

RULES ON FACT-FINDING INVESTIGATION OF FRAUD, IRREGULARITIES AND ANOMALIES COMMITTED IN BANKS

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/3f610f601369/>

Pursuant to Section 9 (b-1) of Republic Act No. 3591, as amended, the Board of Directors of PDIC, by virtue of Resolution No. 2005-05-060 dated May 25, 2005, approved the adoption and promulgation of the following rules to govern PDIC's exercise of its fact-finding investigation powers.

Rule 1. General Provisions

SECTION 1. Title - These Rules shall be known as the PDIC Rules on Fact-Finding Investigation of Fraud, Irregularities and Anomalies Committed in Banks.

SECTION 2. Coverage - These Rules shall be applicable to all fact-finding investigations on fraud, irregularities and/or anomalies committed in banks that are conducted by PDIC based on: (a) complaints from depositors or other government agencies; and/or (b) final reports of examinations of banks conducted by the Bangko Sentral ng Pilipinas and/or PDIC.

SECTION 3. Definition of Terms - The terms hereunder shall be construed as follows:

- a. "BSP" shall refer to Bangko Sentral ng Pilipinas.
- b. "Bank" or "banking institution" are synonymous and interchangeable and shall refer to an entity authorized by the Monetary Board to engage in the lending of funds obtained from the public through the receipt of deposits and whose deposits are insured with PDIC.
- c. "PDIC Board" shall refer to PDIC's Board of Directors.
- d. "Charter" shall refer to Republic Act No. 3591, as amended.
- e. "Complaint" shall be as defined in Section 3, Rule 3 of these Rules.
- f. "Depositor" shall refer to a natural or juridical person who has a deposit with a bank subject of a complaint.
- g. "Examiner" shall refer to a PDIC officer, employee or agent appointed by the PDIC Board to examine and evaluate the condition/overall soundness of a bank.
- h. "Final Report of Examination" shall be as defined in Section 2, Rule 3.
- i. "Fraud" shall refer to anything calculated to deceive, including acts, omissions and concealment involving a breach of legal or equitable duty, trust, or confidence justly reposed, resulting in damage to another, or by which an undue and unconscientious advantage is taken of another.
- j. "General Counsel" shall refer to the General Counsel of PDIC.
- k. "Government Agency", when used herein, shall refer to a regulatory agency or an agency expressly vested with jurisdiction to regulate, administer or adjudicate matters affecting substantial rights and interests of private persons.

l. "Investigation" shall refer to fact-finding examination, study or inquiry for determining whether the allegations in a complaint or findings in a final report of examination may properly be the subject of an administrative, criminal or civil action.

m. "Investigator" shall refer to a PDIC officer, employee or agent appointed by the PDIC Board to conduct a fact-finding investigation under these rules.

n. "Irregularity" or "Anomaly" shall refer to acts or omissions which do not constitute fraud but which may: (a) constitute an unsound or unsafe banking practice as may be defined by the BSP and/or the PDIC Board; (b) be a violation of the Charter, PDIC rules, regulations or instructions, and/or any written condition imposed by PDIC in connection with a transaction or grant by PDIC; and/or (c) not conform to what is generally considered or accepted as proper or right practice in the banking industry, or deviate/s from a general or common course, rule, practice or method prescribed by law or regulation.

o. "PDIC" shall refer to the Philippine Deposit Insurance Corporation.

p. "President and Chief Executive Officer" shall refer to the President and Chief Executive Officer of PDIC.

SECTION 4. Proceedings in Investigations - Being non-adversarial in nature, fact-finding investigation shall not adhere to technical rules of procedure.

SECTION 5. Confidential in Nature - The entire fact-finding investigation proceedings under these Rules shall be confidential in nature; except, when there is a finding in the investigation that may properly be the subject of a criminal or civil action. Further, any disclosure regarding the fact-finding investigation or the results thereof shall be in accordance with the provisions of Republic Act No. 3591, as amended.

Rule 2. Scope and Jurisdiction

SECTION 1. Scope of the Investigation - Fact-finding Investigations shall be limited to the particular acts or omissions subject of a complaint or a Final Report of Examination.

