

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

CLAIM OF THE PHILIPPINE GOVERNMENT  
1h.

**DECLASSIFIED**  
Authority *NND883078*



(21) 1.2 Exhibit miss

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 Shea-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 award to  
agreed  
Subsequently funds  
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30  
31 Dec 48.



## MEMO ROUTING SLIP

NEVER USE FOR APPROVALS, DISAPPROVALS,  
CONCURRENCES, OR SIMILAR ACTIONS

1 NAME OR TITLE Mr. Ollon D. McCool	INITIALS	CIRCULATE
ORGANIZATION AND LOCATION Chief, Records Admin Br, TAGO	DATE	COORDINATION
2 Room 1E 672, The Pentagon		FILE
		INFORMATION
3		NECESSARY ACTION
		NOTE AND RETURN
4		SEE ME
		SIGNATURE

## REMARKS

The following drafts pertaining to Philippine Claims are returned herewith:

1. Claim Under Executive Order No. 22, w/6 inclosures.
2. Erroneous Deductions of National Service Life Insurance Premiums From Arrears in Pay
3. Expenses of the Recovered Personnel Division, with additional draft of paragraphs 8 through 15.
4. Unpaid Quarters Allowances
5. Erroneous Deductions From Arrears in Pay of the Equivalent of Three Months' Advance Pay
6. Erroneous Deductions From Arrears in Pay on Account of the Guerrilla or Emergency Notes Received During the Japanese Occupation

FROM NAME OR TITLE ALEXANDER T. IORIO, JR., Chief	DATE 18 Apr 56
ORGANIZATION AND LOCATION RPR-Br, ARCEN, TAGO	TELEPHONE 755

DD FORM 1 FEB 50 95

Replaces DA AGO Form 895, 1 Apr 48, and AFHQ Form 12, 10 Nov 47, which may be used.

c6-16-48487-4 GPO ☆

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The Judge

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b. formation r advised him 1949 and the exist. His ing been ma liberation ed to the B to CIC on X court due to

c. the Adjutant rears in pay Tacloban, La

certified True Extract Copy of his Processing Paper letter dated 8 May 1952 advising him that the arrears in pay program terminated 31 December 1949 and the authority to determine or redetermine claims for arrears in pay no longer existed. Subject indicated in his letter that he was confined by CIC at Iloilo City 1 May 1945 and on 15 May 1945 at Civilian Internment Camp, Tacloban, Leyte and that his case was dismissed 12 September 1949 with a decision in his favor. The only information of record under the spelling Manuel Aurelio, indicated "Responsible For Capture of Jose Doruelo, Chief S-2 Agent Victorias and active propagating anti-USAFIP measures to Civilians".

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Belnap/71984

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Non-payment of Arrears in Pay to Veterans  
Suspended from Duty Because of Criminal Charges

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The Judge Advocate General Chief, Admin Svc Div TAGO

3 JAN 1956

Mr. Belnap/71984

1. A search of the records in custody of The Adjutant General's Office failed to disclose any indication that any of the individuals listed on Exhibit 44 of the Philippines Claims filed a claim or a request for arrears in pay prior to 30 June 1948 to the Recovered Personnel Division or the Adjutant General Records Depository.

2. Pertinent information developed from examination of records in custody of the Adjutant General's Office reveals the following:

✓ a. One Felicito C. Laguda by letter dated 25 February 1950, indicated a desire to file a claim for arrears in pay. The Adjutant General Records Depository advised the individual on 31 March 1950 that the deadline for filing claims for living veterans was 15 January 1948 and no action could be taken. This file has no indication of charges having been made against the subject or that he returned to Military Control subsequent to liberation of the Philippines. This individual in his affidavit executed on 20 March 1952 made no indication of detention by CIC or criminal charges having been brought against him. No other file was located under this spelling that could be considered. There is no conclusive identification that this file pertains to the individual listed on Exhibit 44.

✓ b. Marcelo B. Foster, SN 209444, by letter dated 23 April 1954 requested information regarding arrears in pay for period 1 May 1942 to 30 June 1946. This office advised him on 22 June 1954 that the arrears in pay program terminated 31 December 1949 and the authority to determine or redetermine claims for arrears in pay ceased to exist. His file contains no official record of confinement by CIC or of charges having been made against him, or that he returned to military control subsequent to the liberation of the Philippines. However, he indicates in his letter that he was drafted to the Bureau of Constabulary from 28 March 1943 to 29 March 1945 and surrendered to CIC on 30 March 1945 and was detained until 24 January 1950 and released by the court due to insufficient evidence against him.

