to consider that the U. S. Congress, by Public Law 353, restricted payments so as not to exceed those in effect on 1 November 1941?

(b) If a restriction so exists, did it terminate 30 June 1942, 30 June 1943, or when?

(c) Is it proper to consider that the U. S. Congress, by omitting the restrictive provisions of Public Law 353 in subsequent appropriation Acts for Expenses, Army of the Philippines, conveyed in any manner the authority to raise the pay and allowances of the Philippine Army to either the President of the United States, the President of the Philippines, or General MacArthur?

(4) What was the effect of the sections of the Secretary of War upon Executive Order Nr 22 of President Osment?

TOP SECRET  
UNCLASSIFIED  
RESTRICTED  
7 FEB 1958  
ORDER SEC ARMY  
BY TAG/SU  
CONFIDENTIAL

~~CONFIDENTIAL~~

DECLASSIFIED  
Authority NND 883078

TOP SECRET  
FOR OFFICIAL USE ONLY



~~CONFIDENTIAL~~

DECLASSIFIED  
Authority NND 883078

AGRC-R

SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President of The Philippines dated 28 October 1944

Inherent in the above question is the contention of the Philippine Economic Mission that Executive Order Nr 22 was not in fact rescinded. Radio Message UA 62256 stated, without reservation, that Executive Order Nr 22 had been rescinded. Furthermore, in an interview with General MacArthur on 5 November 1946 by General Livesay, General MacArthur stated that the executive order had been rescinded by President Osmena in the presence of him and Major General Richard J. Marshall. President Osmena obviously accepted the decision that Executive Order Nr 22 was rescinded. This is borne out by the wording of his message Nr U29435, dated 3 June 1945 to Secretary of War Stimson which reads in part, "If you approve I will issue the necessary order to replace the defunct Executive Order Number 22" (Under-scoring supplied). In this message, President Osmena attempted to reopen the problem of the rates of pay of members of the Philippine Army by offering a compromise to the rates prescribed in the now defunct Executive Order Nr 22. The action was not concurred in by the War Department. In a letter to the Secretary of War dated 2 November 1945, President Osmena indicates that he did not accept the suggestion of General MacArthur to rescind the executive order, but felt that some increase in rates could be effected. There exists a conflict in the statements of the two officials. The latter statement by President Osmena does not follow, considering the wording of his message dated 3 June 1945. Also, at about this time, the entire matter was referred to the President of the United States. The President approved the action taken by the Secretary of War and another letter was sent to President Osmena in January 1946. On 1 October 1946, President Truman indicated in a letter to the Secretary of War that the matter of the entire Philippine Army veteran, including rates of pay, had again been presented by President Roxas and Ambassador McNutt, and directed that an investigation be conducted in the entire matter. The Secretary of War directed Major General Livesay to make an investigation, thus the Livesay Report. This report is considered to be very detailed and comprehensive. It presented the problem in an unbiased manner, with appropriate conclusions. Nothing developed from the Livesay Report to effect a change in the War Department's previous action in regard to rates of pay and allowances. In the current presentation of this question by the representative of the Economic Mission, specific reference was made to Section 7 (a) Public Law 127, 73rd U. S. Congress, relating to the authority of the President of the United States. He further indicated:

"If Executive Order Nr 22 were in the category of a law, the only body outside of the Philippine Government which could repeal it would be the Congress of the United States."

Apparently this was an oversight, since Section 7 (a) Public Law 127 (Tydings-McDuffie Act) 73rd Congress reads:

"The President of the United States shall have authority to suspend the taking effect of or the operation of any law, contract, or executive order of the Commonwealth of the Philippine Islands, which in his judgment will result in a failure of the Government of the Commonwealth of the Philippine Islands to fulfill

TOP SECRET  
UNCLASSIFIED  
REGRADED  
FEB 1958  
ORDER SEC ARMY  
BY TAG/SU  
TOP SECRET  
CONFIDENTIAL  
FOR OFFICIAL USE ONLY

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~

AGRC-R  
SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President  
of The Philippines dated 28 October 1944

its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States" (Underscoring supplied)

(5) What was the difference between Executive Order of 1942 and the Executive Order of 1944? In regard to this question by the Economic Mission, the basic difference lay in the fact that the Executive Order of 1942 was concurred in by the War Department and that there appeared to be no legal restriction provided the rates of pay did not exceed that prescribed for the Philippine Scouts.

Incl

JOHN A. KLEIN  
Major General, USA  
The Adjutant General

1. EO Nr 22, Pres Phil, dtd 28 Oct 44 as contained in Cir 100, Hdq USAFFE, dtd 17 Nov 44
2. Memo, Sub: Claim under EO Nr 22, presented by Phil Economic Mission to US, 14 Jan 55
3. Annex Nr 6, "Rates of Pay", Report of Inves "Pay status of Phil Army Pers who supported operations of the US Forces against the Jap during the period fr 26 Jul 41 to 30 Jun 46
4. Phil Army Info Sec II, Admin Bull Nr 80, Hdq USAFFE, dtd 29 Dec 44
5. Extract of PL 353, 77th Cong
6. Extract of PL 649, 77th Cong
- 6a. Extract of PL 108, 78th Cong
7. Extract of PL 374, 78th Cong
- 7a. Extract of PL 126, 79th Cong
8. Sec I, EO Nr 9011 - WD Bull Nr 2, 1942
9. Sec 90, Commonwealth Act Nr 1, The Nat'l Defense Act, as amended (Commonwealth of the Phil)
10. Extract fr Sixth Annual Report of US High Commissioner to the Phil, 30 Jun 42
11. EO (un-numbered) by Pres of Phil, 10 Mar 42
12. Cir Nr. 7, Army Hdq, Commonwealth of Phil, dtd 5 Apr 45
13. Chronology of data and events pertaining to Pay and Allowance of Phil Army Pers
14. Extract of PL 97, 65th Cong, approved 26 Jun 1888
15. Extract of PL 127, 73 Cong, Section 2a
16. Extract of PL 127, 73 Cong, Section 1b
17. Extract of PL 127, 73 Cong, Section 1c



~~CONFIDENTIAL~~

FOR OFFICIAL USE ONLY



~~CONFIDENTIAL~~

AGRC-R  
SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President  
of The Philippines dated 28 October 1944

its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States" (Underscoring supplied)

(5) What was the difference between Executive Order of 1942 and the Executive Order of 1944? In regard to this question by the Economic Mission, the basic difference lay in the fact that the Executive Order of 1942 was concurred in by the War Department and that there appeared to be no legal restriction provided the rates of pay did not exceed that prescribed for the Philippine Scouts.