SECTION 2. Jurisdiction to Conduct Investigation of Fraud, Irregularities and Anomalies - PDIC shall exercise jurisdiction over complaints filed by depositors or other government agencies and/or recommendations for the conduct of fact-finding investigation contained in Final Reports of Examination or any adverse finding stated therein involving fraud, irregularities and/or anomalies committed in bank/s that is/are:

- a. Likely to cause insolvency or substantial dissipation of assets or earnings of the bank;
- b. Likely to seriously weaken the condition of the bank;
- c. Likely to seriously prejudice the interests of the depositors and PDIC;
- d. Likely to expose the deposit insurance fund to risks or PDIC to the payment of deposit insurance; and/or
- e. In violation of the PDIC Charter, orders, rules, regulations or instructions and/or any written condition imposed by the Corporation in connection with a transaction or grant by the Corporation.

SECTION 3. Other Types of Fraud, Irregularities and Anomalies - Complaints and Final Reports of Examination involving fraud, irregularities and/or anomalies other than those mentioned in Section 2 of this Rule shall be referred to the appropriate government agency or authority.

Rule 3. Pre-Requisites and Initiatory Acts

SECTION 1. Authorization by the PDIC Board - In all cases, a fact-finding investigation shall be conducted only upon authorization by the PDIC Board acting on the recommendation contained in a Final Report of Examination or based on any adverse finding stated therein, and/or a complaint from a depositor or government agency. The

Board shall likewise authorize the filing of criminal, civil, and/or administrative charges, if warranted. For this purpose, said authority is delegated to the President and Chief Executive Officer or the General Counsel in accordance with existing PDIC policies.

SECTION 2. Final Report of Examination - A Final Report of Examination shall refer to the document approved by the PDIC Board or the Monetary Board containing a written statement/narration of the findings and/or recommendations resulting from an examination of a bank.

A Final Report of Examination of examiners of PDIC and/or BSP shall contain the following:

- a. If possible, full name(s) and address(es) of the bank and/or its directors, officers, employees or agents or such description as would identify who appear to be responsible for the commission of fraud, irregularities and/or anomalies; and
- b. A narration of the relevant and material facts which shows the fraudulent, irregular or anomalous acts or omissions allegedly committed in a bank.

In addition to the foregoing, copies of relevant documents, if available, should accompany the Final Report of Examination.

SECTION 3. Complaint - A complaint is a verified statement from a depositor alleging the commission or omission of certain acts which constitute fraud, irregularity or anomaly in a bank. The complaint shall follow the form attached hereto as Annex "A"[*] and/or contain the following:

- a. Full name and address of the complainant;
- b. Full name and address of the bank and/or the names or sufficient description that will identify the directors, officers, employees and/or agents thereof who appear to be responsible for the commission of fraud, irregularities and/or anomalies;
- c. A narration of the relevant and material facts which shows the fraudulent, irregular or anomalous act or acts allegedly committed in a bank.
- d. A statement that the complainant has not commenced any action or filed any claim involving the same issues with BSP or any court, tribunal or quasi-judicial agency and, to the best of his/her knowledge, no such other action or claim is pending therein; or a full disclosure of the status of an action or claim involving the same issues filed with BSP or any court, tribunal or quasi-judicial agency;
- e. An undertaking that if the complainant should thereafter learn that a similar action or claim has been filed or is pending, he/she shall report that fact within five (5) days therefrom to PDIC;
- f. If the incident complained of involves the deposit account of the complainant with the subject bank, a statement authorizing PDIC to look into the deposit account of the complainant for purposes of the investigation; and
- g. Documents and/or affidavits, if any, supporting the allegations in the complaint.

In the absence of any one of the aforementioned requirements other than paragraph (g), the complaint may be dismissed.

A report from a government agency of fraud/irregularity/allegedly committed in a bank that is furnished PDIC, accompanied by a written request for the conduct of an investigation, is considered a valid complaint under these Rules.

SECTION 4. When and Where to File a Complaint - Complaints shall be filed with the Investigation Department

of PDIC within office hours.

SECTION 5. Withdrawal of the Complaint - The withdrawal of a complaint shall not result in its outright dismissal. Where there is sufficient basis or merit to the allegations in the complaint, or where there is documentary evidence that would tend to prove the act or acts complained of, the fact-finding investigation shall proceed accordingly.

