

PDIC ADMINISTRATIVE OFFENSES, FINES AND PROCEDURE

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/c9d10371a903/>

Pursuant to Section 21 (g) 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 promulgation of the PDIC Rules on Administrative Offenses, Fines and Procedure in Administrative Cases.

Part I - Administrative Offenses and Fines

SECTION 1. Definition of Terms - For purposes of this Regulatory Issuance, the following terms shall mean:

- a. "Administrative Fine" shall refer to the amount of money which a bank and/or any of its director(s), officer(s), employee(s) or agent(s) is made to pay for committing any of the administrative offenses defined in this Regulatory Issuance.
- b. "Deposit Records" shall include, but not be limited to, subsidiary ledgers of deposit liabilities; duplicate copies of time certificates of deposits; deposit agreements (particularly with respect to joint accounts); signature cards; registers of logbooks used in connection with the issuance of new deposit accounts; individual files maintained by the bank for depositors (mainly for corporate accounts), if any; computer systems and data bases (including system documentation/manuals) pertaining to deposit operations; the deposit liabilities control ledgers which are part of the General Ledger of the bank; deposit/withdrawal slips; debit/credit memos; and other bank records having relevance to deposit liabilities.
- c. "False" information/statement shall refer to untrue, incorrect, inaccurate, erroneous and/or misleading information/statement as to facts alleged or amounts reported or stated in reports and/or supporting schedules/attachments or forged, altered and/or tampered documents/papers.
- d. "Splitting of Deposits" occurs whenever a deposit account with an outstanding balance of more than the statutory maximum amount of insured deposit maintained under the name of natural or juridical persons is brokered down and transferred into two or more accounts in the name/s of natural or juridical persons or entities who have no beneficial ownership on transferred deposit in their names within thirty (30) days immediately preceding or during a bank-declared holiday, or immediately preceding a closure order issued by the Monetary Board of the Bangko Sentral ng Pilipinas for the purpose of availing of the maximum deposit insurance coverage.
- e. "Unsafe and Unsound Practices" - shall refer to the acts or omissions as may be defined by the Bangko Sentral ng Pilipinas and/or the Board of Directors of PDIC.
- f. "Willful Refusal" means the unjustified failure or avoidance or delay to perform an obligation imposed upon a bank and/or any of its director(s), officer(s), employee(s) or agents under any order, regulation or directive issued by PDIC.

SECTION 2. Administrative Offenses - The following acts or omissions shall constitute an Administrative Offense:

- a. Any willful refusal to submit reports as required by law, rules and regulations;

- b. Any unjustified refusal to permit examination and audit of the deposit records or the affairs of the institution;
- c. Any willful making of a false statement or entry in any bank report or document required by PDIC;
- d. Submission of false material information in connection with or in relation to any financial assistance of PDIC extended to the bank;
- e. Splitting of deposits or creation of fictitious loans or deposit accounts;
- f. Refusal to allow PDIC, its officers, employees and/or agents to take over the affairs, assets, liabilities and administration of a closed bank placed under its receivership or obstructing such action of PDIC;
- g. Refusal to turn over or destroying or tampering bank records;
- h. Fraudulent disposal, transfer or concealment of any asset, property or liability of the closed bank under receivership of PDIC;
- i. Violation of, or causing any person to violate the exemption from garnishment, levy, attachment or execution provided under Republic Act No. 3591, as amended, otherwise known as the PDIC Charter, and Republic Act No. 7653, otherwise known as the New Central Bank Act;
- j. Any willful failure or refusal to comply with, or violation of any provision of the PDIC Charter, this Regulatory Issuance or any PDIC order, rule or regulation or commission of any other irregularities, and/or conducting business in an unsafe or unsound manner as may be determined by the Board of Directors of PDIC and/or the Bangko Sentral ng Pilipinas.