Incl

JOHN A. KLEIN  
Major General, USA  
The Adjutant General

1. EO Nr 22, Pres Phil, dtd 28 Oct 44 as contained in Cir 100, Hdq USAFFE, dtd 17 Nov 44
2. Memo, Sub: Claim under EO Nr 22, presented by Phil Economic Mission to US, 14 Jan 55
3. Annex Nr 6, "Rates of Pay", Report of Inves "Pay status of Phil Army Pers who supported operations of the US Forces against the Jap during the period fr 26 Jul 41 to 30 Jun 46
4. Phil Army Info Sec II, Admin Bull Nr 80, Hdq USAFFE, dtd 29 Dec 44
5. Extract of PL 353, 77th Cong
6. Extract of PL 649, 77th Cong
- 6a. Extract of PL 108, 78th Cong
7. Extract of PL 374, 78th Cong
- 7a. Extract of PL 126, 79th Cong
8. Sec I, EO Nr 9011 - WD Bull Nr 2, 1942
9. Sec 90, Commonwealth Act Nr 1, The Nat'l Defense Act, as amended (Commonwealth of the Phil)
10. Extract fr Sixth Annual Report of US High Commissioner to the Phil, 30 Jun 42
11. EO (un-numbered) by Pres of Phil, 10 Mar 42
12. Cir Nr. 7, Army Hdq, Commonwealth of Phil, dtd 5 Apr 45
13. Chronology of data and events pertaining to Pay and Allowance of Phil Army Pers
14. Extract of PL 97, 65th Cong, approved 26 Jun 18
15. Extract of PL 127, 73 Cong, Section 2a (12)
16. Extract of PL 127, 73 Cong, Section 2b (12)
17. Extract of PL 127, 73 Cong, Section 15

UNCLASSIFIED  
REGRADED  
FEB 1958  
ORDER SEC ARMY  
BY JAG/SU  
TOP SECRET  
RESTRICTED  
CONFIDENTIAL

~~CONFIDENTIAL~~

FOR OFFICIAL USE ONLY



~~CONFIDENTIAL~~

AGRC-R  
SUBJECT: Legal Opinion Relating to Executive Order Nr 22, President  
of The Philippines dated 28 October 1944

its contracts, or to meet its bonded indebtedness and interest thereon or to provide for its sinking funds, or which seems likely to impair the reserves for the protection of the currency of the Philippine Islands, or which in his judgment will violate international obligations of the United States" (Underscoring supplied)

(5) What was the difference between Executive Order of 1942 and the Executive Order of 1944? In regard to this question by the Economic Mission, the basic difference lay in the fact that the Executive Order of 1942 was concurred in by the War Department and that there appeared to be no legal restriction provided the rates of pay did not exceed that prescribed for the Philippine Scouts.

Incl

JOHN A. KLEIN  
Major General, USA  
The Adjutant General

1. EO Nr 22, Pres Phil, dtd 28 Oct 44 as contained in Cir 100, Hdq USAFFE, dtd 17 Nov 44
2. Memo, Sub: Claim under EO Nr 22, presented by Phil Economic Mission to US, 14 Jan 55
3. Annex Nr 6, "Rates of Pay", Report of Inves "Pay status of Phil Army Pers who supported operations of the US Forces against the Jap during the period fr 26 Jul 41 to 30 Jun 46
4. Phil Army Info Sec II, Admin Bull Nr 80, Hdq USAFFE, dtd 29 Dec 44
5. Extract of PL 353, 77th Cong
6. Extract of PL 649, 77th Cong
- 6a. Extract of PL 108, 78th Cong
7. Extract of PL 374, 78th Cong
- 7a. Extract of PL 126, 79th Cong
8. Sec I, EO Nr 9011 - WD Bull Nr 2, 1942
9. Sec 90, Commonwealth Act Nr 1, The Nat'l Defense Act, as amended (Commonwealth of the Phil)
10. Extract fr Sixth Annual Report of US High Commissioner to the Phil, 30 Jun 42
11. EO (un-numbered) by Pres of Phil, 10 Mar 42
12. Cir Nr. 7, Army Hdq, Commonwealth of Phil, dtd 5 Apr 45
13. Chronology of data and events pertaining to Pay and Allowance of Phil Army pers
14. Extract of PL 97, 65th Cong, approved 26 Jan 18
15. Extract of PL 127, 73 Cong, Section 2a (12)
16. Extract of PL 127, 73 Cong, Section 1 (2)
17. Extract of PL 127, 73 Cong, Section 15

DECLASSIFIED  
Authority NNJ 883078



~~CONFIDENTIAL~~

FOR OFFICIAL USE ONLY



REMARKS OF MR. GAMBOA AT THE FIRST MEETING OF THE  
AMERICAN AND PHILIPPINE GROUPS ON THE SETTLEMENT  
OF FINANCIAL CLAIMS AT THE STATE DEPARTMENT,  
JANUARY 14, 1955

2

We are grateful for this privilege which you have accorded us to present to you the financial claims of the Philippines.

We are submitting these claims for your consideration not in the spirit of a litigant suing another litigant, but rather in the spirit of a partner or an ally, indeed, in the capacity of a former ward trying to settle or adjust past accounts with his former guardian.

It is therefore our hope as well as our conviction that these negotiations will be carried on in an atmosphere of mutual goodwill.

In the letter of President Magsaysay of August 23, 1954 appointing Senator Laurel as Chairman of the Philippine Economic Mission to the United States, he instructed the latter also "to work for the settlement of all the financial claims of the Republic of the Philippines on the Government of the United States". When the Philippine Economic Mission left Washington, Senator Laurel directed the Financial Claims Committee to continue the conduct of the negotiations on these claims.

The desire to have the financial claims and counter-claims of the two governments settled dates as far back as the Independence Act. Section 2 (B) (1) of the Tydings-McDuffie Act reads as follows:

"(B) The Constitution shall also contain the following provisions, effective as of the date of the proclamation of the President recognizing the Independence of the Philippine Islands, as hereinafter provided:

"(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled, and that all existing property rights of citizens or corporations of the United States shall be acknowledged, respected and safeguarded to the same extent as property rights of citizens of the Philippine Islands."

Pursuant to the above-quoted provision of the Independence Act, the Constitution of the Philippines provides in Article 17 section 1 (1) as follows:

DECLASSIFIED  
Authority NND 883078

*Incl 23*



1-18

**DECLASSIFIED**  
Authority NND 883078



"Section 1. Upon the proclamation of the President of the United States recognizing the independence of the Philippines --

"(1) The property rights of the United States and the Philippines shall be promptly adjusted and settled, and all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippines."

The plan is also in consonance with Article VI of the Treaty of General Relations between the Philippines and the United States signed in Manila on July 4, 1946 which provides:

"In so far as they are not covered by existing legislation, all claims of the Government of the United States of America or its nationals against the Government of the Republic of the Philippines and all claims of the Government of the Republic of the Philippines and its nationals against the Government of the United States of America shall be promptly adjusted and settled. The property rights of the Republic of the Philippines and the United States of America shall be promptly adjusted and settled by mutual agreement, and all existing property rights of citizens and corporations of the Republic of the Philippines in the United States of America and of citizens and corporations of the United States of America in the Republic of the Philippines shall be acknowledged, respected and safeguarded to the same extent as property rights of citizens and corporations of the United States of America and of the Republic of the Philippines respectively. Both Governments shall designate representatives who may in concert agree on measures best calculated to effect a satisfactory and expeditious disposal of such claims as may not be covered by existing legislation."

