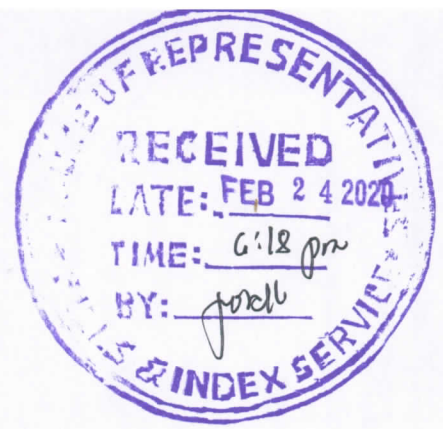


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
EIGHTEENTH CONGRESS
First Regular Session
House Bill No. 6387



Introduced by **Hon. ROSANNA “RIA” V. VERGARA**

EXPLANATORY NOTE

Despite the effectivity of Batas Pambansa Blg. 22 (“BP 22”), or more commonly known as the “Anti-Bouncing Check Law”, for four decades, thousands upon thousands of worthless rubber checks still flow into our banking system every day, which eventually find their way in the clogged dockets of our judicial system. According to the National Prosecution Service (NPS) of the Department of Justice (DOJ), BP 22 cases rank second in their list of most number of cases that the prosecution agency filed in court in 2017, next to illegal drugs cases.

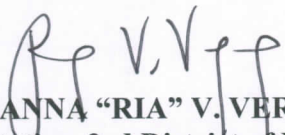
The minimal prison term and fine prescribed by the law, coupled with the existing policy of our courts to exercise caution in imposing the penalty of imprisonment, does not effectively deter the offenders from issuing unfunded checks left and right.

This proposed legislation seeks to amend the law by increasing the prescribed jail term for the offenders and eliminating the maximum amount of fine that the courts can impose in lieu of the penalty of imprisonment. The proposed amendment also clarifies that the law punishes the dishonor of checks due to closure of the account. Moreover, this House Bill provides that if the reason for the dishonor of the check is the closure of the account, all the subsequent checks issued to the same payee and drawn against the same closed account shall be deemed dishonored without need of presentment. The purpose of this provision is to relieve the payee of the burden of having to deposit such checks and still await their due dates despite the absolute certainty that they will be dishonored since the account is already closed.

Another loophole in the law that has developed over the years is the requirement that the drawer or issuer of the bounced check should personally receive the notice of dishonor. In light of this requirement, the drawers of the bounced check can easily avoid prosecution and conviction by eluding the personal receipt of the notice of dishonor which the payee and/or the drawee bank attempt to serve on them. This proposed legislation seeks to plug this loophole by providing that the service of the notice of dishonor at the last known address of the issuer of the check shall be deemed *prima facie* evidence of valid service of such notice.

With these proposed amendments, the author hopes that the amended law will have more deterrent effect and thereby significantly reduce the number of BP 22 cases filed in courts and at the same time, facilitate the effective and expeditious prosecution of these cases. Ultimately, the objective of this bill is to strengthen public confidence in checks as a negotiable instrument.

Given the foregoing, this Bill is respectfully submitted for immediate consideration and approval.


ROSANNA "RIA" V. VERGARA
Representative, 3rd District of Nueva Ecija

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HOUSE OF REPRESENTATIVES
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House Bill No. 6387

Introduced by **Hon. ROSANNA "RIA" V. VERGARA**

**AN ACT AMENDING BATAS PAMBANSA BLG. 22, AN ACT PENALIZING
THE MAKING OR DRAWING AND ISSUANCE OF A CHECK WITHOUT
SUFFICIENT FUNDS OR CREDIT AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

SECTION 1. Section 1 of Batas Pambansa Blg. 22, otherwise known as the "Anti-Bouncing Check Law", is hereby amended to read as follows:

"Section 1. Checks without sufficient funds **OR DRAWN AGAINST
CLOSED ACCOUNTS.** – Any person who makes or draws and issues any
check to apply on account or for value, knowing at the time of issue that he
does not have sufficient funds in or credit, **OR HE HAS CLOSED
ACCOUNT** with the drawee bank for the payment of such check in full upon
its presentment, which check is subsequently dishonored by the drawee bank
~~for~~ **DUE TO** insufficiency of funds or credit **OR CLOSURE OF THE
ACCOUNT** or would have been dishonored for the same reason had not the
drawer, without any valid reason, ordered the bank to stop payment, shall be
punished by imprisonment of not less than thirty days but not more than ~~one~~
~~(4)}~~ **SIX (6) years** or by a fine of not less than but not more than double the
amount of the check ~~[which fine shall in no case exceed Two Hundred
Thousand Pesos]~~, or both such fine and imprisonment at the discretion of the
court. **ALL SUBSEQUENT CHECKS ISSUED TO THE SAME PAYEE
OF THE DISHONORED CHECK AND AGAINST THE SAME
CLOSED ACCOUNT SHALL BE DEEMED DISHONORED
WITHOUT NEED OF PRESENTMENT UNLESS THE CLOSURE OF
THE ACCOUNT WAS DONE IN GOOD FAITH OR THE PARTIES
AGREED IN WRITING TO REVISE THE TERMS OF PAYMENT OF
THE UNDERLYING OBLIGATION.**

The same penalty shall be imposed upon any person who, having
sufficient funds in or credit **OR HAS AN EXISTING ACCOUNT** with the
drawee bank when he makes or draws and issues a check, shall fail to keep
sufficient funds or to maintain a credit **OR KEEP THE SAME ACCOUNT
OPEN** to cover the full amount of the check if presented within a period of
ninety (90) days from the date appearing thereon, for which reason it is
dishonored by the drawee bank. **THE SAID PENALTY SHALL NOT,
HOWEVER, BE APPLICABLE FOR CLOSURE OF ACCOUNTS
DONE IN GOOD FAITH OR THE PARTIES AGREED IN WRITING**

1 **TO REVISE THE TERMS OF PAYMENT OF THE UNDERLYING**
2 **OBLIGATION.**

3 Where the check is drawn by a corporation, company or entity, the
4 person or persons who actually signed the check in behalf of such drawer shall
5 be liable under this Act.”

6
7 **SECTION 2.** Section 2 of Batas Pambansa Blg. 22, otherwise known as the “Anti-
8 Bouncing Check Law”, is hereby amended to read as follows:
9

10 “Sec. 2. Evidence of knowledge of insufficient funds **OR OF**
11 **CLOSED ACCOUNT.** – The making, drawing and issuance of a check
12 payment of which is refused by the drawee because of insufficient funds in or
13 credit **OR CLOSURE OF THE ACCOUNT** with such bank, when presented
14 within ninety (90) days from the date of the check, shall be prima facie
15 evidence of knowledge of such insufficiency of funds or credit **OR OF**
16 **CLOSURE OF THE ACCOUNT** unless such maker or drawer pays the
17 holder thereof the amount due thereon, or makes arrangements for payment in
18 full by the drawee of such check within (5) banking days after receiving
19 notice that such check has not been paid by the drawee.

20 **IN THE CASE OF MULTIPLE CHECKS ISSUED FROM THE**
21 **SAME CLOSED ACCOUNT AND THE EARLIEST CHECK ISSUED**
22 **THEREFROM HAS BEEN PRESENTED AND REFUSED BY THE**
23 **DRAWEE BANK DUE TO THE CLOSURE OF THE ACCOUNT, THE**
24 **MAKING, DRAWING, AND ISSUANCE OF THE SUBSEQUENTLY**
25 **ISSUED CHECKS SHALL BE PRIMA FACIE EVIDENCE OF**
26 **KNOWLEDGE OF SUCH CLOSURE OF ACCOUNT.**

27 **THE SERVICE OF NOTICE OF DISHONOR AT THE LAST**
28 **KNOWN ADDRESS OF THE DRAWER OR ISSUER, AS PROVIDED**
29 **BY THE LATTER TO THE DRAWEE BANK OR PAYEE OF THE**
30 **CHECK, SHALL SERVE AS PRIMA FACIE EVIDENCE OF VALID**
31 **SERVICE OF SUCH NOTICE.”**
32

33 **SECTION 3. Separability Clause.** If any provision or part of this Act is declared
34 unconstitutional, the remaining parts or provisions that are unaffected shall remain in full
35 force and effect.
36

37 **SECTION 4. Repealing Clause.** All other laws, decrees, issuances, rules and
38 regulations, or parts thereof that are not consistent with the provisions of this Act are hereby
39 repealed, amended, or modified accordingly.
40

41 **SECTION 5. Effectivity.** This Act shall take effect fifteen (15) days following its
42 publication in Official Gazette or in a newspaper of general circulation.
43

44 Approved,