SECTION 6. Action on the Complaint - A fact-finding investigation shall be commenced upon approval of the PDIC Board for the conduct thereof based on a complaint that is sufficient in form and substance.

A complaint dismissed for non-compliance with the provisions of Section 3 of this Rule shall be reflected in a periodic report to be submitted to the appropriate authority.

Further, in instances wherein a complaint raises issues that are already pending before a court, tribunal and/or another administrative agency, PDIC, after coordinating with the court, tribunal and/or administrative agency concerned, may still proceed with the investigation if no law or rule of procedure shall be violated thereby. This shall likewise be reflected in the periodic report mentioned in the immediately preceding paragraph.

Rule 4. Conduct of Investigation

SECTION 1. Notice of Fact-Finding Investigation - In instances where the fact-finding investigation shall be conducted within bank premises, the investigators shall serve a Notice of Fact-Finding Investigation on the highest ranking officer of the Head or Branch Office of the bank subject of the fact-finding investigation, copy furnished the Office of the Bank President. Notice shall be served on the day the fact-finding investigation within bank premises shall be conducted.

Refusal to receive, accept or acknowledge the said notice shall not prevent the conduct of the fact-finding investigation within bank premises.

SECTION 2. Contents of Notice - The Notice of Investigation shall identify the investigators authorized by the PDIC Board to conduct the investigation and shall state with particularity the alleged violation committed by the bank and/or its directors, officers, employees or agents, as well as the specific area of investigation. The notice shall likewise contain an advisory that the entire proceedings of the investigation are confidential in nature and the conduct thereof shall not be disclosed except under the circumstances stated in Section 5, Rule 1 hereof.

SECTION 3. Authority of Investigator/s - The investigator/s, in the conduct of an investigation directed by the PDIC Board, has/have, among others, the power and authority to:

- a. Enter the premises of the bank subject thereof, during reasonable hours and in the presence of an officer and/or employee of the bank. In the absence of an officer and/or employee of the bank, the investigator is authorized to secure the presence of a person in authority or an agent of a person in authority to witness the entire proceedings;
- b. Administer oaths, examine, take and preserve testimony of any person in relation to the subject of the investigation;
- c. Inspect any pertinent document and/or record of the bank pursuant to the purpose of the investigation; and
- d. Secure certified true copies of any document necessary for the conduct of the investigation and/or the preparation of the investigation report.

Any act committed by the bank under investigation or by any of its directors, officers, employees or agents, that is intended to or shall prevent, impede or obstruct the exercise by the investigator/s of the foregoing powers or authority shall constitute a violation of the PDIC Charter.

Rule 5. Investigation Report

SECTION 1. Investigation Report - The result of the investigation shall be in writing and signed by the investigator/s who conducted the same. It shall contain the following:

- a. Brief Statement of the Complaint;
- b. Narration of Facts;
- c. Statement of the Findings (including the acts or omissions constituting violation of pertinent banking, administrative and/or penal laws and the provision of law violated if such is the case);
- d. Basis for the Findings (including copies of documents); and
- e. Recommendation.

SECTION 2. Period for Submission of the Report - The Investigation Report shall be submitted to the appropriate authority within thirty (30) calendar days from the termination of the investigation.

SECTION 3. Action on the Report - The appropriate authority may approve, modify or disapprove the recommendation contained in the Investigation Report and/or direct the conduct of a re-investigation. The provisions of the immediately preceding Rule (Rule 4) shall be applicable to any re-investigation conducted by PDIC.

Rule 6. Filing of Charges

SECTION 1. Filing of Actions - In the event that the Investigation Report, as approved by the appropriate authority, recommends the filing of criminal, civil and/or administrative charges, the Investigation Department shall prepare and file the appropriate complaint/s.

Rule 7. Miscellaneous Provisions

SECTION 1. Repealing Clause - All other related rules and/or regulations that are inconsistent herewith are hereby repealed or amended accordingly.

SECTION 2. Separability Clause - If any portion, provision or section of these Rules or the application thereof to any person or circumstance is held invalid by competent authority, the other portions, provisions or sections thereof or their application to other persons or circumstances shall not be affected thereby and remain valid.

SECTION 3. Effectivity - This Regulatory Issuance shall take effect fifteen (15) days after publication in a newspaper of general circulation.

[*] Text Available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.