✓ c. Manuel G. Aurelio, SN 209437 by letter dated 23 April 1952 addressed to the Adjutant General Records Depository, requested status of his entitlement to arrears in pay and benefits as a result of his detention in Civilian Internment Camp at Tacloban, Leyte from date of returning to military control until 12 September 1949. A certified True Extract Copy of his Processing Papers, Form 23, was returned with letter dated 8 May 1952 advising him that the arrears in pay program terminated 31 December 1949 and the authority to determine or redetermine claims for arrears in pay no longer existed. Subject indicated in his letter that he was confined by CIC at Iloilo City 1 May 1945 and on 15 May 1945 at Civilian Internment Camp, Tacloban, Leyte and that his case was dismissed 12 September 1949 with a decision in his favor. The only information of record under the spelling Manuel Aurelio, indicated "Responsible For Capture of Jose Doruelo, Chief S-2 Agent Victorias and active propagating anti-USAFIP measures to Civilians".

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SUBJECT: Non-payment of Arrears in Pay to Veterans Suspended from Duty Because of Criminal Charges

✓ d. Cesar S. Flores has a file in connection with a claim for Prisoner of War benefits under War Claims Act. In his application he alleges he was paroled from POW Camp to join the Bureau of Constabulary. Information of record under this name revealed that an individual with the rank of 2d Lt, 3rd Negros BC Co, was a released POW; joined the Japanese Constabulary in Dumaguete January 1944, reverted to civilian status November 1944 and made assistant manager of Kalibabapi, was very notorious in his dealings with civilians, threatened and maltreated civilian and USAFFE prisoners. There is no evidence on file to indicate confinement by CIC or that subject returned to military control subsequent to liberation of the Philippines. This information is sufficient to identify the subject of this same name on Exhibit 44.

✓ e. Alfonso C. Penalosa, M/Sgt, has a file in connection with his claim for prisoner of war benefits under the War Claims Act. In his application he indicated that he was detained by CIC in the provincial jail, Tacloban, Leyte from 25 January 1945 to 30 June 1946; indicated of treason, Peoples Court, Philippines; released on bail from 1 July 1946 to 15 December 1949. Further he indicated that the treason indictment was dismissed by Court of First Justice, 13th Judicial District, Tacloban, Leyte, Philippines for insufficient evidence. His file contains no official record of charges having been made against him or that he returned to military control subsequent to liberation of the Philippines. This information is sufficient to identify the subject of the same name on Exhibit 44.

✓ f. Norberto L. Cebu, Cpl, 209 439, has a file in connection with his claim for prisoner of war benefits under the War Claims Act. With his claim for Prisoner of War benefits he inclosed an affidavit for Philippine Army Personnel, PA AGO Form 23 dated 17 May 1946. In his Form 23 he indicated that he was drafted to the Bureau of Constabulary on 21 September 1943 and deserted on 16 September 1944. He further indicated that he was taken by CIC and confined at the Civilian Internment Camp at Tacloban, Leyte on 6 June 1945. His file contains no information regarding charges or date of release. There is no official record of charges having been made against him or that he returned to military control subsequent to the liberation of the Philippines. This file is identified by his serial number appearing on Exhibit 44.

✓ g. Abundio K. Sayson, Pfc, 209455, has a file in connection with his claim for Prisoner of War benefits under the War Claims Act. In his application he claims to have been drafted to the "Cotton Project", Balayan, Batangas from 6 January 1944 to 30 March 1945; drafted to Bureau of Constabulary 31 March 1945 to 3 April 1945; reported to military control and honorably discharged from service on 30 June 1946. There is no official record or statement to show that subject was detained by CIC or that criminal charges had been made, nor is there any record of his reporting to military control subsequent to the liberation of the Philippines.



AGAZ

SUBJECT: Non-payment of Arrears in Pay to Veterans Suspended from Duty Because of Criminal Charges

3. It is recommended that consideration be given only to those claims of individuals where it is established by official records of the U. S. Army or the Armed Forces of the Philippines that the individuals were identified as members of the military forces of the Philippines in the service of the United States and that the information of record was made or executed during or immediately subsequent to the liberation of the Philippines.

FOR THE ADJUTANT GENERAL:

R. B. BELNAP, Adm Officer

Adm Services Div, AGO

OWEN ELLIOT, Colonel, AGC

Chief, Admin Svc Div, TAGO

*RBB*

2 Incl

1. Report of Non-payment of A/P because of Criminal Charges, w/incl
2. Exhibit 44



*Return to APC  
Loria/RPR Br*

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Authority NND883078



AGAZ

SUBJECT: Non-payment of Arrears in Pay to Veterans Suspended from Duty Because of Criminal Charges

3. It is recommended that consideration be given only to those claims of individuals where it is established by official records of the U. S. Army or the Armed Forces of the Philippines that the individuals were identified as members of the military forces of the Philippines in the service of the United States and that the information of record was made or executed during or immediately subsequent to the liberation of the Philippines.

