

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 1513



INTRODUCED BY HON. MARCELINO "MARCY" R. TEODORO

EXPLANATORY NOTE

The occurrence of credit card fraud in the country is steadily increasing, and banks incur huge losses and suffer stunted credit card sales, ultimately threatening the survival of the credit card industry, including the negative repercussions in the domestic economy.

Authorities had declared in the past that credit card fraud is a form of economic sabotage as it creates a bad image for the Philippines in the global market.

Further, the Credit Card Association of the Philippines (CCAP) had been asking the government to give more teeth to the law against fraudsters using illegally obtained information from credit cards, obtained mostly through store or restaurant personnel.

This bill seeks to put a stop to credit card frauds, and to protect banking and financial institutions by providing remedies for problems arising from said acts.

Hence, its immediate approval is hereby earnestly sought.


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AN ACT
PENALIZING CREDIT CARD FRAUD AND PROVIDING PENALTIES THEREFOR

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

SECTION 1. Title. – This Act shall be known as the "Credit Card Fraud Act."

SECTION 2. Definition of Terms. – As used in this Act, the term:

- (A) "Access device" means any card, plate, code, account number, electronic serial number, personal identification number, or other telecommunication services, equipment, or instrumental identifier, or other means of account access that can be used, alone or in conjunction with another access device, to obtain money, goods, services, or any other thing of value, or that can be used to initiate a transfer of funds other than a transfer originated solely by paper instrument;
- (B) "Counterfeit access device" means any access device that is counterfeit, fictitious, altered, or forged, or an identifiable component of an access device or a counterfeit access device;
- (C) "Unauthorized access device" means any access device that is lost, stolen, expired, revoked, canceled, or obtained with intent to defraud;
- (D) "Tariff" means transfer, or otherwise dispose of, to another, or obtain control of with intent to transfer or dispose of;
- (E) "Device making equipment" means any equipment, mechanism, or impression designed or primarily used for making an access device or a counterfeit access device;
- (F) "Credit card system member" means a financial institution or other entity that is a member of a credit card system, including an entity, whether affiliated with or identical to the credit card issuer, that is the sole member of a credit card system, and
- (G) "Scanning receiver" means a device or apparatus that can be used to intercept a wire or electronic communication.

SECTION 3. Prohibited acts of fraud and related activity in connection with access device. – The following acts shall, if the offense affects interstate or foreign commerce, be punished as provided in Section 4 of this Act:

- (A) Knowingly and with intent to defraud produces, uses or traffics in one or more counterfeit access devices;
- (B) Knowingly and with intent to defraud traffics in or uses one or more unauthorized access devices during any one-year period, and by such conduct obtains anything of value aggregating P2,000.00 or more during that period;
- (C) Knowingly, and with intent to defraud possesses fifteen or more devices which are counterfeit or unauthorized access devices;
- (D) Knowingly, and with intent to defraud uses, produces, traffics, has control or

- custody of, or possesses a telecommunications instrument that has been modified or altered to obtain unauthorized use of telecommunications devices;
- (E) Knowingly, and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a scanning receivers or hardware or software used for altering or modifying telecommunications instruments to obtain unauthorized access to telecommunications devices;
 - (F) Knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a scanning receiver or hardware or software used for altering or modifying telecommunications instruments to obtain unauthorized access to telecommunications devices;
 - (G) Knowingly and with intent to defraud effects transactions, with one or more access devices issued to another person or persons, to receive payment or any other thing of value during any one-year period the aggregate value of which is equal or greater than P2,000.00;
 - (H) Without the authorization of the issuer of the access device, knowingly and with intent to defraud solicits a person for the purpose of
 - (1) Offering an access device; or
 - (2) Selling information regarding or an application to obtain an access device;or
 - (I) Without the authorization of the credit card system or its agent, knowingly and with intent to defraud causes or arranges for another person to present to the member or its agent, for payment, one or more evidences or records of transactions made by an access device;

Section 4. Penalties. – The punishment for an offense under Section 3 of this Act is –

- (A) A fine of Ten Thousand Pesos (P10,000.00) or twice the value obtained by the offense, whichever is greater, or imprisonment of *prison mayor* in its minimum and medium period, or both, in the case of an affair under Section 3 (B), (C), (G), (H), or (9) of this section which does not occur after a conviction for another offense under this Act.
- (B) A fine of Ten Thousand Pesos (P10,000.00) or twice the value obtained by the offense, whichever is greater, or imprisonment of *prison mayor* in its medium and maximum periods, or both, in the case of an affair under Section 3 (B), (C), (G), (H) or (9) of this section which does not occur after a conviction for another offense under either such section; and
- (C) A fine of Ten Thousand Pesos (P10,000.00) or twice the value obtained by the offense, whichever is greater, or imprisonment of *reclusion temporal* in its minimum and maximum periods, or both, in the case of an offense under Section 3 of this Act which occurs after a conviction for another offense under such Section.

SECTION 5. Authority to Investigate. – The National Bureau of Investigation (NBI) shall, in addition to any other agency having such authority, have the authority to investigate offenses under this Act.

SECTION 6. Separability Clause. – If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and existing.

SECTION 7. Repealing Clause. – Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provision of this Act is hereby repealed, modified or amended accordingly.

SECTION 8. Effectivity Clause. – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,