



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

CIRCULAR-LETTER

TO: ALL BANKS AND NON-BANK FINANCIAL INSTITUTIONS

SUBJECT: INCREASING INCIDENCE OF CASES INVOLVING FORGED/
FAKED/SPURIOUS CHECKS

It has come to our attention that there is an increasing incidence of cases involving the negotiation of forged/faked/spurious checks in the southern part of Mindanao, specifically in the cities of Cagayan de Oro, Iligan and Davao.

Based on the information we received, a syndicated group is responsible for these forged/faked/spurious checks. The modus operandi of the said group involved the opening of deposit accounts under fictitious name/s in the local branch of a Manila-based bank, depositing in the said account/s the forged/faked/spurious checks and subsequently withdrawing funds from these accounts. The checks being deposited by the syndicate appeared to be genuine and/or authentic but under forged signature and were drawn against the account/s of legitimate depositor/s of the local branch of another Manila-based bank. These checks were cleared either through local or Manila clearing.

The modus operandi used by the syndicate is not new: use of fictitious identity to open deposit accounts and use of apparently genuine or authentic checks under forged signature drawn against the account/s of legitimate depositor/s. Losses to the bank/s concerned could have been prevented had the concerned parties faithfully discharged their duties and responsibilities and the **"Know-Your-Customer"** (KYC) policy been strictly implemented.

The same syndicate is said to be also involved in the proliferation of fake 1,000- and 500- peso bills in the same area.

For your guidance.


NESTOR A. ESPENILLA, JR.
Sector-in-Charge

18 February 2004

MAG-IMPOK SA BANGKO