*FOR THE Adjutant General:*

3 Incl

1. Report of Non Payment of A/P because of Criminal Charges, w/incl
2. Exhibit 44
3. Judge Advocate General's Report

OWEN ELLIOT, Colonel, AGC  
Chief, Admin Svc Div, TAGO

*Not used*

*Johnson  
29 Dec 55  
J. G. M. C.*

RETURN TO: DODMPC  
for IORIO/RPRB

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Authority *NND883078*



# DISPOSITION FORM

SECURITY CLASSIFICATION (If any)

FILE NO.

AGAZ

SUBJECT

Non-payment of Arrears in Pay to Veterans  
Suspended from Duty Because of Criminal ChargesTO  
CO, MPRC, TAGO  
ATTN: Maj JohnsonFROM  
Chief, Admin Svc  
Div, TAGO

DATE 8 Dec 55

COMMENT NO. 1

Mr. Belnap/71984

1. Attention is invited to attached papers, subject as above (Incl 1), with particular reference to the fact that Exhibit 44 mentioned in the paper from the Economic Mission of the Philippines was never furnished the Department of the Army. This exhibit was recently obtained by The Judge Advocate General, copy attached (Incl 2). It is desired that the cases listed thereon now be reviewed and the results thereof be transmitted to The Judge Advocate General by Comment Number 1 for signature of Chief, Administrative Services Division.

2. Inclosed (Incl 3) for your information is a copy of The Judge Advocate General's report on one of the claims submitted by the Philippines.

3 Incls  
a/s

*for* *R B Belnap*  
OWEN ELLIOT, Colonel, AGC  
Chief, Admin Svc Div, TAGO

DECLASSIFIED  
Authority *NND883078*



*For Your Information*

*Will be rewritten!*

SUBJECT: TAB 21 -- Philippine Army Claim No. 1h - Claim for Payment of Arrears in Pay Due Filipino Members of USAFFE Who Were Suspended from Duty Because of Criminal Charges But Were Later Absolved of Guilt

NATURE OF THE CLAIM

1. That the United States make payments of arrears in pay to Filipino members of USAFFE who were suspended from duty because of the fact that criminal charges had been filed against them but who were later absolved of guilt. Many of these Filipino veterans could not be paid because Finance Service, Headquarters, Philippine Army (HAP) was precluded from making such payments subsequent to 31 December 1949, the termination date for the adjustment period under the arrears in pay program.

FACTS

2. After the liberation of the Philippines, charges were filed against a number of Filipino members of the United States Army Forces of the Far East in civil and military courts. Philippine laws provided that a member of the Philippine Army under indictment for a criminal offense was to be temporarily suspended from duty and from receipt of pay pending the result of such criminal action. In the event an accused was acquitted, he was to receive all pay due or which became due to him during the period of his suspension from duty. It is alleged that many Filipino members of USAFFE who were suspended from duty as a result of criminal charges having been filed against them were subsequently cleared of such charges or their cases were dismissed. However, they could not be paid the arrears in pay to which they were entitled either (a) because they were not cleared of the charges against them until after 31 December 1949 or (b) because, although they were cleared of such charges, Finance Service, HAP, was unable to make payments by 31 December 1949, the date specified in the "Shea-Castaneda Agreement" as the expiration date of the adjustment period under the arrears in pay program (see Incl. 2).

3. The Philippine Government states that this claim is illustrated by two sample cases and a list of fourteen Filipino veterans who though suspended from duty, were later cleared of criminal charges against them but who never received the arrears in pay due them. However, Philippine Exhibit No. 44, which is specifically mentioned, has not been presented with the statement of the claim. This Philippine Exhibit may have been lost or omitted through an oversight. No other data has been submitted by the Philippine Government to illustrate the specific cases mentioned.

4. The Philippine Government contends that those persons whose pay was suspended because of the filing of criminal charges against them but who now have been cleared of all criminal charges, are entitled to receive arrears in pay corresponding to the period of suspension from duty.

*To be retained by MPRC*

*Page 3*

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## DISCUSSION

5. The Philippine Government alleges that the Filipino veterans to which it refers did not receive their arrears in pay because (a) they were not absolved of guilt until after 31 December 1949, or (b) they were absolved of guilt before this date but the arrears in pay due them was not paid by Finance Service, Headquarters, Philippine Army, (HAP), before 31 December 1949, the termination date of the adjustment period under the arrears in pay program. This date was specified in the letter of Major General Shea Commanding General, Philippine Command (PHILCOM), to Major General Castaneda, Chief of Staff, Armed Forces of the Philippines (AFP), dated 11 July 1949, which in pertinent part provided:

"3. It was understood and agreed by written agreement between the Commanding General, PHILRYCOM, and the Chief of Staff, AFP, dated 30 June 1948, that all sums which were advanced on 30 June 1948, or previously in excess of the total amount of the claims approved by the Recovered Personnel Division and Claims Service would be returned to the Treasurer of the United States upon written request of the appropriate agency of the United States, but in no event later than 30 June 1948.

