

Changes to criminal liability for cheques with insufficient funds

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In this article we share a recent decision issued by the Attorney General Office in Abu Dhabi concerning the fines imposed regarding certain criminal offences, including in relation to bounced cheques.

Decision No. 14 of 2020 ('Abu Dhabi PP Decision') was issued by the Attorney General Office in Abu Dhabi which included provisions related to the imposition of fines for bounced cheques of a certain amount. The Abu Dhabi PP Decision is effective from 16 March 2020.

The Abu Dhabi PP Decision imposes fines based on the value of the bounced cheque as follows*:

Cheque Amount / AED	Imposed Fine / AED
50,000	1,000
50,001	3,000
100,001 up to 200,000	5,000
200,001 up to 300,000	10,000
300,001 up to 500,000	20,000

The Abu Dhabi PP Decision effectively removes the criminal sanction attaching to cheques having a value less than AED 500,000: there will be no arrest order issued against the drawer (or signatory).

The Attorney General also gave the authority to certain members of the Abu Dhabi Public Prosecution to cancel or amend the imposed fine within seven days of issuing such decision.

The Abu Dhabi Decision is similar to a decision issued by the Attorney General Office in Dubai ('Dubai PP Decision') and is effective from 4 December 2017.

The Dubai PP Decision imposed fines based on the cheque value as follows:

Cheque Amount / AED	Imposed Fine / AED
50,000	2,000

50,001 up to 100,000
100,001 up to 200,000

5,000
10,000

Conclusion

Banks, financial institutions and any beneficiaries located in Abu Dhabi, which receive cheques from a drawer as security should take into consideration that cheques below AED 500,000 no longer attract the same penalty as before. In other words, no arrest order (i.e. fine only) will be issued against drawers providing cheques with insufficient funds for cheques in the amount of AED 500,000 or less. Beneficiaries should consider obtaining other types of security wherever possible.

In Dubai, no arrest order (i.e. fine only) will be issued against a drawer who provides a beneficiary with a cheque having insufficient funds where the cheque is in the amount of AED 200,000 or less.

**Conversion rate (xe.com) US\$1 = AED Emirate Dirham 3.67*

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