

NEWS RELEASE
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POEA suspends license of 56 recruitment agencies

The Philippine Overseas Employment Administration in 2017 has suspended the documentary processing of 56 recruitment agencies for failure to comply with required increase in capitalization or paid-up capital.

The POEA on April 4, 2017 issued Memorandum Circular No. 3, s2017, directing licensed recruitment and manning agencies to comply with the first yearly increase in paid-up capital as mandated by the 2016 POEA Revised Rules and Regulations Governing the Recruitment and Employment of OFWs.

Section 2 Rule I Part II of the Rule provides that “. . . those with existing licenses, shall, within four (4) years from effectivity thereof, increase their capitalization or paid up capital, as the case may be, to Five Million Pesos (PhP5,000,000.00) at the rate of Seven Hundred Fifty Thousand Pesos (PhP750,000.00) every year.”

Agencies that fail to comply with the requirement shall be meted with suspension of license in accordance with Section 41c/Section 42c, Rule III Part II of both POEA Rules as follows:

“In case the audited financial statement indicates an amount lower than the required capitalization, the agency shall, within thirty (30) days from the date of assessment, infuse additional capital up to the required minimum level and submit the certificate of corporate filing/information on the present paid-up capital issued by the SEC. Failure to comply shall cause the suspension of license, until compliance.”

At that time of issuance of the memorandum circular, the existing capitalization of some 386 recruitment agencies were below the minimum requirement for the first yearly increase that would likely result in their suspension for failure to comply with the required increase in capitalization.

The POEA has set the deadline for the submission for the yearly increase for land-based agencies on or before April 28, 2017. For the manning agencies, the deadline was on or before September 4, 2017.

The Governing Board extended the deadline until May 31, 2017 after the POEA received numerous requests from recruitment industry associations and individual agencies to extend the deadline to comply with the requirement citing the long documentation procedure at the Securities and Exchange Commission (SEC) and the closure of its offices at the PICC during hosting of the ASEAN Summit.

The recruitment and manning agencies were ordered to submit as proof of compliance for the yearly increase of capitalization, as follows:

For corporations and partnerships:

1. Treasurer's Affidavit on the additional authorized subscribed and paid-up capital stock requirements/Joint Affidavit of partners on the additional partners' contribution;
2. Bank certification showing an additional deposit of at least PhP750,000.00, with authority to examine the bank account;
3. Amended Articles of Partnership/Incorporation providing for the increase of the authorized/paid-up capital to a minimum of Five Million Pesos (PhP5,000,000.00); and
4. Certification issued by the Securities and Exchange Commission (SEC) on the current paid-up capital of the corporation/partnership showing the increase of at least PhP750,000.00.

For single proprietorship: Bank certificate showing a deposit of at least PhP750,000.00, with authority to examine the bank report.

Agencies also were directed to subsequently comply with the yearly increase of PhP750,000.00 until the minimum capitalization of PhP5,000,000 is fully completed.

On the other hand, agencies that have fully complied with the required capitalization were directed to submit a certification issued by the Securities and Exchange Commission (SEC) on the present paid-up capital of the corporation or partnership, or the bank certificate, in case of single proprietorship.

As of October 19, 2017, some 30 recruitment agencies have already complied with the increase in capitalization and their suspension order lifted.

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