Finally the idea is in line with one of the recommendations of the Bell Mission which reads as follows:

"There are a number of financial claims between the two governments, some antedating the war, others growing out of the war. It is not desirable to have these unsettled claims hampering close financial collaboration between the two countries. A joint commission should be set up promptly to negotiate an agreement to cover the claims of each government against the other and to provide for a final settlement. The Agreement should specifically state that no further financial claims will be made by either government against the other for any alleged obligations incurred prior to the date of the Agreement."



1-08

**DECLASSIFIED**  
Authority NND 883078



There is no doubt but that this general desire for the holding of these negotiations stems from the belief that it is in the mutual best interest of our two countries that these financial claims and counter-claims be adjusted once and for all. As long as they, or any number of them, are left hanging in the air they will be a constant possible source of complaint, misunderstanding and irritation.

This matter of financial claims is not unrelated to the proposed revision of our trade relations recently approved by the Philippine and American panels. The Philippines is in dire need of the means that will prime the pump of the economic development that is envisaged by the proposed revision. Whatever the Philippines may realize out of these negotiations will go a long way in strengthening the economy of the country within the framework of the proposed revised trade relations, and in improving the morale of the Filipino people thus enabling them to contribute more effectively to the security of that part of the world.

Most of these claims have already been discussed before. However, we feel that some of these cases deserve further consideration. With respect to some of them we have now in our possession additional information which was not previously available and which may throw more light to the situation.

We propose at this first joint meeting of our two groups to inform you of the nature in general terms of the various claims of our government. It is our understanding that after this meeting you will want to have each item separately discussed more or less thoroughly between our group and the representative or representatives of your group. The claims of the Philippine Government are as follows:

1. The military claims which consist of the following items:

- (Presented 14 Jan 55) ✓ (a) Unpaid portion of the salary of the enlisted men of the Philippine Army and of the recognized guerilla units under Executive Order No. 22 of President Osmena. ?
- 27 Jan 55 ✓ (b) Expenses of Recovered Personnel Division. EOA



1-971

DECLASSIFIED  
Authority NND 883078



- 27 Jan 55 ✓ (c) Erroneous deductions on account of National Service Life Insurance premiums. AG (check SA File)
- 27 Jan 55 ✓ (d) Erroneous deductions from arrears in pay consisting of the equivalent of three months' advance pay which was not actually received. AG
- ✓ (e) Erroneous deductions from soldiers' arrears in pay on account of guerilla notes received by them during the Japanese occupation. AG
- ✓ (e) Quarters allowances AG
- ✓ (f) Erroneous deductions made from arrears in pay on account of clothing issued at the time of return to military control. AG
- ✓ (g) Claims approved by the Recovered Personnel Division and later cancelled by the Adjutant General's Records Depository. AG
- ✓ (h) Arrears in pay denied veterans suspended from duty because of criminal charges. AG
- ✓ (i) Unjustified deductions from arrears in pay of veterans who failed to report to military control on or before August 15, 1945. AG
- (j) Refund to the Philippine Government for the value of individual and organizational equipment and supplies used in originally equipping the members of the USAFFE.
- (k) Related claims of personnel of the Philippine Scouts.
- ✓ (l) Payment of arrears in pay AG
- 2. The dollar devaluation claim.
- 3. The adjustment of accounts under the Romulo-Snyder loan agreement.
- 4. The additional war damage claim.
- ✓ 5. The pre-war claims on unpaid customs duties on importations of the U.S. Army and Navy.
- 6. Refund of certain excise taxes.

Our Committee is still processing some documents from Manila and it is possible that a few additional claims may be presented later.



78-1

DECLASSIFIED  
Authority NND 883078



CARRIER NOTE  
File No:

Subject: Back Pay, Philippine Army.

From: AG. PA

To: COL. KRIEGER, PA Section Date: 29 January 1945  
HQ USAFFE

Fiscal Director, HQ USAFFE

- (4)  
B-
1. Due to the many hardships of soldiers and especially lack of funds, it is believed some plan should be authorized to pay each officer and soldier part of his back pay.
  2. In Leyte all officers and soldiers returned to military control have been or will be processed, and records established.
  3. Although determination of the exact status of each USAFFE officer and soldier will take some time, it is believed that sufficient information will be available to provide enough data to make partial payment of back pay due.
  4. It is requested that the above recommendation be considered and this headquarters authorized to act administratively to accomplish this problem.
  5. It is also suggested that money paid out be entered in each officer's Pay Data Card and each soldier's Service Record and Pay Card to the effect that "Partial Payment (amount) for pay due during the period \_\_\_\_\_ to \_\_\_\_\_ was paid on \_\_\_\_\_ by \_\_\_\_\_."

/s/ A. J. R.  
A. J. R.

PA Section.

D C/S

31 Jan 45.

Thru: Fiscal Officer  
(Maj. Eddleman)

(5)  
3-2

1. Reference Par 1 preceding carrier note, further reasons supporting the need for partial payment of back pay are:

- a. Action will raise and maintain morale of soldiers. Information has reached P.A. troops to the effect that current pay is based on old pay scale (Pvt \$14.00 per mo) instead of the scale prescribed in Executive Order No. 22 by the President of the Philippines. This is reported to have lowered morale materially.

- b. Inflationary prices make the old pay scale inadequate.

DECLASSIFIED  
Authority NND 883078







HEADQUARTERS  
ADVANCED ECHELON  
UNITED STATES ARMY FORCES IN THE FAR EAST

C H E C K      S H E E T  
(Do not remove from attached sheets)

File No:                      Subject: Back Pay, Philippine Army (Continued)

---

From: D C/S

To: Acting D C/S  
(Tacloban)

Date: 7 Feb 1945

- (8)            1. The general idea of a reasonable partial payment to this personnel is approved. The question, however, is whether their exact status has been sufficiently determined to warrant a payment of as much as one third their probable accrued pay since last formal payment.
2. The determination of status of individuals, done largely at the 1st Replacement Battalion (PA) has necessarily been based primarily on the statements of the individuals concerned as to rank, etc. In most cases there is no supporting evidence. Whether a man who claims to have been a 1st Sergeant should be paid as such until some further impartial evidence of his status is obtained is problematical. In cases where men have been in recognized guerrilla units, with established rank, substantial partial payment for the period of such service would seem warranted.
3. This matter does not seem to have been passed upon by G-1, to see whether the proposed procedure is in accordance with the WD Plan. It should be referred to G-1 for comment.

/i/C. P. S.  
C. P. S.