SECTION 3. Administrative Fines - In the absence of any specific fine imposed by PDIC for any of the acts or omissions specified under Section 2, the following administrative fines shall be imposed on any bank and/or any of its director(s), officer(s), employee(s) or agent(s):

1. For offenses mentioned in Section 2 (a), (b), (c), (d), (f), (g), (i) and (j) a fine as may be determined by the Board of Directors of PDIC but in no case to exceed P300,000.00 for each banking day of violation.
2. For offenses mentioned in section 2 (e), a fine as may be determined by the Board of Directors of PDIC but in no case to exceed 100% of the total amount split or fictitious loan created.
3. For offenses mentioned in section 2 (h), a fine as may be determined by the Board of Directors of PDIC but in no case to exceed the fair market value of the asset disposed, transferred or concealed or the amount of liability concealed.

Should the bank derive any financial gain as a result of the fraudulent, irregular and/or anomalous transaction, additional fine equivalent to the amount of the benefit shall be imposed.

The Administrative Fine imposed on a bank and/or any of its director(s), officer(s), employee(s) or agent(s) shall in no case exceed three times the amount of the damages or costs caused by the fraudulent, irregular and/or anomalous transactions for each day that the violation subsists, taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity and size of the bank.

The damage or cost mentioned in the immediately preceding paragraph shall include financial benefit to the bank as a result of the fraudulent, irregular and/or anomalous transaction committed.

PART II - Rules of Procedure in Administrative Investigation

SECTION 4. Applicability - These rules shall apply to administrative investigations conducted against any bank

and/or any of its director(s), officer(s), employee(s) or agent(s) charged with violation of any of the administrative offenses enumerated in Section 2 hereof.

SECTION 5. Nature of proceedings - Subject to the requirements of due process, the administrative investigation contemplated herein shall be conducted in a summary manner without strictly adhering to the legal technicalities obtaining in the courts of law.

SECTION 6. Confidentiality - The administrative investigation conducted under this Regulatory Issuance shall be confidential in nature except when disclosure thereof is required under any provision of law or this Regulatory Issuance.

SECTION 7. Administrative Charge -

a. Where referred - All complaints for violation of Section 2 of this Regulatory Issuance shall be filed with the Office of the General Counsel of PDIC which shall refer the same to the Investigation Department for evaluation. The Investigation Department after evaluating the complaint and its supporting documents, if any, may:

- 1) Dismiss the complaint;
- 2) Conduct a fact-finding investigation in accordance with the Regulatory Issuance No. 2005-02 if the complaint involves fraud, irregularity or anomaly; or
- 3) Institute administrative charge(s) against the bank concerned and/or its director(s), officer(s), employee(s) or agent(s).

b. Contents - The administrative charge must be in writing, stating clearly and sufficiently the facts constituting the administrative offense(s) complained of and the names of person(s) charged, their designations and their respective addresses.

The administrative charge shall include relevant documentary and other evidence and affidavits of witnesses, if any.

SECTION 8. Notice and Hearing -

a. Upon receipt of the administrative charge by the Office of the General Counsel, an Administrative Hearing Committee (AHC) shall be immediately constituted to hear the charge/complaint.

b. After the AHC has been convened, and within ten (10) days from receipt of the administrative charge, the AHC shall cause the issuance of a notice to the bank and/or any of its director(s), officer(s), employee(s) or agent(s) charged with an administrative offense requiring the latter to explain why it should not be held liable for the administrative offense complained of and/or why the administrative fine should not be imposed. The notice shall include a copy of the administrative charge together with the supporting documents. When the charge involves the personal liability of a director, officer, employee or agent, a copy of the notice/charge shall be furnished the Office of the President/CEO of the bank.

c. Within fifteen (15) days from receipt of the notice, the bank and/or any of its director(s), officer(s), employee(s) or agents charged with an administrative offense shall file with the AHC a verified answer and serve a copy thereof to the complaining witness, if any, attaching thereto certified true copies of all documentary and other evidence in support of its case.

