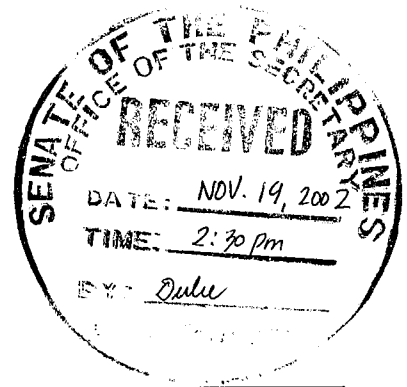


TWELFTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



S E N A T E

COMMITTEE REPORT NO. 110

Submitted jointly by the Committee on Banks, Financial Institutions and Currencies *and* the Committee on Constitutional Amendments, Revision of Codes and Laws on 19 NOV 2002.

Re: S.B. No. 2419

Recommending its approval in substitution of SB Nos. 2040, 2198 and 2262

Sponsor: Senator Ramon B. Magsaysay, Jr.

MR. PRESIDENT:

The Committee on Banks, Financial Institutions and Currencies *and* the Committee on Constitutional Amendments, Revision of Codes and Laws, to which were referred Senate Bill No. 2040, introduced by Senator Lacson, entitled:

**“AN ACT
TO AMEND SECTION 3, SUBPARAGRAPH B, OF REPUBLIC
ACT NO. 9160, OTHERWISE KNOWN AS THE ‘ANTI-MONEY
LAUNDERING ACT OF 2001,’ DECREASING THE THRESHOLD
OF COVERED TRANSACTIONS FROM FOUR MILLION PESOS
(PHP4,000,000.00) TO FIVE HUNDRED THOUSAND PESOS
(PHP500,000.00) AND FOR OTHER PURPOSES”**

Senate Bill No. 2198, introduced by Senator Pangilinan, entitled:

**“AN ACT
AMENDING SECTION 3 OF REPUBLIC ACT 9160, OTHERWISE
KNOWN AS AN ACT DEFINING OF THE CRIME OF MONEY
LAUNDERING, PROVIDING PENALTIES THEREFOR AND FOR
OTHER PURPOSES”**

Senate Bill No. 2262, introduced by Senators Osmeña III and Magsaysay, Jr, entitled:

**“AN ACT
AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 9160,
OTHERWISE KNOWN AS THE ‘ANTI-MONEY LAUNDERING
ACT OF 2001,’ AND FOR OTHER PURPOSES”**

have considered the same and have the honor to report these bills back to the Senate with the recommendation that the attached SB No. 2419 entitled:

u

**“AN ACT
AMENDING REPUBLIC ACT NO. 9160, OTHERWISE KNOWN
AS THE “ANTI-MONEY LAUNDERING ACT OF 2001”**

be approved in substitution of SB Nos. 2040, 2198 and 2262 with Senators Lacson, Pangilinan, Osmeña III and Magsaysay, Jr. as authors thereof.

Respectfully submitted:


SEN. EDGARDO J. ANGARA
Chairman

Committee on Constitutional Amendments,
Revision of Codes and Laws
Member, Committee on Banks, Financial
Institutions and Currencies


RAMON B. MAGSAYSAY, JR.
Chairman

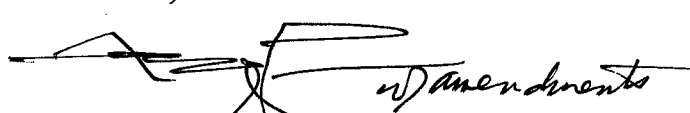
Committee on Banks, Financial
Institutions and Currencies

JOKER P. ARROYO

Vice-Chairman

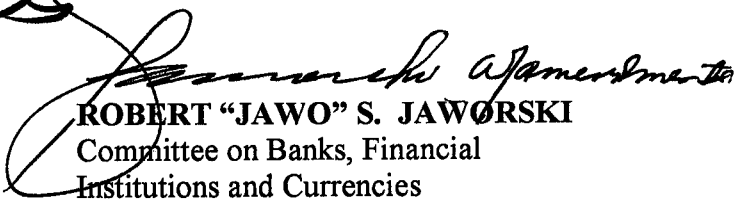
Committee on Banks, Financial Institutions and Currencies
Member, Committee on Constitutional Amendments, Revision
of Codes and Laws


Members:



FRANCIS N. RANGILINAN
Committees on Banks, Financial
Institutions and Currencies *and*
Constitutional Amendments, Revision
of Codes and Laws

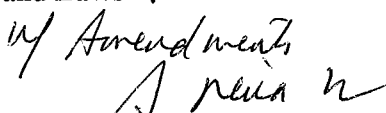
RENATO L. COMPAÑERO CAYETANO
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Institutions and Currencies *and*
Constitutional Amendments, Revision
of Codes and Laws

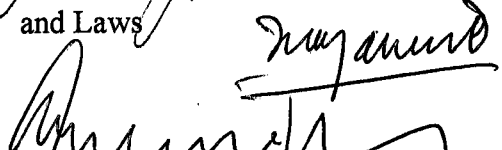

RALPH G. RECTO
Committee on Banks, Financial
Institutions and Currencies


ROBERT “JAWO” S. JAWORSKI
Committee on Banks, Financial
Institutions and Currencies



