

**REPUBLIC OF PANAMA
SUPERINTENDENCY OF BANKS**

June 26, 2003

CIRCULAR No. 029-2003

Mr.
General Manager

Ref.: Dollar bills stained with red ink

Mr. General Manager:

In previous days, many users of banking services have complained to the Superintendency of Banks that Banks established in Panama have been rejecting dollar bills stained with red ink, due to the possibility that they may originate from a criminal act that occurred recently.

We would like to remind you that each Bank is responsible to assume a supportive role to the free and fluid circulation in Panama of United States dollar bills, legal tender currency in our country. We understand the reasoning behind the recent application of precautionary measures, however, these measures should not extend to other bills presenting stains for other reasons, under the pretext of protection against the circulation of bills related to a punishable act. Positions that restrict this circulation affects negatively the economy of our population.

In view of the above, our position is that corrective measures should be implemented to manage the situation at hand without prejudice of making pertinent notations for the purpose of collaborating, if necessary, with judicial authorities in the investigation of the unlawful act.

We reiterate, therefore, that pursuant to Article 1171 of the Fiscal Code, Banks may not reject legitimate United States dollar bills of any denomination.

There being no further business, we remain,

Sincerely,

Delia Cardenas
Superintendent