d. If a bank and/or any of its director(s), officer(s), employee(s), or agent(s) charged hereunder should fail to answer the administrative charge within the period allowed by the AHC, the latter shall issue an order declaring the respondent(s) in default. Thereafter, the AHC may proceed to receive evidence and render a report on its

findings of facts and conclusions of law, with the appropriate recommendation to the Board of Directors of PDIC.

e. Upon receipt of the verified answer and after evaluation of the evidence submitted by the parties, the AHC may either (1) render a report based on the evidence submitted by the parties; or (2) set the case for hearing for reception of evidence.

f. The hearing referred to in the immediately preceding sub-paragraph may include: (1) admission or stipulation of facts and due execution and authenticity of documents; (2) simplification of issues; (3) identification and marking of evidence; (4) cross-examination of affiant(s), if any; and (5) such other matters as may aid in the prompt and just resolution of the case. Any evidence not presented and identified during the hearing shall not be admitted in evidence. The AHC shall require the parties to simultaneously submit their respective position papers within a non-extendible period of thirty (30) days after the termination of the hearing referred to herein.

SECTION 9. Submission of the Case for Preparation of Report - In cases falling under Section 8(e), the AHC shall issue an order within ten (10) days from receipt of the verified answer or after the lapse of the period within which to submit the position paper informing the parties that the case shall be deemed submitted for preparation of report.

SECTION 10. Report of the Administrative Hearing Committee - The AHC shall render a report within sixty (60) days from the submission of the case for preparation of report under the immediately preceding section and submit the report to the Board of Directors of PDIC.

SECTION 11. Notice of the Decision of the Board - The Board of Directors of PDIC through AHC shall notify the bank and/or any of its director(s), officer(s), employee(s) or agent(s) charged with an administrative offense and the complaining witness, where applicable, of the Decision of the Board of Directors of PDIC. The Monetary Board and/or the Governor of the Bangko Sentral ng Pilipinas, as the case may be, shall be furnished a copy of the Decision of the Board of Directors of PDIC whenever required under the PDIC Charter.

SECTION 12. Finality of Decision - The Decision of the Board of Directors of PDIC shall become final and executory after fifteen (15) days from receipt thereof by the parties unless the aggrieved party(s) files a motion for reconsideration thereto.

SECTION 13. Motion for Reconsideration - A motion for reconsideration shall only be entertained if filed with the Board of Directors of PDIC through the AHC within fifteen (15) days from receipt by the aggrieved party(s) of the Decision of the Board of Directors on any of the following grounds:

- a. Discovery of new evidence which materially affects the decision; and
- b. Errors of fact or law or irregularities have been committed prejudicial to the interest of the aggrieved party.

No second motion for reconsideration shall be entertained.

SECTION 14. Enforcement of the Administrative Fine -

a. The Decision of the Board of Directors shall be immediately executory unless the aggrieved party(s) posts a surety bond from a reputable bonding company acceptable to PDIC in double the amount of the fine imposed. In no case shall an appeal stay the immediate enforcement and satisfaction of the administrative fine unless otherwise restrained by the Court of Appeals or the Supreme Court in accordance with Section 22 of Republic Act No. 3591, as amended.

b. The payment of administrative fine must be made in manager's or cashier's check payable to PDIC and shall be sent by personal delivery or registered mail with return card addressed to the Treasury Department of PDIC.

SECTION 15. Prohibited Motions/Pleadings - The following pleadings, motions or petitions shall not be allowed in cases covered by this Regulatory Issuance:

- a. Motion to Dismiss except a jurisdictional grounds;
- b. Motion for Bill of Particulars;
- c. Motion for New Trial;
- d. Petition for Relief from Judgment;
- e. Interventions;
- f. Third Party Complaints; and
- g. Any dilatory motions or pleadings.

SECTION 16. Separability Clause - In the event of invalidity of any of the provision of this Regulatory Issuance, only the provision(s) so invalidated shall have no force and effect.

SECTION 17. Effectivity - This Regulatory Issuance shall take effect fifteen (15) days after publication in a newspaper of general circulation.

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.