ROBERT Z. BARBERS
Committee on Constitutional
Amendments, Revision of Codes
and Laws

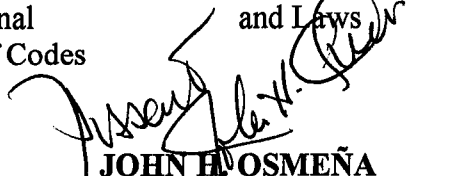

RAMON B. REVILLA
Committee on Constitutional
Amendments, Revision of Codes
and Laws


SERGIO R. OSMEÑA III
Committee on Banks, Financial
Institutions and Currencies


AQUILINO Q. PIMENTEL, JR.
Committee on Constitutional
Amendments, Revision of Codes
and Laws

of resolutions & amendments
June 19th Oct
TERESA AQUINO-ORETA
Committee on Banks, Financial
Institutions and Currencies
Committee on Constitutional
Amendments, Revision of Codes

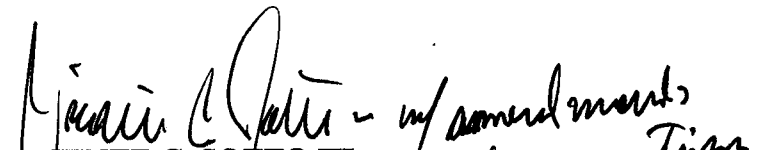

RODOLFO G. BIAZON
Committee on Constitutional
Amendments, Revision of Codes
and Laws

Assent

JOHN H. OSMEÑA
Committee on Banks, Financial
Institutions and Currencies
Committee on Constitutional
Amendments, Revision of Codes
and Laws

Ex-Officio Members:

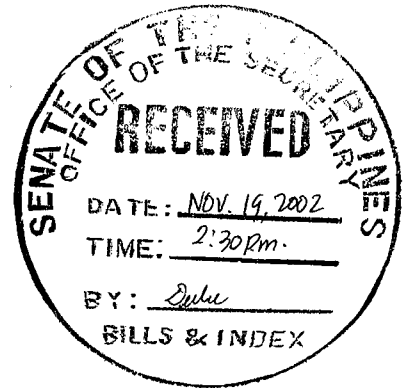

JUAN M. FLAVIER
Pro-Tempore President


LOREN LEGARDA LEVISTE
Majority Floor Leader


VICENTE C. SOTTO III
Minority Floor Leader
in amendments and resolutions

HON. FRANKLIN M. DRILON
Senate President
Pasay City

TWELFTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



SENATE

S. No. 2419

(In substitution of SBN 2040, 2198 and 2262)

Prepared by the Committees with Senators Lacson, Pangilinan, Osmeña III and
Magsaysay, Jr. as authors thereof

AN ACT
AMENDING REPUBLIC ACT NO. 9160, OTHERWISE KNOWN AS THE "ANTI-
MONEY LAUNDERING ACT OF 2001"

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

1 SECTION 1. Section 3 of Republic Act No. 9160 is hereby
2 amended as follows:
3 (a) "Covered Institution" refers to:
4 (1 x x x;
5 (2) x x x; and
6 (3) (i) x x x,
7 (ii) mutual funds, close-end investment companies, common trust
8 funds, pre-need companies and other similar entities, AND
9 [(iii) foreign exchange corporations, money changers, money payment,
10 remittance, and transfer companies and other similar entities, and]
11 "(iv) other entities administering or otherwise dealing in
12 [currency,] commodities or financial derivatives based thereon,
13 [valuable objects, cash substitutes and other similar monetary
14 instruments or property supervised or] regulated by the Securities and
15 Exchange Commission."

16 "(4) OTHER PERSONS AND ENTITIES, INCLUDING
17 NON-PROFIT ORGANIZATIONS, WHETHER REGISTERED OR
18 NOT, NOT FALLING UNDER THE SUPERVISION OF THE
19 BANGKO SENTRAL NG PILIPINAS, THE SECURITIES AND
20 EXCHANGE COMMISSION AND THE INSURANCE
21 COMMISSION."

22 SEC. 2. Section 3, paragraph (b), of the same Act is hereby amended as
23 follows:

24 "(b) "Covered transaction" is a single, series, [or] combination
25 OR PATTERN of transactions WITHIN FIVE (5) CONSECUTIVE
26 BANKING DAYS involving a total amount in excess of [Four million

1 Philippine pesos (Php4,000,000.00)] FIVE HUNDRED THOUSAND
2 PESOS (PHP500,000.00) or an equivalent amount in foreign currency
3 based on the prevailing exchange rate [within five (5) consecutive
4 banking days except those between a covered institution and a person
5 who, at the time of the transaction was a properly identified client and
6 the amount is commensurate with the business or financial capacity of
7 the client; or those with an underlying legal or trade obligation,
8 purpose, origin or economic justification].

9 ["It likewise refers to a single, series or combination or pattern
10 of unusually large and complex transactions in excess of Four million
11 Philippine pesos (Php4,000,000.00) especially cash deposits and
12 investments having no credible purpose or origin, underlying trade
13 obligation or contract.]