---

DECLASSIFIED  
Authority NND 883078



UNCLASSIFIED  
PAGE THREE ON  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not remove from Attached Sheets)

Note No. 1                      File No.                      Subject:

---

FROM:                              TO:                              DATE:  
Maj. Curry                      Maj. Rouch  
P. A. Sec.                      P. A. Hq.                      7 Feb. 1945

It is believed that emergency conditions existing among members of the Philippine Army justify the submission of the proposed Circular to the Chief of Staff, USAFFE. A large percentage of both officers and men now being processed into the Philippine Army have not received any pay during the Japanese occupation. Officers reporting for duty are in need of cash to purchase uniforms and equipment and the families of both officers and enlisted men, in many instances, are in need of cash for current expenses.

The PLAN for the reorganization of the Philippine Army issued by the War Department anticipates that emergency conditions and provided that emergency payments may be authorized by the Commanding General, USAFFE. It is recognized that any general policy covering emergency payments will in rare instances produce inequities, however, it is believed that the proposed Circular will reduce the percentage of such inequities to a minimum.

It will be noted that the enlisted men's cash payment has been stated as 3 months base pay, whereas the officers have been limited to one month's base pay. This variation is occasioned by the fact that the officers pay scale, relatively speaking, is much greater than the enlisted men's and 3 months base pay for enlisted men was arbitrarily used to produce an amount comparable to the amount which an officer would receive.

It is believed that economic conditions justify the variation. Furthermore it is an accepted fact that a certain amount of dissatisfaction exists among enlisted men over the current pay scale. Payments authorized by the proposed circular would undoubtedly produce a desirable effect among Philippine Army personnel.

/s/ B.C.

---

(S) Hq. P.A.                      Col. Freuter                      8 Feb. 1945  
Maj. Rouch                      P.A. Sec.

1. Concur in principle and details, however, it is recommended that a minimum of three months' payment for officers and six months for enlisted men be prescribed.

(over)

DECLASSIFIED  
Authority NND 883078



Recommended [unclear] be [unclear] to the [unclear] [unclear]  
in exercise of that authorized by this directive [unclear] [unclear]  
COMMANDING GENERAL, upon recommendation [unclear] [unclear]  
Philippine Army

For the Chief of Staff.

/s/ A. J. ROUCH  
A. J. ROUCH  
Major, A.G.D., U.S. Army,  
Acting Adjutant General.

DECLASSIFIED  
Authority NNT 883078



ADVANCED ECOMELON  
HEADQUARTERS U. S. A. F. P. R.

CHECK THESE

Do Not Remove From Attached Sheets.

Note No. 3 File No: WPA 248. Subject: Advance on "Arrears in Pay".  
(12 Feb 45)

FROM: PA Section TO: D C/S DATE: 12 Feb 45  
Thru: G-1  
Fiscal Officer

A-3  
1. It is believed that the "emergency conditions" mentioned in basic carrier note do not warrant partial back payments in excess of 1 month. A policy is understood to have been adopted permitting a partial payment equal to pay for 1 month for recovered American personnel, payment to be charged against arrears in pay.

2. If the same policy is adopted for Philippine Army personnel, officers will be able to purchase uniforms and immediate personal needs as well as contribute to family support. A greater partial payment chargeable to arrears in pay may result in the necessity for collection of over-payment. This action will be more damaging to morale and impose greater hardship than would the payment of a smaller amount.

3. Individuals must live on current pay eventually and initial payment of a large sum will make difficult a reduction of living standards to current rates. Since a moratorium on all debts has been declared for Philippine citizens, there should be no urgent need for cash to defray past expenses.

4. As soon as Philippine Army personnel are processed immediate action will be taken to determine back pay due, based on information collected by processing teams. This action should not require more than 30 days in most cases since determination is made in this theater and this delay should not cause great financial inconvenience.

5. It is recommended that the policy now adopted for recovered U. S. personnel also be applied to Philippine Army personnel.

1 Incl: Hq USAFFE Cir, above  
Subj.

/s/ R. H. K.  
R. H. K.



HEADQUARTERS  
ADVANCE ECHELON  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

(CONT'D)

Note No. File No. FEGARP Subject: Advance on "Arrears in Pay".  
FROM: G-1 (RP) TO: D C/S DATE: 13 Feb 45 EEG/miv

6. Recommend partial payment of not to exceed one (1) months pay, at time of processing.

7. Upon receipt of your decision, proposed circular will be revised accordingly.

Incls. - As indicated in Par 1 above.

/i/ EEG

E. E. G.

From: CFO

To: G-1 (RP)

13 Feb. 45

1. It is the opinion of this office that these c/ns are not ready for submission to the D C/S. Thus, the PA section, on 31 January 1945 recommends initial partial payment be limited to 1/3 of accrued back pay and on 12 Feb. the same section recommends that the plan adopted for US personnel (1 month payment) be extended to the P.A.

2. It is considered that the matter is of sufficient importance to demand personal discussion between the sections involved in order that a mutually satisfactory recommendation may be presented to the D C/S. Recognized that each of the conflicting opinions have a sound basis.

3. The matter involved is for administrative determination, the Finance Department will pay as directed by your decision, when approved by the D C/S.

/i/ JBR

J.B.R.

DECLASSIFIED  
Authority NND 883078



HEADQUARTERS  
ADVANCE ECHELON  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

EEG/miv

Note No. File No. FEGARP Subject: Advance on "Arrears in Pay".  
FROM: G-1 (RP) TO: DC/S DATE: 15 February 1945  
THRU: G-1 R.E.K. /i/

(11)

1. This office has had several personal conferences with Philippine Army Section (Colonel Kreuter) and Philippine Army Finance Representative (Major Curry). Colonel Kreuter concurs in the recommendation to pay one months pay. Major Curry is still in favor of three months pay.

2. It also might be pointed out that some 22,000 Philippine Army personnel were carrying Class N Insurance, and the premiums therefor for the past three years have been paid by the Government, and must be deducted from their arrears pay, and it is quite likely that in many instances such premiums will exceed the total amount of pay due.

3. Recommend not to exceed one month's partial payment.

/i/ EEG  
E.E.G.

(12)

FROM: DC/S

TO: C/S

21 February 1945

1. A major decision must be made as to the status with respect to pay of members of the Philippine Scouts, Philippine Army and Filipino civilian Employees of the War Department during periods when they were not confined or interned, or enroute to their homes from confinement, internment or having escaped ~~either~~, and were not serving against the enemy in any capacity. The question, briefly stated, is: "During a period when a person was at home, not seriously interfered with by the enemy, and working in some civilian capacity, is he entitled to pay?"