\* \* \*

"5. It is considered expedient to modify the agreement entered into on 30 June 1948 by authorizing further payments from the funds previously advanced and by changing the date upon which the unexpended balance is to be returned to the Treasurer of the United States.

\* \* \*

"8. It is understood and agreed that all sums which have been advanced to the Philippine Army out of the appropriation 'Expenses, Army of the Philippines' for the fiscal years 1942 to 1946 inclusive, in excess of the total amount of the claims previously approved for payment and those which may be approved for payment by the Adjustment Division, AGRD, and paid before 31 December 1949 will be returned to the Treasurer of the United States, at one time or in increments, upon written request of the appropriate agency of the United States Government, but in no event later than 31 December 1949." (see Incl 2: "Shea-Castaneda Agreement")

The newly specified date of 31 December 1949, which actually extended the initially designated period for an additional six months to allow the Philippine Army to make "further payments" of arrears in pay claims, was explicitly understood and agreed upon by Major General Castaneda, the authorized representative of the Government of the



Republic of the Philippines (see Id. at Ind. 1). There is no record of any understanding for a further extension of the adjustment period under the arrears in pay program. Thus, subsequent to 31 December 1949 no administrative authority existed to settle any accounts for arrears in pay not previously concluded. The Commanding General, PHTT COM, expressly refused to authorize one attempt by Chief, Finance Service, Headquarters, National Defense Forces (HNDF), to establish a special trust fund for purposes of paying claims which, purportedly, could not be completed by 31 December 1949 (Incl 6). Because the appropriations "Expenses, Army of the Philippines" lapsed and the program for adjustments was terminated, the claims for entitlement of arrears in pay have been continuously disregarded by successive United States headquarters inasmuch as they were claims pertaining to an already completed project.

6. The majority of the claimants to which the Philippine Government refers are apparently former members of guerrilla forces against whom criminal charges were filed for having dealt severely with civilians suspected of collaborating with the Japanese during the occupation of the Philippines. These Filipino veterans were suspended from duty because of these criminal charges but, the Philippine Government alleges, many of these men were later absolved of guilt. It is admitted by the Philippine Government that many of these veterans were not cleared of these charges until after 31 December 1949, the termination date for the payment of arrears in pay claims (see "The Case of the Filipino Veteran," 29 (1954), published by Senate Committee on Veterans and Military Pensions, Congress of the Philippines). Moreover, the Philippine Government does not state by what method, judicial or administrative, these claimants were absolved of guilt.

When the Chief of Staff, Armed Forces of the Philippines (AFP), submitted to the President of the Philippines the reasons for his refusal to return to the United States all funds advanced from the appropriation "Expenses, Army of the Philippines (EAP)" which had not been used to pay the claims of Philippine veterans before 31 December 1949, he stated in pertinent part:

"4. There is a move in Washington, D. C., to request the Philippine Government to grant unconditional pardon to guerrillas who committed crimes during the Occupation for the furtherance of the resistance movement. If this move will be favorably considered by the Republic of the Philippines it will be necessary that reimbursement of expenses incurred by these guerrillas in the trial of their cases, and their pay and allowances during the period of confinement, must be paid also and all these payments will have to be defrayed from the funds in question." (Emphasis added) (Letter of General Castaneda, Chief of Staff, AFP, to President of the Philippines, dated 16 Dec. 1949). (Incl 7)



Thus, the Chief of Staff, AFP, sought to justify his refusal to comply with his earlier agreement to return to the Treasury of the United States all sums which had been advanced from "EAP" appropriations in excess of the total amount of the claims paid before 31 December 1949 (see Incl. 2; "Shea-Castaneda Agreement").

On 29 December 1949, Major General Turner, USAF, issued his reply to the Chief of Staff, AFP, as follows:

"2. Careful consideration has been given to each of the stated reasons for not returning the balance of the funds on or before 31 December 1949, and it is the opinion of this headquarters that said reasons are not sufficient to warrant a change in my original request."  
(Incl. 3)

Now, many years subsequent to the lapse of the "EAP" appropriations and the authority to submit arrears in pay claims, the Philippine Government seeks anew to pay guerrilla veterans from the unexpended balance of "EAP" funds which Headquarters, Philippine Army, attempted, unjustifiably, to withhold from the Treasurer of the United States.