14 SEC. 3. Section 3 of the same Act is further amended by inserting a new
15 paragraph (c) as follows and to re-letter the subsequent paragraphs accordingly:

16 "(c) "SUSPICIOUS TRANSACTIONS" ARE
17 TRANSACTIONS WITH COVERED INSTITUTIONS,
18 REGARDLESS OF THE AMOUNTS INVOLVED, WHERE ANY
19 OF THE FOLLOWING CIRCUMSTANCES MAY EXIST:

20 a. THERE IS NO UNDERLYING LEGAL OR TRADE
21 OBLIGATION, PURPOSE OR ECONOMIC
22 JUSTIFICATION;

23 b. THE CLIENT IS NOT PROPERLY IDENTIFIED;

24 c. THE AMOUNT INVOLVED IS NOT
25 COMMENSURATE WITH THE BUSINESS OR
26 FINANCIAL CAPACITY OF THE CLIENT;

27 d. TAKING INTO ACCOUNT ALL KNOWN
28 CIRCUMSTANCES, IT MAY BE PERCEIVED THAT THE
29 CLIENT'S TRANSACTION IS STRUCTURED IN ORDER
30 TO AVOID BEING THE SUBJECT OF REPORTING
31 REQUIREMENTS UNDER THE ACT;

32 e. ANY CIRCUMSTANCE RELATING TO THE
33 TRANSACTION IS OBSERVED WHICH DEVIATES
34 FROM THE PROFILE OF THE CLIENT AND/ OR THE
35 CLIENT'S PAST TRANSACTIONS WITH THE COVERED
36 INSTITUTION; OR

37 f. THE TRANSACTION IS IN ANY WAY RELATED
38 TO AN UNLAWFUL ACTIVITY OR ANY MONEY
39 LAUNDERING ACTIVITY OR OFFENSE UNDER THIS

1 ACT THAT IS ABOUT TO BE, IS BEING OR HAS BEEN
2 COMMITTED.

3 g. ANY TRANSACTION THAT IS SIMILAR,
4 ANALOGOUS OR IDENTICAL TO ANY OF THE
5 FOREGOING.”

6 SEC. 4. Section 3, paragraph (g) of the same Act is amended as follows:

7 “(g) “Supervising Authority” refers to the appropriate
8 supervisory, regulatory, LICENSING OR REGISTERING agency,
9 department OR GOVERNMENT UNIT or office supervising,
10 regulating, LICENSING OR REGISTERING the covered institution.

11 SEC. 6. Section 7 of the same Act is hereby amended as follows:

12 “SEC. 7. Creation of the Anti-Money Laundering Council
13 (AMLC). The Anti-Money Laundering Council is hereby created and
14 shall be composed of the Governor of the Bangko Sentral ng Pilipinas
15 as chairman, the Commissioner of the Insurance Commission and the
16 Chairman of the Securities and Exchange Commission as members.
17 The AMLC shall act unanimously in the discharge of its functions as
18 defined hereunder:

19 (1) to require and receive covered OR SUSPICIOUS
20 transaction reports from covered institutions AND OTHER
21 PERSONS;

22 (2) to issue orders addressed to the appropriate Supervising
23 Authority or the covered institution to determine the true identity of
24 the owner of any monetary instrument or property subject of a covered
25 transaction report OR SUSPICIOUS TRANSACTION REPORT or
26 request for assistance from a foreign State, or believed by the Council,
27 on the basis of substantial evidence, to be, in whole or in part,
28 wherever located, representing, involving, or related to, directly or
29 indirectly, in any manner or by any means, the proceeds of an unlawful
30 activity.

31 (3) x x x;

32 (4) x x x;

33 “(5) to initiate investigations of covered OR SUSPICIOUS
34 TRANSACTIONS, money laundering activities, and other violations of
35 this Act, AND IN CONNECTION THEREWITH, TO ISSUE
36 SUBPOENA DUCES TECUM AND AD TESTIFICANDUM AND TO
37 ADMINISTER OATHS AND AFFIRMATIONS.

38 (6) x x x;

39 (7) x x x;

40 (8) x x x;

1 (9) x x x; and

2 (10) x x x.

3 (11) TO IMPOSE SANCTIONS FOR THE VIOLATION OF
4 LAWS, RULES, REGULATIONS AND ORDERS AND
5 RESOLUTIONS ISSUED PURSUANT THERETO.

6 SEC. 5. Section 9 (c) of R.A. No. 9160 is hereby amended to read as follows:

7 "c) Reporting of Covered AND SUSPICIOUS Transactions. –

8 "Covered institutions shall report to the AMLC all
9 covered transactions within five (5) working days from occurrence
10 thereof, unless the AMLC PRESCRIBES A LONGER PERIOD NOT
11 EXCEEDING TEN (10) WORKING DAYS.

12 "COVERED INSTITUTIONS SHALL REPORT TO THE
13 AMLC ALL SUSPICIOUS TRANSACTIONS WITHIN FIVE DAYS
14 FROM OCCURRENCE OR DISCOVERY THEREOF.