2. The War Department "Plan for Casualty Administration upon Reoccupation of the Philippines" contains two paragraphs which in my opinion are in conflict. They are as follows:

"IV. 1. b. Absence from controllable jurisdiction shall be presumed to be authorized and unavoidable unless there is reasonably conclusive evidence of intent to avoid or shirk combat or of abandonment of loyalty to the United States. When there is such evidence for any period regarding returnees other than those who are members of the Philippine Army, a determination, under the Missing Persons Act, of "absent from his post of duty without authority" for such period will be made only by the War Department. All pertinent evidence as to the above

DECLASSIFIED  
Authority NND 883078



HEADQUARTERS

UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

Note No. \_\_\_\_\_ File No. \_\_\_\_\_ Subject: \_\_\_\_\_  
FROM: \_\_\_\_\_ TO: \_\_\_\_\_ DATE: \_\_\_\_\_  
contd.

will be gathered and appropriate recommendations thereon made by the Field Commander prior to reference to the War Department for its determination. As to members of the Philippine Army, the determination of "absent from his post of duty without authority" will be made as provided in Section VII, paragraph 4. Such a determination is conclusive as to entitlement of pay during a period of absence but in no way affects or limits any disciplinary or other administrative action in the case."

"IV. 1. e. Determination or redetermination of whether or not military personnel or civilian employees are to be officially carried as missing or missing in action for any period requires consideration of the effects of enemy action upon the individual as to restraint imposed, separation from residence or family, lack of employment or means of livelihood, and other direct effects of hazards of war. A mere termination or suspension of official military or employment status by enemy occupation which has not deprived a resident of reasonable freedom of action and opportunity of livelihood, and has not caused him or his dependents to suffer serious deprivation by reason of his former official status, is not an absence occasioned by enemy action with entitlement during same to full pay and allowances of former employment, and hence does not warrant an official determination or redetermination of missing or missing in action."

The reference to Section VII affects the foregoing only in that it provides that final determination in Philippine Army cases shall be made by the Commanding General, USAFFE; in other cases, final determination is made by the War Department.

3. a. My interpretation of IV. 1. b. above is that a man who is absent from military control because of enemy action is entitled to pay and allowances unless he is "absent from his post of duty without authority" under circumstances which show an "intent to avoid or shirk combat or an abandonment of loyalty to the United States". Such circumstances, in my opinion, would include the following:



UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

NOTE NO.	File No.	Subject:
FROM:	TO:	DATE:

contd.

- (1) Leaving his command in combat or before it surrendered (except just before, to avoid capture);
- (2) Accepting employment as a Japanese or puppet official or in the Jap-sponsored "Bureau of Constabulary";
- (3) Active collaboration with the enemy in any way, such as assisting in operations against guerrilla forces, or giving information against guerrillas or loyal civilians.

b. Merely staying at home or in hiding would not, in my opinion, constitute such absence, unless he failed to report for duty when opportunity offered.

c. This provision re absence from post of duty is included in the "Missing Persons Act".

4. a. The provisions of IV. 1. e. are not included in the "Missing Persons Act".

b. This paragraph seems to indicate that an individual in the military service or a civilian employee should not be carried as missing or missing in action during periods when he is not actually imprisoned or interned and is able to be at home without material interference by the enemy "by reason of his former official status". It states that such a "suspension of official military or employment status" is "not an absence caused by enemy action" and does not entitle the person to "full pay and allowances of former employment" and "does not warrant an official determination..... of missing or missing in action".

c. This paragraph gives no indication as to what status the persons referred to are in. They are certainly not present for duty; if they are neither missing nor missing in action there seems to be no status at all, since they are not "absent from duty without authority" under IV. 1. b. Yet they have not been separated from the military service and must have some status.



HEADQUARTERS

UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not remove from Attached Sheets)

Note No. File No. Subject:

FROM:

TO::

DATE:

contd.

5. Decisions as to the policy to be adopted will make a vast difference in the amount of back pay to which this personnel is entitled. Determination of the actual facts - as to whether an individual was at home and engaging more or less in normal civilian pursuits - will be extremely difficult, and determination of exact dates for pay purposes practically impossible. There is, of course, a reasonable and logical basis for not paying individuals who simply went home or settled down elsewhere when released or when they escaped, and made no effort to join guerrilla movements in the vicinity. There are many of these, including regular PA officers. Paying them for such periods on the same basis as members of guerrilla forces actually in the field against the enemy seems hardly equitable.

6. Until decision is made as to what basis is to be used, complete settlement of arrears of pay cannot be attempted. If they are not to be paid for these periods, the amounts of partial payments should be fairly closely limited, to prevent necessity of material refunds at a later date.

7. I believe the decision will have to be made by the Commander in Chief, as a matter of major policy, as to whether:

a. Individuals are considered as missing in action during the entire period of absence from military control and paid for such period, except when working for the enemy; or

b. Individuals are considered as missing in action only during periods when they were under physical restraint or were prevented from engaging in civilian pursuits, or those in which they were members of guerrilla forces, and paid only for such periods - not for periods during which they settled down at home or in some other community.

8. Request early indication of policy to be used.

/1/ CHS

.....C.P.S.....

DECLASSIFIED Authority NND 883078



(not remove from attached sheets)

CARRIER NOTE  
File No:

Subject: Back Pay, Philippine Army.

From: AG. PA

To: COL. KREUTER, PA Section  
HQ USAFFE

Date: 29 January 1945

Fiscal Director, HQ USAFFE

1. Due to the many hardships of soldiers and especially lack of funds, it is believed some plan should be authorized to pay each officer and soldier part of his back pay.
2. In Leyte all officers and soldiers returned to military control have been or will be processed, and records established.
3. Although determination of the exact status of each USAFFE officer and soldier will take some time, it is believed that sufficient information will be available to provide enough data to make partial payment of back pay due.
4. It is requested that the above recommendation be considered and this headquarters authorized to act administratively to accomplish this problem.
5. It is also suggested that money paid out be entered in each officer's pay Data Card and each soldier's Service Record and Pay Card to the effect that "Partial Payment (amount) for pay due during the period \_\_\_\_\_ to \_\_\_\_\_ was paid on \_\_\_\_\_ by \_\_\_\_\_."

/s/ A. J. R.  
A. J. R.

PA Section.

D C/S

31 Jan 45.

Thru: Fiscal Officer  
(Maj. Eddleman)

1. Reference Par 1 preceding carrier note, further reasons supporting the need for partial payment of back pay are:

- a. Action will raise and maintain morale of soldiers. Information has reached P.A. troops to the effect that current pay is based on old pay scale (Pvt \$14.00 per mo) instead of the scale prescribed in Executive Order No. 22 by the President of the Philippines. This is reported to have lowered morale materially.
- b. Inflationary prices make the old pay scale inadequate.

DECLASSIFIED  
Authority NND 883078



EX

CHECK SHEET  
(Do not remove from attached sheets)

File No:

Subject: Back Pay, Philippine Army. (Continued)

From: PA Section.

To: D/ C/S  
Thru: Fiscal Officer  
(Maj. Edleman)

Date: 31 Jan 45

16)  
3-2  
2. It is proposed to pay only individuals who have been processed in the reorganization of the PA and for whom there has been approved a determination of status warranting back pay. It is further proposed that partial payment be limited initially to 1/3 of accrued back pay.

