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NEWS/PRESS RELEASE

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FOR IMMEDIATE RELEASE

CA upholds MB decision to indict RCBC Bacolod ex-manager for conducting banking business in an unsafe and unsound manner

The Court of Appeals (CA) Manila 11th Division upheld the decision of the Monetary Board (MB) of the Bangko Sentral ng Pilipinas (BSP) to administratively indict Andrew A. Jereza, the former manager of the Rizal Commercial Banking Corporation (RCBC) Bacolod branch, for conducting banking business in an unsafe and unsound manner.

The CA decision dated July 12, 2021 upheld the MB Resolution directing the filing of a formal charge against Jereza, after finding that there is a prima facie case against him for conducting banking business in an unsafe or unsound manner under Section 37 of Republic Act (R.A.) No. 7653 (The New Central Bank Act) and Section 56 of R.A. No. 8791 (The General Banking Law of 2000), for having accepted the second-endorsed checks for deposit to an account other than the payees of those checks.

On various dates in December 2008, and on February 26, 2010, the MB ordered the closure of 13 different banking institutions collectively referred to as the "Legacy Banks." The Legacy Banks had a total of 49 banking units with an estimated insured deposit of ₱14.1 billion.

As deposit insurer, the PDIC paid the deposit insurance claims of concerned depositors through crossed checks "For Payee's Account Only" drawn against the PDIC's depository account with the Land Bank of the Philippines (LBP). However, some 683 returned cleared checks in the total amount of ₱98.73 million paid to 86 depositors were deposited to a single account with RCBC-Bacolod Branch via second endorsement. In its Decision, the CA agreed with the MB that with the deposit of the subject checks in a single account in a questionable manner, there exists prima facie case against Jereza for acts constituting doing business in an unsafe and unsound manner.

In a related case, the Supreme Court, in a decision dated 20 June 2018 (G.R. No. 234616), after finding probable cause for estafa and money laundering, directed the Department of Justice to file criminal information against the depositor in whose account the 683 crossed checks were deposited.

The PDIC continues with its pursuit of justice against erring bank owners, officers and unscrupulous parties who take advantage of the deposit insurance system for their personal gain. The Corporation's vigorous legal actions are critical in protecting the interests of the depositors and the Deposit Insurance Fund, PDIC's funding source for payment of deposit insurance; and in deterring other parties from taking advantage of the deposit insurance system.

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The Philippine Deposit Insurance Corporation (PDIC) was established on June 22, 1963 by Republic Act 3591 to provide depositor protection and help maintain stability in the financial system by providing deposit insurance. Effective June 1, 2009, the maximum deposit insurance coverage is PhP500,000 per depositor. All deposit accounts by a depositor in a closed bank maintained in the same right and capacity shall be added together. A joint account shall be insured separately from any individually-owned deposit account.

PDIC news/press releases and other information are available at the website, www.pdic.gov.ph.

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