7. Further, the Philippine Government has failed to indicate the exact number of guerrilla or other alleged claimants or even the approximate total value of the claims involved. It has not been shown that the alleged claimants could meet the requirements set forth by Staff Memorandum No. 14, GHQ, AFWESPAC, dated 27 December 1945 (Incl. 4) or that the particular Filipino veterans who claimed to have served as civilian guerrillas could establish their membership in recognized guerrilla units during the liberation or immediate post-liberation period (see Memorandum Opinion on Philippine Claim No. 1g (Tab 20), 14 Jan 55). A review of some 10,256 cases recorded by Recovered Personnel Records Branch, United States Army, has revealed no facts which would aid in determining the merits of the present claim. However, if it can be shown that particular individuals have meritorious claims entitling them to arrears in pay for which they cannot obtain payment due to delayed action by a court, it may, as a matter of policy, be decided to proceed with the payment of such claims (see e.g., Incl. 5).

8. Although the Philippine exhibits indicated in the claim have not been presented, it is believed that a review of the specific cases would not alter the foregoing opinion.

#### UNITED STATES POSITION

9. That the United States should give serious consideration to the payment of arrears in pay to those Filipino veterans who have fulfilled the conditions set forth by Staff Memorandum No. 14, GHQ, AFWESPAC,



dated 27 December 1945, and who, absolved from liability for any criminal charges against them, have been denied, through no fault of their own, the arrears in pay due them which was suspended pending the determination of the criminal charges filed against them, provided there is a lack of any other evidence that the United States should refuse payment.



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

1. The attached claim presented by the Economic Mission of the Philippines is one for payment of arrears in pay due an individual of the Philippine Army whose payment was suspended pending outcome of criminal charges filed against him.

2. No evidence is readily available upon which to base an opinion. The exhibit indicated in the claim was not presented. It is not believed that the review of the cases would have revealed any extenuating circumstances.

3. Any member of the military who has criminal charges pending is not entitled to continue receiving pay and allowances pending a verdict in his case. If the verdict is acquittal, the person involved is entitled to all pay and allowances due. If the verdict is guilty, the sentence must impose forfeiture of all pay and allowances due or to become due before accrued pay and allowances can be denied.

4. As alleged in the claim, some members of the PA were not absolved of guilt in criminal cases until subsequent to 31 December 1949. That date was the expiration date of the adjustment period of the arrears in pay program. Administratively, no authority existed subsequent to that date to settle any accounts not previously concluded. Any reference to entitlement to arrears in pay has been disregarded by successive US Army headquarters since it has been determined a closed project.

5. It seems that where entitlement is evident and the incumbent has not been able to obtain payment due to delayed action by a court, a just claim exists. In this connection, see attached letter, Incl 2. The review of 10,256 cases in RPRB revealed no circumstances relating to this subject that can be presented.

6. It is believed that claims of individuals, coming within the purview of this claim, <sup>should</sup> be received by the Department of Army for presentation to the General Accounting Office if appropriate and if the following criteria ~~is~~ met:

- a. Subject is a bonafide member of PA.
- b. Claim for arrears in pay was submitted to RPD prior to the deadline of 15 January 1948.
- c. Suitable evidence is presented indicating reasons for suspended payment.
- d. Copy of court action.

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E X T R A C T C O P Y

(Inclosure 1 of letter from Lt. Col. Gustav A. Neuberg, AG, USAF, to Col. Horace W. Forster, CO, AGRD, dated 21 Dec. 1949)

1st Indorsement  
December 16, 1949

Respectfully forwarded, through the Honorable, the Secretary of National Defense, to His Excellency, the President of the Philippines, Manila.

In the basic communication, the Commanding General, Philippine Command, is requesting this Headquarters the return to the Treasurer of the United States the balance of appropriation "EXPENSE, Army of the Philippines" (roughly ₱60,000,000.00) on or before December 31, 1949. For reasons stated herein below and in the interest of Filipino veterans and their heirs whose arrears in pay were erroneously deducted and of 28,588 Ex-USAFFE and 4,916 recognized guerrillas who have not received anything at all as a result of said deductions, it is recommended that immediate representations be made, through diplomatic channels, for the postponement of the return of said unexpended balance of appropriation to a date not earlier than June 30, 1950, and that formal appeal be also made to liberalize certain existing rulings inimical to the interests of our veterans.

REASONS FOR NOT RETURNING THE MONEY ON DECEMBER 31, 1949

\* \* \*

4. There is a move in Washington, D. C., to request the Philippine Government to grant unconditional pardon to guerrillas who committed crimes during the Occupation for the furtherance of the resistance movement. If this move will be favorably considered by the Republic of the Philippines it will be necessary that reimbursement of expenses incurred by these guerrillas in the trial of their cases, and their pay and allowances during the period of confinement, must be paid also and all these payments will have to be defrayed from the funds in question.