3. I recommend payment of back pay under the conditions set forth in the preceding paragraph.

R. H. K.

From: CFO

To: PA Section

4 February 1945

17)  
3-3  
This office concurs in the recommendation listed in paragraph 2 of the Philippine Army Section. The approval should contain a remark that all entries on pay vouchers, payrolls and service records should read; "Partial payment against accrued pay for period from \_\_\_\_\_ to \_\_\_\_\_. This is necessary as personnel officers, finance officers or any one who may in the future handle the records and vouchers pertaining to the above, would otherwise construe partial payments as being paid against current accrued pay which has accrued since date of last payment.

M. E.



HEADQUARTERS  
ADVANCE REGIMENT  
UNITED STATES ARMY FORCES OF THE PHILIPPINES  
CHECK SHEET

(Do Not Remove from Attached Sheets)

Note No. 1                      File No.                      Subject:

---

A 1

FROM:	TO:	DATE:
Maj. Curry P. A. Sec.	Maj. Rouch P. A. Hq.	7 Feb. 1945

It is believed that emergency conditions existing among members of the Philippine Army justify the submission of the proposed Circular to the Chief of Staff, USAFFE. A large percentage of both officers and men now being processed into the Philippine Army have not received any pay during the Japanese occupation. Officers reporting for duty are in need of cash to purchase uniforms and equipment and the families of both officers and enlisted men, in many instances, are in need of cash for current expenses.

The PLAN for the reorganization of the Philippine Army issued by the War Department anticipates that emergency conditions and provided that emergency payments may be authorized by the Commanding General, USAFFE. It is recognized that any general policy covering emergency payments will in rare instances produce inequities, however, it is believed that the proposed Circular will reduce the percentage of such inequities to a minimum.

It will be noted that the enlisted man's cash payment has been stated as 3 months base pay, whereas the officers have been limited to one month's base pay. This variation is occasioned by the fact that the officers pay scale, relatively speaking, is such greater than the enlisted men's and 3 months base pay for enlisted men was arbitrarily used to produce an amount comparable to the amount which an officer would receive.

It is believed that economic conditions justify the variation. Furthermore it is an accepted fact that a certain amount of dissatisfaction exists among enlisted men over the current pay scale. Payments authorized by the proposed circular would undoubtedly produce a desirable effect among Philippine Army personnel.

Y1/ B.C.

A 2 (2) Hq. P.A.  
Maj. Rouch

Col. Kreuter  
P.A. Sec.

8 Feb. 1945

1. Concur in principle and details, except it is recommended that a minimum of three months payment for officers and six months for enlisted men be prescribed.

(Over)

DECLASSIFIED  
Authority NND 883078



UNCLASSIFIED  
DATE 11/19/2013 BY SP-6 A. P. J. L.

GREEN SHEET

Do Not Remove From Attached Sheets.

Note No. 3 File No: FEPA 246. Subject: Advance on "Arrears in Pay".  
(12 Feb 45)

FROM: PA Section TO: D C/S DATE: 12 Feb 45  
Thru: C-1  
Fiscal Officer

1. It is believed that the "emergency conditions" mentioned in basic carrier note do not warrant partial back payments in excess of 1 month. A policy is understood to have been adopted permitting a partial payment equal to pay for 1 month for recovered American personnel, payment to be charged against arrears in pay.

2. If the same policy is adopted for Philippine Army personnel, officers will be able to purchase uniforms and immediate personal needs as well as contribute to family support. A greater partial payment chargeable to arrears in pay may result in the necessity for collection of over-payment. This action will be more damaging to morale and impose greater hardship than would the payment of a smaller amount.

3. Individuals must live on current pay eventually and initial payment of a large sum will make difficult a reduction of living standards to current rates. Since a moratorium on all debts has been declared for Philippine citizens, there should be no urgent need for cash to defray past expenses.

4. As soon as Philippine Army personnel are processed immediate action will be taken to determine back pay due, based on information collected by processing teams. This action should not require more than 30 days in most cases since determination is made in this theater and this delay should not cause great financial inconvenience.

5. It is recommended that the policy now adopted for recovered U. S. personnel also be applied to Philippine Army personnel.

1 Incl: Hq USAFFE Cir, above  
Subj.

/s/ R. H. K.  
P. H. K.

DECLASSIFIED  
Authority NND 883078



HEADQUARTERS  
ADVANCE ECHELON  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

Note No. File No. FEGARP Subject: Advance on "Arrears in Pay"  
FROM: G-1 (RP) TO: D C/S DATE: 13 Feb 45 EEG/miv  
Thru: CFO

(9) 1. Another series of c/ns, with proposed circular drafted by PA Hq. on the same subject, is attached hereto.

2. The WD plan reads:

"Upon return of persons to control, in a status entitling them to pay, current payments supplemented by essential partial payments from accrued pay shall be made to meet their demands."

3. We have directed partial payment of One (1) months pay to American and Philippine Scout personnel. We have not prescribed any amount for Philippine Army personnel.

4. It is the opinion of this office that we should authorize partial payment of one (1) months pay to members of the Philippine Army, this in view of the belief that many will not have sufficient arrears pay due to cover much more than that amount, because:

a. They have either been guerrillas, and more than likely received pay in redeemable emergency currency, or

b. They pursued their normal way of life without interference from the Japanese, and are not entitled to pay for such time. The WD plan reads:

"A mere termination or suspension of official military or employment status by enemy occupation which has not deprived a resident of reasonable freedom of action and opportunity of livelihood, and has not caused him or his dependents to suffer serious deprivations by reason of his former official status, is not an absence occasioned by enemy action with entitlement during same to full pay and allowances of former employment\*\*\*\*\*"

5. Under plans currently being proposed by this section, payments of all arrears pay to Philippine Army personnel should be made within a very short period of time after the individual is processed.



HEADQUARTERS  
ADVANCE ECHELON  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

(CONT'D)

Note No. File No. FEGARP Subject: Advance on "Arrears in Pay".  
FROM: G-1 (RP) TO: D C/S DATE: 13 Feb 45 EEG/miv

6. Recommend partial payment of not to exceed one (1) months pay, at time of processing.

7. Upon receipt of your decision, proposed circular will be revised accordingly.

Incls. - As indicated in Par 1 above.

/i/ EEG  
E. E. G.

From: CFO

To: G-1 (RP)

13 Feb. 45

(10) 1. It is the opinion of this office that these c/ns are not ready for submission to the D C/S. Thus, the PA section, on 31 January 1945 recommends initial partial payment be limited to 1/3 of accrued back pay and on 12 Feb. the same section recommends that the plan adopted for US personnel (1 month payment) be extended to the P.A.

2. It is considered that the matter is of sufficient importance to demand personal discussion between the sections involved in order that a mutually satisfactory recommendation may be presented to the D C/S. Recognized that each of the conflicting opinions have a sound basis.