15 "ANY PERSON MAY REPORT TO THE AMLC ANY
16 SUSPICIOUS TRANSACTION WHEN HE HAS REASONABLE
17 GROUND TO SUSPECT THAT ANY UNLAWFUL ACTIVITY OR
18 ANY MONEY LAUNDERING OFFENSE OR ANY OTHER
19 VIOLATION OF THIS ACT IS ABOUT TO BE, IS BEING, OR
20 HAS BEEN COMMITTED.

21 ANY PERSON OR covered institutions and their officers,
22 employees, representatives, agents, advisors, consultants or associates,
23 when reporting covered OR SUSPICIOUS transactions to the AMLC,
24 shall not be deemed to have violated Republic Act No. 1405, as
25 amended; Republic Act No. 6426, as amended; Republic Act No.
26 8791; and other similar laws, but are prohibited from communicating,
27 directly or indirectly, in any manner or by any means, to any person
28 the fact that a covered OR SUSPICIOUS transaction report was made,
29 the contents thereof, or any other information in relation thereto. In
30 case of violation thereof, the concerned PERSON OR officer,
31 employee, representative, agent, advisor, consultant or associate of the
32 covered institution shall be criminally liable.

33 "However, no administrative, criminal, or civil proceedings shall
34 lie against any person for having made a covered OR SUSPICIOUS
35 transaction report in the regular performance of his duties and in good
36 faith, whether or not such reporting results in any criminal prosecution
37 under this Act or any other Philippine law.

38 "When reporting covered OR SUSPICIOUS transactions to the
39 AMLC, ANY PERSON OR covered institutions and their officers,

1 employees, representatives, agents, advisors, consultants or associates
2 are prohibited from communicating directly or indirectly, in any
3 manner or by any means, to any person, entity, the media the fact that
4 a covered OR SUSPICIOUS transaction was made, the contents
5 thereof, or any other information in relation thereto. Neither may such
6 reporting be published or aired in any manner or form by the mass
7 media, electronic mail or other similar devices. In case of violation
8 thereof, the concerned PERSON OR officer, employee, representative,
9 agent, advisor, consultant AND/or associate of the covered institution
10 or media shall be held criminally liable.

11 SEC. 6. Section 10 of the same Act is hereby amended to read as
12 follows:

13 “SEC. 10. *Authority to Freeze* – Upon determination that
14 probable cause exists that any deposit or similar account is in any way
15 related to an unlawful activity, the AMLC may issue a freeze order,
16 which shall be effective THIRTY (30) DAYS [fifteen (15) days].
17 Notice to the depositor that his account has been frozen shall be issued
18 simultaneously with the issuance of the freeze order. The depositor
19 shall have FIVE (5) WORKING DAYS [seventy-two (72) hours] upon
20 receipt of the notice to explain why the freeze order should be lifted.
21 The AMLC has FIVE (5) WORKING DAYS [seventy-two (72) hours]
22 to dispose of the depositor’s explanation. If it fails to act within
23 [THREE] FIVE WORKING DAYS [seventy-two (72) hours] from
24 receipt of the depositor’s explanation, the freeze order shall be
25 automatically dissolved. The THIRTY (30) DAY [fifteen (15)-day]
26 freeze order of the AMLC may be extended upon order of the [court]
27 COURT OF APPEALS, provided that the THIRTY (30) DAYS
28 [fifteen (15)-day] period shall be tolled pending the [court’s] COURT
29 OF APPEALS’ decision to extend the period.

30 “No court shall issue a temporary restraining order or writ of
31 injunction against any freeze order issued by the AMLC except the
32 Court of Appeals or the Supreme Court.”

33 SEC. 7. Section 11 of the same Act is hereby amended to read as follows:

34 “SEC. 11. *Authority to Inquire into Bank Deposits.* -
35 Notwithstanding the provisions of Republic Act No. 1405, as
36 amended[;], Republic Act No. 6426, as amended[;], Republic Act No.
37 8791, and other laws, the AMLC may inquire into or examine any
38 particular deposit or investment with any banking institution or non-
39 bank financial institution [upon order of any competent court in cases
40 of violation of this Act, when it has been established that there is

1 probable cause that the deposits or investments are in any way related
2 to a money laundering offense; *Provided*, That this provision shall not
3 apply to deposits and investments made prior to the effectivity of this
4 Act] WHEN THERE IS REASONABLE GROUND TO BELIEVE
5 THAT AN UNLAWFUL ACTIVITY OR A MONEY
6 LAUNDERING OFFENSE IS ABOUT TO BE, IS BEING OR HAS
7 BEEN COMMITTED AND THAT IT IS NECESSARY TO LOOK
8 INTO THE DEPOSIT OR INVESTMENT ACCOUNT TO
9 ESTABLISH SUCH UNLAWFUL ACTIVITY OR MONEY
10 LAUNDERING OFFENSE.

11 “THE BANGKO SENTRAL NG PILIPINAS MAY INQUIRE
12 INTO OR EXAMINE ANY DEPOSIT OR INVESTMENT WITH
13 ANY BANKING INSTITUTION OR NON-BANK FINANCIAL
14 INSTITUTION WITH QUASI-BANKING FUNCTIONS WHEN
15 SPECIFICALLY AUTHORIZED BY A MAJORITY OF THE
16 MEMBERS OF THE MONETARY BOARD.”