\* \* \*

Original Signed  
N. M. CASTANEDA  
Major General  
Chief of Staff

E X T R A C T C O P Y



<u>Name</u>	<u>Rank</u>	<u>AFSN/BR</u>	<u>Date Confined By US CIC</u>	<u>Date Temp Release By US CIC</u>	<u>Date Case Dismissed</u>
X 1. Felicito C Laguna	Sgt	Unknown	19 Apr 45	16 Aug 46	17 Jan 50
X 2. Julio M Mendosa	Pvt	Unknown	INVESTIGATED BY CIC AND CLEARED		
X 3. Apolinario A Yap	S Sgt	Unknown	16 Jun 45	Unknown	29 Aug 51
X 4. Alfonso C Penalosa	M Sgt	Unknown	25 Jan 45	10 Dec 45	16 Dec 49
X 5. Manuel Aurelio	Cpl	209437 Inf	1 May 45	28 Dec 46	12 Sep 49
X 6. Teofilo N Noble	T Sgt	Unknown	23 Apr 45	29 Jun 46	19 Jun 52
X 7. Alejandro Hermosa	Sgt	Unknown	28 Apr 45	Unknown	8 Feb 50
X 8. Simeon R Gonzales	F Sgt	Unknown	21 Mar 45	10 Dec 45	20 Apr 46
X 9. <u>Herberto Cebu</u>	Cpl	209439 Inf	6 Jun 45	Unknown	19 Oct 49
X 10. Abundio A Sayson	Pfc	209455 Inf	29 Mar 45	July 46	20 Jul 50
X 11. Valeriano Tupas	T Sgt	Unknown	29 Oct 44	9 Apr 46	26 Aug 52
X 12. Cesar Flores	Sp4 Lt	Unknown		16 Apr 46	3 Dec 53
X 13. Marcelo B Foster	Cpl	20944	30 Mar 45	11 Jul 47	20 Jan 50
X 14. Demetrio Tan	T Sgt	Unknown	22 Dec 44	30 Jun 46	30 Jan 52

Exh. 44

DECLASSIFIED  
 Authority: NND8832078



C O P Y

HEADQUARTERS  
8133D ARMY UNIT  
ADJUTANT GENERAL RECORDS DEPOSITORY  
APO 928

AGRD-F

26 JUN 1951

SUBJECT: Claim for Arrears in Pay (Palileo, Hector G., ASN O-47164)

TO: General Accounting Office  
Claims Division  
Washington 25, D. C.

1. Submitted herewith claim for arrears in pay of Hector G. Palileo, Captain (Incl #1).
2. Subject claim was approved for payment by this headquarters on the basis that his name appeared on the official rosters of the 45th Regiment, 44th Division, Hunters ROTC, with a period of service and grades as appears on determination worksheet dated 16 February 1948. The Hunters ROTC is a recognized guerrilla organization with a revision date of 7 May 1942. Approved claim was forwarded 16 February 1948 to Finance Service, Armed Forces of the Philippines, for payment.
3. Subject claim was processed for payment and check No. 587806-J was issued in the amount of ₱4,286.01 in favor of claimant by Finance Service, Armed Forces of the Philippines, from funds advanced under Appropriation, "Expenses, Army of the Philippines, 212/62300," and on deposit with the Philippine National Bank. An examination of accounting records of Finance Service, Armed Forces of the Philippines, reveals that prior to the issuance of check No. 587806-J, there was also issued checks No. 586680-J and No. 587677-J in favor of subject claimant, in the amount of ₱4,286.01 each and were subsequently cancelled. A photostatic copy of voucher is furnished for information (Incl #2).
4. Prior to delivery of check, subject became involved in a criminal case relative to the forging of signatures on checks stolen from Finance Service, Armed Forces of the Philippines, and cashed at the Philippine National Bank, where subject was then employed. Subject identified the signatures of persons purporting to be those in whose names the stolen checks had been issued. As a consequence, Finance Service, Armed Forces of the Philippines, suspended delivery of subject's check for arrears in pay and on 1 September 1949, cancelled the check.
5. From information available, there has been no criminal or civil case filed against subject individual. There is a copy of a certificate in subject's file from the Chief of the Legal Department of the Philippine National Bank, to the effect that subject individual is not being sued either civilly or criminally by the Philippine National Bank (Incl #3).