3. The matter involved is for administrative determination, the Finance Department will pay as directed by your decision, when approved by the D C/S.

/i/ JBR  
J.B.R.

DECLASSIFIED  
Authority NNT 883078



HEADQUARTERS  
ADVANCE ECHELON  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

EEG/miv

Note No. \_\_\_\_\_ File No. FEGARP \_\_\_\_\_ Subject: Advance on "Arrears in Pay"  
FROM: G-1 (RP) TO: DC/S DATE: 15 February 1945  
THRU: G-1 R.E.K. /i/

(11)

1. This office has had several personal conferences with Philippine Army Section (Colonel Kreuter) and Philippine Army Finance Representative (Major Curry). Colonel Kreuter concurs in the recommendation to pay one months pay. Major Curry is still in favor of three months pay.

2. It also might be pointed out that some 22,000 Philippine Army personnel were carrying Class N Insurance, and the premiums therefor for the past three years have been paid by the Government, and must be deducted from their arrears pay, and it is quite likely that in many instances such premiums will exceed the total amount of pay due.

3. Recommend not to exceed one month's partial payment.

/i/ EEG  
E.E.G.

(12)

FROM: DC/S

TO: C/S

21 February 1945

1. A major decision must be made as to the status with respect to pay of members of the Philippine Scouts, Philippine Army and Filipino civilian Employees of the War Department during periods when they were not confined or interned, or enroute to their homes from confinement, interment or having escaped ~~either~~, and were not serving against the enemy in any capacity. The question, briefly stated, is: "During a period when a person was at home, not seriously interfered with by the enemy, and working in some civilian capacity, is he entitled to pay?"

2. The War Department "Plan for Casualty Administration upon Reoccupation of the Philippines" contains two paragraphs which in my opinion are in conflict. They are as follows:

"IV. 1. b. Absence from controllable jurisdiction shall be presumed to be authorized and unavoidable unless there is reasonably conclusive evidence of intent to avoid or shirk combat or of abandonment of loyalty to the United States. When there is such evidence for any period regarding returnees other than those who are members of the Philippine Army, a determination, under the Missing Persons Act, of "absent from his post of duty without authority" for such period will be made only by the War Department. All pertinent evidence as to the above

DECLASSIFIED  
Authority NND 883078



HEADQUARTERS

UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

Note No. File No. Subject:  
FROM: TO: DATE:  
contd.

will be gathered and appropriate recommendations thereon made by the Field Commander prior to reference to the War Department for its determination. As to members of the Philippine Army, the determination of "absent from his post of duty without authority" will be made as provided in Section VII, paragraph 4. Such a determination is conclusive as to entitlement of pay during a period of absence but in no way affects or limits any disciplinary or other administrative action in the case."

"IV. 1. e. Determination or redetermination of whether or not military personnel or civilian employees are to be officially carried as missing or missing in action for any period requires consideration of the effects of enemy action upon the individual as to restraint imposed, separation from residence or family, lack of employment or means of livelihood, and other direct effects of hazards of war. A mere termination or suspension of official military or employment status by enemy occupation which has not deprived a resident of reasonable freedom of action and opportunity of livelihood, and has not caused him or his dependents to suffer serious deprivation by reason of his former official status, is not an absence occasioned by enemy action with entitlement during same to full pay and allowances of former employment, and hence does not warrant an official determination or redetermination of missing or missing in action."

The reference to Section VII affects the foregoing only in that it provides that final determination in Philippine Army cases shall be made by the Commanding General, USAFFE; in other cases, final determination is made by the War Department.

3. a. My interpretation of IV. 1. b. above is that a man who is absent from military control because of enemy action is entitled to pay and allowances unless he is "absent from his post of duty without authority" under circumstances which show an "intent to avoid or shirk combat or an abandonment of loyalty to the United States". Such circumstances, in my opinion, would include the following:

DECLASSIFIED  
Authority NND 883078



H. QUARTER

UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not Remove from Attached Sheets)

NOTE NO.	File No.	Subject:
FROM: contd.	TO:	DATE:

- (1) Leaving his command in combat or before it surrendered (except just before, to avoid capture);
- (2) Accepting employment as a Japanese or puppet official or in the Jap-sponsored "Bureau of Constabulary";
- (3) Active collaboration with the enemy in any way, such as assisting in operations against guerrilla forces, or giving information against guerrillas or loyal civilians.

b. Merely staying at home or in hiding would not, in my opinion, constitute such absence, unless he failed to report for duty when opportunity offered.

c. This provision re absence from post of duty is included in the "Missing Persons Act".

4. a. The provisions of IV. 1. e. are not included in the "Missing Persons Act".

b. This paragraph seems to indicate that an individual in the military service or a civilian employee should not be carried as missing or missing in action during periods when he is not actually imprisoned or interned and is able to be at home without material interference by the enemy "by reason of his former official status". It states that such a "suspension of official military or employment status" is "not an absence caused by enemy action" and does not entitle the person to "full pay and allowances of former employment" and "does not warrant an official determination..... of missing or missing in action".

c. This paragraph gives no indication as to what status the persons referred to are in. They are certainly not present for duty; if they are neither missing nor missing in action there seems to be no status at all, since they are not "absent from duty without authority" under IV. 1. b. Yet they have not been separated from the military service and must have some status.

DECLASSIFIED  
Authority NNJ 883078



HEADQUARTERS

UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

(Do not remove from Attached Sheets)

Note No.	File No.	Subject:
FROM:	TO::	DATE:
contd.		

5. Decisions as to the policy to be adopted will make a vast difference in the amount of back pay to which this personnel is entitled. Determination of the actual facts - as to whether an individual was at home and engaging more or less in normal civilian pursuits - will be extremely difficult, and determination of exact dates for pay purposes practically impossible. There is, of course, a reasonable and logical basis for not paying individuals who simply went home or settled down elsewhere when released or when they escaped, and made no effort to join guerrilla movements in the vicinity. There are many of these, including regular PA officers. Paying them for such periods on the same basis as members of guerrilla forces actually in the field against the enemy seems hardly equitable.

6. Until decision is made as to what basis is to be used, complete settlement of arrears of pay cannot be attempted. If they are not to be paid for these periods, the amounts of partial payments should be fairly closely limited, to prevent necessity of material refunds at a later date.

7. I believe the decision will have to be made by the Commander in Chief, as a matter of major policy, as to whether:

a. Individuals are considered as missing in action during the entire period of absence from military control and paid for such period, except when working for the enemy; or

b. Individuals are considered as missing in action only during periods when they were under physical restraint or were prevented from engaging in civilian pursuits, or those in which they were members of guerrilla forces, and paid only for such periods - not for periods during which they settled down at home or in some other community.

8. Request early indication of policy to be used.

/1/ GBS

.....C.P.S.....