17 “The provisions of this Act shall [not] apply to deposits and
18 investments made prior to its effectivity BUT FOR INFORMATION
19 PURPOSES ONLY. PROVIDED, THAT WHERE THERE IS A
20 REQUEST FOR ASSISTANCE FROM A FOREIGN STATE IN
21 THE INVESTIGATION OR PROSECUTION OF A MONEY
22 LAUNDERING OFFENSE AND/OR ANY OF THE UNLAWFUL
23 ACTIVITIES ENUMERATED UNDER SECTION 3(I) HEREOF,
24 OR ANY MATTER DIRECTLY OR INDIRECTLY RELATED
25 THERETO AND THE REQUEST INVOLVES A FOREIGN
26 NATIONAL’S DEPOSIT OR INVESTMENT MADE PRIOR TO
27 THE EFFECTIVITY OF THE ACT, THE AMLC MAY ACT UPON
28 SUCH REQUEST AND MAY PROVIDE SUCH INFORMATION
29 AND DATA TO THE REQUESTING FOREIGN STATE.

30 SEC. 8. Section 12, paragraph (a) of the same Act is hereby amended to read
31 as follows:

32 “(a) Civil Forfeiture. – [When there is a covered transaction
33 report made, and the court has, in a petition filed for the purpose
34 ordered seizure of any monetary instrument or property, in whole or
35 in part, directly or indirectly, related to said report, the Revised Rules
36 of Court on civil forfeiture shall apply.]– ALL MONETARY
37 INSTRUMENTS, PROPERTY AND/OR PROCEEDS SUBJECT OF
38 A COVERED OR SUSPICIOUS TRANSACTION REPORT, SHALL
39 BE SUBJECT OF CIVIL FORFEITURE PROCEEDINGS, UNDER
40 THE FOLLOWING PROCEDURES:

- 1 (1) THE AMLC SHALL FILE A PETITION FOR CIVIL
2 FORFEITURE BEFORE THE REGIONAL TRIAL COURT
3 OR THE SANDIGANBAYAN, AS THE CASE MAY BE, OF
4 ANY MONETARY INSTRUMENT, PROPERTY OR
5 PROCEEDS DIRECTLY OR INDIRECTLY RELATED TO
6 A COVERED OR SUSPICIOUS TRANSACTION REPORT,
7 THROUGH THE OFFICE OF THE SOLICITOR GENERAL,
8 UNDER THE FOLLOWING CIRCUMSTANCES:
- 9 (i) UPON DETERMINATION THAT THERE ARE
10 REASONABLE GROUNDS TO BELIEVE THAT
11 THE MONETARY INSTRUMENT, PROPERTY
12 AND/OR PROCEEDS ARE RELATED TO AN
13 UNLAWFUL ACTIVITY AND/OR ANY MONEY
14 LAUNDERING OFFENSE;
- 15 (ii) UPON THE LAPSE OF 6 MONTHS AFTER THE
16 MONETARY INSTRUMENT, PROPERTY AND/OR
17 PROCEEDS HAVE BEEN SUBJECT OF A FREEZE
18 ORDER BY THE AMLC, WHICH HAS BEEN
19 EXTENDED UPON ORDER OF A COMPETENT
20 COURT, AND THE OWNER/S OF SUCH MONEY
21 INSTRUMENTS, PROPERTY AND/OR PROCEEDS
22 DID NOT FILE ANY PLEADINGS IN HIS/THEIR
23 DEFENSE OR DID NOT APPEAR AT ALL BEFORE
24 THE AMLC OR THE COURT TO CONTEST THE
25 FREEZE ORDER/S.
- 26 (2) THE AMLC MUST ESTABLISH, BY PREPONDERANCE
27 OF EVIDENCE, THAT THE MONETARY INSTRUMENT,
28 PROPERTY AND/OR PROCEEDS SUBJECT OF THE
29 PETITION FOR CIVIL FORFEITURE ARE RELATED IN
30 ANY WAY TO AN UNLAWFUL ACTIVITY AS
31 ENUMERATED UNDER SECTION 3 (I) HEREOF AND/OR
32 ANY MONEY LAUNDERING OFFENSE AS DEFINED
33 UNDER SECTION 4 HEREOF.
- 34 (3) THE SUPREME COURT SHALL ISSUE SPECIAL RULES
35 AND PROCEDURES THAT WILL GOVERN CIVIL
36 FORFEITURE PROCEEDINGS UNDER THIS ACT. IN
37 THE INTERIM, THE PROVISIONS OF THE REVISED
38 RULES OF COURT FOR CIVIL PROCEDURE SHALL
39 APPLY INSOFAR AS THE PLEADINGS, PROCEDURES

1 AND OTHER MATTERS AFFECTING THE CIVIL
2 FORFEITURE PROCEEDINGS ARE CONCERNED.”

3 SEC. 9. Section 13, paragraph (a) of the same Act is amended as follows:

4 “(a) Request for Assistance from a Foreign State. - Where a
5 foreign State makes a request for assistance in the investigation or
6 prosecution of a money laundering offense AND/OR ANY OF THE
7 UNLAWFUL ACTIVITIES ENUMERATED UNDER SECTION 3(I)
8 HEREOF, OR ANY MATTER DIRECTLY OR INDIRECTLY
9 RELATED THERETO, the AMLC may execute the request or refuse to
10 execute the same and inform the foreign State of any valid reason for
11 not executing the request or for delaying the execution thereof. The
12 principles of mutuality and reciprocity shall, for this purpose, be at all
13 times recognized.