C O P Y

DECLASSIFIED  
Authority NND883078

*Mill's*



AGRD-F

Subject: Claim for Arrears in Pay (Palileo, Hector G., ASN O-47164)

*Handwritten:* ✓ *Head!*

6. Cancellation of the check was arbitrarily done by Finance Service, Armed Forces of the Philippines, using as a basis, subject having been involved in the forgery cases concerning checks stolen from that office.

7. This case came to the attention of this headquarters, 25 August 1950, when a letter was received from Jose R. Santos, counsel for subject. No action could be taken toward issuance of a duplicate check, inasmuch as the authority for disbursement from General Fund appropriation, "Expenses, Army of the Philippines," terminated 31 December 1949.

8. In view of the above, it is recommended that subject claim be paid in the amount of \$2,143.00 (P4,286.01) and check drawn in favor of claimant be forwarded this headquarters for delivery.

9. Request acknowledgment of receipt.

FOR THE COMMANDING OFFICER:

3 Incls

- 1. Fm #23 & DWS of claimant (Incl #1)
- 2. cpy of vou #68491 (Incl #2)
- 3. cpy of certificate (Incl #3)

BAW (Initialed)  
 BURL A. WOOD  
 Capt AGC  
 Adjutant

P R K (Initialed)  
 P. R. KENNEDY  
 CAPT FC

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 Authority NND883078



Reference is made to the Statement of this Claim which was submitted by the Financial Claims Committee, Republic of the Philippines, 14 January 1955.

Incl. 1

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Authority *NND883078*



C O P Y

11 Jul 1949

SUBJECT: Funds from the Appropriation of "Expenses, Army of the Philippines", for Fiscal Years 1942-1946.

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

1. Under the provisions of Executive Order 9011 of the President of the United States, dated January 3, 1942, the Commanding General PHILRYCOM from time to time authorized the advance of funds of the United States Government out of the appropriation "Expenses, Army of the Philippines" for the fiscal years of 1942 to 1946 inclusive, for the express purpose of paying certain claims adjudicated and approved by the Recovered Personnel Division and Claims Service of PHILRYCOM which were submitted for payment to the Finance Service, Philippine Army.

2. On 30 June 1948 a check in the amount of ₱93,778,000.00 was turned over to the Philippine Army which, with the balance of sums previously advanced, was considered sufficient to pay all claims duly adjudicated and approved by the Recovered Personnel Division and the Claims Service, PHILCOM and such additional amounts due on redeterminations approved by the Recovered Personnel Division and the Claims Service, PHILRYCOM, provided such claims had been originally filed before the administrative deadlines of 15 January 1948 and 29 February 1948, for claims for arrears in pay pertaining to living and deceased veterans respectively, and 31 March 1948 for all other claims.

3. It was understood and agreed by written agreement between the Commanding General, PHILRYCOM and the Chief of Staff, AFP dated 30 June 1948, that all sums which were advanced on 30 June 1948, or previously in excess of the total amount of the claims approved by the Recovered Personnel Division and Claims Service would be returned to the Treasurer of the United States upon written request of the appropriate agency of the United States, but in no event later than 30 June 1948.

4. The agency now approving claims formerly approved by the Recovered Personnel Division and Claims Service is the Adjustment Division of the Adjutant General Records Depository.

C O P Y

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Authority NND883078

Incl. 2



5. It is considered expedient to modify the agreement entered into on 30 June 1948 by authorizing further payments from the funds previously advanced and by changing the date upon which the unexpended balance is to be returned to the Treasurer of the United States.

6. You are authorized to make payments from these funds on such arrears in pay, and procurement and wage claims as were submitted to the Adjustment Division, Adjutant General Records Depository before 30 June 1949 and are duly adjudicated and approved by the Adjustment Division, Adjutant General Records Depository, as payable from the above funds, and sent to the Philippine Army for payment before 1 December 1949.

7. It is understood and agreed that the Philippine Army will furnish to the proper authorities of the Government of the United States of America abstracts of all claims paid under this Agreement, and to make available for inspection by representatives of the Government of the United States of America all records pertaining to the settlement of all claims or obligations included herein for the period of five years following 30 June 1949.

8. It is understood and agreed that all sums which have been advanced to the Philippine Army out of the appropriation "Expenses, Army of the Philippines" for the fiscal years 1942 to 1946 inclusive, in excess of the total amount of the claims previously approved for payment and those which may be approved for payment by the Adjustment Division, AGRD, and paid before 31 December 1949 will be returned to the Treasurer of the United States, at one time or in increments, upon written request of the appropriate agency of the United States Government, but in no event later than 31 December 1949.