DECLASSIFIED  
 Authority NND 883078



ADVANCE DETACHMENT  
Headquarters  
UNITED STATES ARMY FORCES IN THE FAR EAST

CHECK SHEET

Do Not Remove from Attached Sheets

Note No. File No. Subject: Advance on "Arrears in Pay"

(13)

From: D C/S

EEG /i/

To: G-1 (Rec'd Pers) Date 7 March 1945  
(2) Finance Officer --JER /i/  
(3) Phil Army Sec

1. The matter covered in Carrier Note (12) has been presented to the C-in-C.

2. He desires the following interpretation to be put into effect with regard to pars. IV f.b and IV ie. of the War Department Plan for Casualty Administration:

a. Individuals to be considered as in a missing in action status for the entire period during which they were absent from full military control, except:

(1) Cases of actual desertion or AWOL in the face of the enemy prior to the surrender of their unit.

(2) Cases of acceptance of positions in Japanese or puppet agencies. This to include the Jap sponsored BC, municipal, provincial or "republic" offices, etc.

b. Payment for the period "missing in action" to be based on the foregoing; that is, for all periods, whether prisoners of war, with guerrilla forces, at home or elsewhere, except when positive disloyalty has been demonstrated.

3. In view of the foregoing, immediate payment of three months arrears of pay is authorized.

/i/ CBS  
C.P.S.

DECLASSIFIED  
Authority NND 883078



*E. J. ...*

**ERRONEOUS DEDUCTIONS FROM ARREARS IN PAY  
CONSISTING OF THE EQUIVALENT OF  
THREE MONTHS' ADVANCE PAY WHICH WAS NOT ACTUALLY RECEIVED**

1. Reference is made to the attached five inclosures relating to this claim.
2. In the presentation of this claim the following major points are raised:
  - a. Staff Memorandum Nr. 14 requirements were time-consuming; that it would take time for appropriate United States authorities to make determinations; that as an emergency measure it was decided that all soldiers who could prove that they were members of the USAFFE and persons who joined recognized guerrilla organizations would at once be given a three months' salary advance.
  - b. That soldiers in Leyte and nearby islands who could be reached by the Army paymasters were paid the three months' salary advance.
  - c. That those in Luzon and other islands towards the north were not able to receive three months' salary advance.
  - d. That the problem was met by following a "policy of presumption". They (Recovered Personnel Division is inferred) presumed that every one of the five hundred thousand men received the three months' salary advance. Accordingly, the pay envelopes containing the arrears in pay of the soldiers were delivered to them minus the three months' salary advance presumed to have been advanced to them.
  - e. That it was, of course, the intention to make appropriate adjustments and reimbursements later on.
  - f. That the United States Army closed shop in the Philippines before all adjustments and reimbursements could be made.
  - g. That they (the Mission) seek the reimbursement for all deserving claimants.
  - h. Example case of Ludovico Cabigon.
  - i. Example case of Felino Sacro.
3. After examination of appropriate records and files, the following data are furnished relating to the points raised:
  - a. Staff Memorandum Nr. 14 was issued 27 December 1945, yet authority for three months' advance pay existed as early as 27 March 1945. Attached hereto is Circular Nr. 11 issued on 18 April 1945 by Commonwealth



of the Philippines Army Headquarters on the subject "Payment of Three Months' Arrears in Pay of Philippine Army Personnel." Since 18 April 1945 precedes 27 December 1945, it disproves the idea of Staff Memorandum Nr. 14 causing a delay in making determinations and the "Three Months' Advance" as an emergency arising from it.

Further, there is no directive of record that specifically authorized three months' advance of arrears in pay to those individuals who had status only as a recognized guerrilla.

b. There is no basis for placing Leyte and nearby islands in a category different from Luzon and islands towards the north. It must be recognized that throughout the islands there were Replacement Battalions to which individuals could report. Transportation was furnished individuals from various islands to these processing points. Processing teams were sent to the various provinces. In Northern Luzon, there was Base M and USAFIP-NL, a major command of the United States Army. In Manila there were Base X and Philippine Army Headquarters. In Batangas in Southern Luzon there was Base R, United States Army. Throughout the islands there were innumerable units of the guerrillas who were being paid and supplied. The Military Police Command, AFWESPAC, composed of both American and Philippine units, were also throughout the islands. All these elements contributed to furnishing transportation to individuals making known their identity as Philippine soldiers.

c. In the survey of 10,256 cases only 5,570 of those individuals indicated that they did not receive three months' advance pay. A large group of these have included this amount in their current pay received after return to military control. Of this 5,570 it was found that 410 individuals had deductions for three months' advance pay. This action cannot be classified as an error, since the verification slips of the payroll vouchers are not always found in the file.

d. The survey of the 10,256 cases disproves a "policy of presumption", since 5,160 cases were found where the individual did not receive the three months' advance pay and a deduction was not made.

e. There has been no material found of record to support the understanding of a period for adjustments beyond 31 December 1949. To the contrary, prior to the termination of the program on 31 December 1949, the Philippine officials were contacted as to the number of claims for adjustment and said claims were received and acted upon prior to the closing date.

f. The closing of the Army program at any date would not satisfy every claim in which an adjustment is requested. The major element in the termination of the program was the lapse of the appropriation.

g. Where definite errors were made it is acknowledged that the individuals are deserving of reimbursement. This will not in each case entitle the individual to additional money, since other considerations and indebtedness must be taken into account.



h. In regard to the case of Ludovico Cabigon:

Examination of the determination made in this case on 30 July 1947 by Recovered Personnel Division does not indicate a deduction for three months' advance pay. The determination "no record for NSLI."; The deductions for three months' advance pay and insurance were errors by the Finance Section, Philippine Army.

The refund of the amount was within the authority granted by the letter, Commanding General, Philippines-Ryukyus Command dated 30 June 1948, Subject: "Authority to Make Refund of Erroneous Deductions".

i. In the case of Felino S. Sacro, the subject is deceased and in order to determine whether he received his three months' advance pay prior to his death on 16 August 1945, the pay records in possession of the Finance Service in the Philippines would have to be searched for additional information on pay.

4. It was found through screening the 10,256 201 files that in 50% of the cases where it appeared that three months' advance pay was deducted from the arrears in pay erroneously, the three months' advance pay was actually included with the individual's current pay. Therefore, it was correct to deduct it from the arrears in pay.

5. It is recommended that the claim for refund of three months' advance pay be recognized as a rightful claim only where it is determined that an actual error was committed either by Recovered Personnel Division or Chief, Finance Service, Armed Forces of the Philippines. Further, that settlement by lump sum payment to Philippine Government will have little effect in closing out the individual's plea to the United States Government. Complete settlement can be best assured by considering this claim with the other claims recommended for favorable consideration.

5 Inclosures:

- 2 1. Claim ld w/8 Exhibits
- 3 2. Cir #11, dtd 18 Apr 45
- 4 3. FEGARP 241, dtd 19 Mar 45
- 5 4. USAFFE Memo 14, dtd 26 May 47
- 6 5. USAFFE Memo 1, dtd 26 Jun 47