14 SEC. 10. Section 13, paragraph (c) of the same Act is amended as follows:

15 “(c) Obtaining Assistance from Foreign States. - The AMLC
16 may make a request to any foreign State for assistance in (1) x x x; (2)
17 obtaining information that it needs relating to any covered OR
18 SUSPICIOUS transaction, UNLAWFUL ACTIVITY, money
19 laundering offense or any other matter directly or indirectly related
20 thereto; (3) x x ; and (4) x x x.”

21 SEC. 11. Section 13, paragraph (e) of the same Act is amended as follows:

22 “(e) Requirements for Requests for Mutual Assistance from
23 Foreign States. A request for mutual assistance from a foreign State
24 must (1) confirm that an investigation or prosecution is being
25 conducted [in] WITH respect [of a money launderer named therein or
26 that he has been convicted of any money laundering offense] TO A
27 MONEY LAUNDERING OFFENSE UNDER SECTION 4 HEREOF
28 AND/OR ANY OF THE UNLAWFUL ACTIVITIES
29 ENUMERATED UNDER SECTION 3(I) HEREOF, OR ANY
30 MATTER DIRECTLY OR INDIRECTLY RELATED THERETO; 2)
31 state the grounds on which any person is being investigated or
32 prosecuted for money laundering OR ANY OF THE UNLAWFUL
33 ACTIVITIES ENUMERATED UNDER SECTION 3(I) HEREOF or
34 the details of his conviction; (3) give sufficient particulars as to the
35 identity of said person; (4) give particulars sufficient to identify any
36 covered institution believed to have any information, document,
37 material or object which may be of assistance to the investigation or
38 prosecution; (5) ask from the covered institution concerned any
39 information, document, material or object which may be of assistance
40 to the investigation or prosecution; (6) specify the manner in which

1 and to whom said information, document, material or object obtained
2 pursuant to said request, is to be produced; (7) give all the particulars
3 necessary for the issuance by the court in the requested State of the
4 writs, orders or processes needed by the requesting State; and (8)
5 contain such other information as may assist in the execution of the
6 request.”

7 SEC. 12. Section 14 of the same Act is hereby amended to include:

8 “Sec. 14. *Penal Provisions.*

9 (a) x x x.

10 (b) x x x.

11 (c) x x x.

12 (d) x x x.

13 (e) ADMINISTRATIVE SANCTIONS. – (1) AFTER DUE NOTICE AND
14 HEARING, THE COUNCIL SHALL, AT ITS DISCRETION, IMPOSE
15 FINES UPON ANY COVERED INSTITUTIONS, THEIR DIRECTORS
16 OR OFFICERS OR ANY PERSON WHO VIOLATES THE
17 PROVISIONS OF SECTION 9 (b) [failure to keep records] OR SECTION
18 9 (c) [failure to report covered or suspicious transactions] OF THIS ACT,
19 OR REFUSES TO COMPLY WITH ORDERS OR SUBPOENA OF THE
20 COUNCIL UNDER SECTION 7 PARAGRAPHS (1), (5) AND (6).
21 SUCH FINES SHALL BE IN AMOUNTS AS MAY BE DETERMINED
22 BY THE COUNCIL.

23 SEC. 13. *Separability Clause.* - If any provision or section of this Act or the
24 application thereof to any person or circumstance is held to be invalid, the
25 other provisions or sections of this Act, and the application of such provision
26 or section to other persons or circumstances, shall not be affected thereby.

27 SEC. 14. *Repealing Clause.* - All laws, decrees, executive orders, rules and
28 regulations or parts thereof, including the relevant provisions of Republic Act
29 No. 1405 (Bank Secrecy Law), as amended, Republic Act No. 6426 (Foreign
30 Currency Deposit Act), as amended, Republic Act No. 8791, as amended,
31 Republic Act No. 7653 (The New Central Bank Act), and other similar laws as
32 are inconsistent with this Act, are hereby repealed, amended or modified
33 accordingly.

34 SEC. 15. *Effectivity.* - This Act shall take effect Fifteen (15) days after its
35 complete publication in the Official Gazette or in at least two (2) national
36 newspapers of general circulation.

37 *Approved,*

TWELFTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'02 MAR -4 P4:14

RECEIVED BY: 

SENATE
S.B. No. 2040

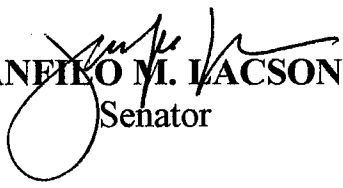
Introduced by SENATOR PANFILO M. LACSON

The enactment of Republic Act No. 9160 otherwise known as the "Anti-Money Laundering Act of 2001" has been a bold step on the part of the Philippine Congress in combating criminality. The law intends to deprive criminals of the legal means to hide and enjoy the fruits of their illegal activities.