GEORGE D. SHEA  
Major General, U.S.A.  
Commanding

1st Ind  
HEADQUARTERS, NATIONAL DEFENSE FORCES, REPUBLIC OF THE PHILIPPINES,  
CAMP MURPHY, QUEZON CITY, 15 July 1949

TO: Commanding General, Philippines Command, APO 707

Headquarters, National Defense Forces, the authorized representative of the Government of the Republic of the Philippines, agrees to all the provisions and conditions as set out in basic communication.

M. N. CASTANEDA  
Major General  
Chief of Staff

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Authority NND883078



C O P Y

29 DEC 1949

SUBJECT: Return of the Balance of the Appropriation "Expenses,  
Army of the Philippines"

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

1. Under date of 6 December 1949, the undersigned requested that the unexpended balance of the appropriation "Expenses, Army of the Philippines, 1942-1946", be returned to the Treasurer of the United States not later than 31 December 1949 in accordance with agreements made between the Commanding Generals of the Philippine-Ryukyus Command, the Philippines Command and the Chiefs of Staff, Armed Forces of the Philippines. Although no direct reply to the above mentioned letter has been received, a copy of the 1st Indorsement executed by your headquarters and addressed to His Excellency, the President of the Philippines, has been furnished me.

2. Careful consideration has been given to each of the stated reasons for not returning the balance of the funds on or before 31 December 1949, and it is the opinion of this headquarters that said reasons are not sufficient to warrant a change in my original request.

3. As the final audit figures are not now available, it is requested that the sum of ₱50,000,000.00 be returned now to the Treasurer of the United States.

4. After reimbursement of ₱50,000,000.00 the balance remaining with the Philippine Army should be more than adequate to pay any amount that might later be considered as payable, under the terms of the existing agreements, for administrative expenses in adjudication, audit and payment of claims.

R. M. TURNER  
Major General, USAF  
Commanding

C O P Y

Incl. 3

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Authority NND883078



COPY

HEADQUARTERS  
UNITED STATES ARMY FORCES WESTERN PACIFIC  
RECOVERED PERSONNEL DIVISION

APO 707  
27 December 1945

STAFF MEMORANDUM  
NO.....14

Interpretation of the Missing Persons Act

1. The following is quoted for the information and guidance of all concerned:

"Check Sheet - FROM: DC & C/S TO: Rec Pers Div

1. As a result of the conference held in my office, attended by the AG, the A C/S, G-3, representatives of the PA Section, G-3, the Recovered Personnel Division, AG, and Plans Division, the following policy is furnished for your information and guidance:

2. Under the policy of this Headquarters, determination of casualty status and entitlement to pay under the Missing Persons Act will be as follows:

a. A person missing in action (whereabouts unknown) or captured and imprisoned or interned by the enemy until his recovery by United States forces, will be determined to be in a casualty status with entitlement to pay for such period.

b. A person who evaded capture, or fled to the hills, or actively joined guerrillas, or actively participated in the anti-Japanese movement, or remained in hiding to avoid capture, until his return to military control, will be determined to be in a casualty status with entitlement to pay for such period.

c. A person who evaded capture, but returned to his home and continued a normal mode of living, will 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.

d. A person who was captured and imprisoned or interned by the enemy, but was thereafter released will be determined not in a casualty status and not entitled to pay from the date of his release until the date he actively joined a guerrilla force, or actively participated in the anti-Japanese movement, or returned to military control.

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Incl #4

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Authority: NND 883078



COPY

e. A person whose active service in or for the military forces of the United States was terminated as a result of the enemy occupation and who was permitted to return to his home and pursue a normal mode of living, will be determined not in a casualty status and not entitled to pay after the date of termination of such active service.

f. A person falling with c, d, or e, above, who can prove that material restraint was imposed on him or that he suffered "serious deprivation," to an extent greater than the restrictions, inconveniences, and lowered standards of living generally suffered by other residents incident to the Japanese occupation, as a direct result of his former official status under the U. S., will be determined in a casualty status with entitlement to pay for the period such condition existed. The burden of proof rests with the claimant.

Initialed: WAW Jr. "

2. Attention is also directed to Par. IV, 1, (e) of the War Department Plan for the Administration of the Missing Persons Act.

/s/ Morris H. Marcus  
MORRIS H. MARCUS  
Colonel, AGD  
Director, Rec Pers Div

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C O P Y

HEADQUARTERS  
PHILIPPINES COMMAND  
UNITED STATES ARMY

GSX 120

APO 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 PHILRYCOM.

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

C O P Y

INCL 6

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C O P Y

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

- 2 -

C O P Y

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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, Quezor 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

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Authority NND883078



BASIC: Ltr fr CG, PHILCOM to Chief of Staff, AFP, subj: "US Funds from Appropriations, "Expenses, Army of the Philippines," dated 8 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  
M. N. CASTANEDA  
Major General, AFP  
Chief of Staff



C O P Y

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

C O P Y

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