Although the RA 9160 is only a few months old and nobody has yet been brought to court for its violation, some quarters particularly the Financial Action Task Force has voiced out some misgivings about certain provisions in the law. The most controversial and frequently criticized provision is the very high threshold level of Four Million (P4,000,000.00) Pesos for covered transactions which is merely a requirement for reporting and monitoring purposes. It is therefore imperative to put the threshold level into its proper perspective. One does not become a suspect or a criminal on the basis of a report of a covered transaction being made against him or her but rather on the basis of whether the amounts reported are products of an unlawful activity defined under the law.

This representation is of the belief that in order to effectively implement the intentions of the law, a much lower threshold level for covered transactions should be put into place. Although studies should still be made on what can be considered the optimum level, various sectors and the Financial Action Task Force has recommended the amount of Five Hundred Thousand (P500,000.00) Pesos to be the appropriate threshold.

In view thereof, the early passage of this bill is earnestly recommended.


PANFILO M. LACSON
Senator

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TWELFTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

RECEIVED BY: 

SENATE
S.B. No. 2040

INTRODUCED BY SENATOR PANFILO M. LACSON

AN ACT
TO AMEND SECTION 3, SUBPARAGRAPH B, OF REPUBLIC ACT
NO. 9160, OTHERWISE KNOWN AS THE "ANTI-MONEY
LAUNDERING ACT OF 2001," DECREASING THE THRESHOLD
OF COVERED TRANSACTIONS FROM FOUR MILLION PESOS
(PHP4,000,000.00) TO FIVE HUNDRED THOUSAND PESOS
(PHP500,000.00) AND FOR OTHER PURPOSES

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

SECTION 1. Section 3, Subparagraph b of Republic Act No. 9160,
otherwise known as the "Anti-Money Laundering Act of 2001" is hereby
amended to read as follows:

"SEC. 3.

(b) "Covered transaction" is a single, series, or
combination of transactions, involving a total amount in excess
of FIVE HUNDRED THOUSAND [Four million] Philippine
Pesos (Php500,000.00) [(Php4,000,000.00)] or an equivalent
amount in foreign currency based on the prevailing exchange
rate within five (5) consecutive banking days except those
between a covered institution and a person who, at the time of

the transaction was a properly identified client and the amount is commensurate with the business or financial capacity of the client; or those with an underlying legal or trade obligation, purpose, origin or economic justification.

It likewise refers to a single, series, or combination or pattern of unusually large and complex transactions in excess of FIVE HUNDRED THOUSAND [Four million] Philippine pesos (Php500,000.00) [Php4,000,000.00] especially cash deposits and investments having no credible purpose or origin, underlying trade obligation or contract.

SECTION 2. Separability Clause. - If any part of the provision of this Act is hereby declared unconstitutional or invalid, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

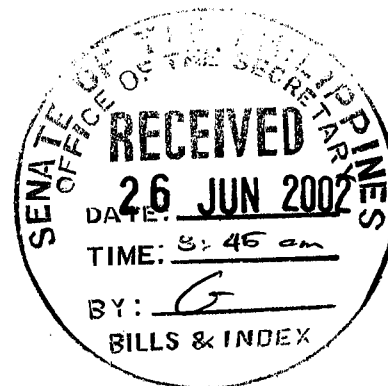
SECTION 3. Repealing Clause. - All law, executive orders, decrees, rules and regulations, or any part thereof inconsistent with the provision of this Act are deemed repealed or modified accordingly.

SECTION 4. Effectivity. - This Act shall take effect immediately upon approval.

Approved,

TWELFTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
Second Regular Session

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SENATE
S.B. No. 2198

Introduced by Senator Francis N. Pangilinan

EXPLANATORY NOTE

Under Republic Act No. 9160, otherwise known as the "Anti-Money Laundering Act of 2001," "covered transaction" is defined as "a single, series or combination of transactions involving a total amount in excess of four million Philippine peso (Php4,000,000.00)". Said threshold amount is too large and therefore money laundering activities below the threshold amount are not considered covered transactions for the purpose of the reporting requirements of banks and other financial institutions.

Compared with the anti-money laundering laws of other jurisdictions, our Anti-Money Laundering Law imposes a floor which is too high for purposes of detection by our Anti-Money Laundering Council. A simple solution would be to lower the threshold amount to Five Hundred Thousand Pesos (PhP500,000.00).

With the passage of this amendatory bill, it is hoped that more money-laundering activities will be detected and reported out by banks and financial institutions to the Anti-Money Laundering Council. Thus, money-laundering activities will be curbed.

For the foregoing reasons, immediate passage of this bill is earnestly sought.

FRANCIS N. PANGILINAN
Senator

TWELFTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE
S.B. No. 2198

Introduced by Senator Francis N. Pangilinan

AN ACT AMENDING SECTION 3 OF REPUBLIC ACT 9160, OTHERWISE KNOWN AS "AN ACT DEFINING THE CRIME OF MONEY LAUNDERING, PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES"

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

SECTION 1. Section 3(b) of the Republic Act 9160 is hereby amended to read as follows:

“(b) ‘Covered transaction’ is a single, series, or combination of transactions involving a total amount in excess of **FIVE HUNDRED THOUSAND PHILIPPINE PESOS (PHP 500,000.00)** or an equivalent amount in foreign currency based on the prevailing exchange rate within five (5) consecutive banking days except those between a covered institution and a person who, at the time of the transaction was a properly identified client and the amount is commensurate with the business or financial capacity of the client; or those with an underlying legal or trade obligation, purpose origin or economic justification.

“It likewise refers to a single, series or combination or pattern of unusually large and complex transactions in excess of **FIVE HUNDRED THOUSAND PHILIPPINE PESOS (PHP 500,000.00)** especially cash deposits and investments having no credible purpose or origin, underlying trade obligation or contract.”

SEC. 2. All laws, presidential decrees, executive orders and issuances inconsistent with this Act are hereby modified or repealed accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,

TWELFTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

'02 JUL 29 P5:20

SENATE

RECEIVED BY: _____

2262

S. No. _____

Introduced by Senator Osmeña III

EXPLANATORY NOTE

The problem of money laundering has reached such alarming proportions that the aggregate size of money laundered in the world is said to be somewhere between two and five percent of the world's gross domestic product.


To address this problem, in 1989, the G-7 Summit in Paris established the Financial Action Task Force on Money Laundering (FATF). The FATF was formed to develop a coordinated international response to the problem. And one of its first actions was to prepare 40 Recommendations, which set out measures that countries are to implement to combat money laundering.

In order to compel countries to implement the 40 Recommendations, countries that are found to have no or inadequate money laundering laws are placed on the non-cooperative countries and territories (NCCT) list. Countries included in this list are considered attractive to money laundering activities and are consequently, imposed certain sanctions.

On September 29, 2001, Republic Act No. 9160, otherwise known as the "Anti-Money Laundering Act of 2001" was enacted as the Philippines' response to the call of the FATF. However, upon review by the FATF, R.A. 9160 was found to be inadequate as to prejudice the anti-money laundering campaign of the country.

This bill proposes to amend the Anti-Money Laundering Act by plugging the loopholes identified by the FATF.

Early approval of the bill is therefore earnestly requested.


SÉRGIO OSMEÑA III
Senator

TWELFTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

'02 JUL 29 P5:20

RECEIVED BY: _____

SENATE

S. No. 2262

Introduced by Senator Osmeña III

**AN ACT AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 9160,
OTHERWISE KNOWN AS THE "ANTI-MONEY LAUNDERING ACT OF 2001",
AND FOR OTHER PURPOSES**

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

SECTION 1. Section 3, paragraph (b) of Republic Act No. 9160, otherwise known as the "Anti-Money Laundering Act of 2001", is hereby amended as follows:

"(b) 'Covered transaction' is a single, series, or combination of transactions involving a total amount in excess of Four million Philippine pesos (Php 4,000,000.00) or an equivalent amount in foreign currency based on the prevailing exchange rate within five (5) consecutive banking days except those between a covered institution and a person who, at the time of the transaction was a properly identified client and the amount is commensurate with the business or financial capacity of the client; or those with an underlying legal or trade obligation, purpose, origin or economic justification.

"It [likewise] refers to a single, series or combination or pattern of unusually large and complex transactions in excess of Four million Philippine pesos (Php 4,000,000.00) especially cash deposits and investments having no credible purpose or origin, underlying trade obligation or contract.

“IT LIKEWISE REFERS TO SUSPICIOUS TRANSACTIONS WITH COVERED INSTITUTIONS IRRESPECTIVE OF THE AMOUNTS INVOLVED, WHEN THERE IS REASONABLE GROUND TO BELIEVE THAT THE TRANSACTIONS ARE IN ANY WAY RELATED TO ANY MONEY LAUNDERING ACTIVITY OR ANY MONEY LAUNDERING OFFENSE OR ANY VIOLATION UNDER SECTIONS 4 AND 7(5) OF THE AMLA THAT IS ABOUT TO BE, IS BEING OR HAS BEEN COMMITTED.”

SEC. 2. A new Section 4-A is hereby inserted to read as follows:

“**SEC. 4-A. MONITORING OF MONEY LAUNDERING COMPLIANCE. -- THE BANKO SENTRAL NG PILIPINAS SHALL BE RESPONSIBLE FOR THE MONITORING OF THE MONEY LAUNDERING COMPLIANCE OF COVERED INSTITUTIONS.**”

SEC. 3. Section 11 of R.A. 9160 is likewise hereby amended as follows:

“SECTION 11. Authority to Inquire into Bank Deposits. -- Notwithstanding the provisions of Republic Act No. 1405, as amended; Republic Act No. 6426, as amended; Republic Act No. 8791, and other laws, the AMLC may inquire into or examine any particular deposit or any investment with any banking institution or non-bank financial institution upon order of any competent court in cases of violation of this Act when it has been established that there is probable cause that the deposits or investments involved are in any way related to a money laundering offense: Provided, That this provision shall [not] apply to deposits and investments made prior to the effectivity of this Act **ONLY FOR PURPOSES OF INFORMATION.**”

SEC. 4. If any provision or section of this Act is declared unconstitutional, the other provisions not affected thereby shall continue to be in full force and effect.

SEC. 5. All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 6. This Act shall take effect fifteen (15) days following its complete publication in the Official Gazette or in at least (2) two newspapers of general circulation, whichever comes earlier.

Approved,