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Introduced by Senator Poe

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REC'D

**RESOLUTION**

**URGING THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES AND OTHER APPROPRIATE COMMITTEE/S TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE SPATE OF ONLINE FRAUD IN THE PHILIPPINES INVOLVING STOCK MARKET SCAMS WITH THE OBJECTIVES OF PUTTING TO STOP THESE DECEPTIVE SCAMS AND TO FORMULATE POLICIES TO PROTECT INVESTORS AND TO REDUCE THE RISK OF FRAUD**

1 WHEREAS, Section 5, Article II of the 1987 Constitution provides: "The maintenance  
2 of peace and order, the protection of life, liberty, and property, and promotion of the general  
3 welfare are essential for the enjoyment by all the people of the blessings of democracy";

4 WHEREAS, Section 12, Article XIV further provides: "The State shall regulate the  
5 transfer and promote the adaptation of technology from all sources for the national benefit";

6 WHEREAS, Article 315(2)(a) of the Revised Penal Code penalizes syndicated estafa  
7 committed "(B)y using fictitious name, or falsely pretending to possess power, influence,  
8 qualifications, property, credit, agency, business or imaginary transactions, or by means of  
9 other similar deceits";

10 WHEREAS, Republic Act No. 10175, otherwise known as the Cybercrime Prevention  
11 Act of 2012, makes punishable cybercrime offenses including illegal interception and  
12 computer-related frauds;

13 WHEREAS, fraudsters are contacting people online and through social media to offer  
14 them the chance to invest in financial instruments with the promise of almost unrealistic  
15 gains;<sup>1</sup>

16 WHEREAS, just recently, 8 Israelis and 474 Filipinos were arrested for an online stock  
17 trading scam which defrauded foreign clients from Europe, New Zealand, Asutralia, South  
18 Africa and Russia in transactions amounting to almost \$1 million a day;<sup>2</sup>

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<sup>1</sup> <https://www.independent.co.uk/life-style/gadgets-and-tech/news/bitcoin-price-latest-value-scam-fraud-how-to-stay-safe-secure-buy-cryptocurrency-a8183026.html>

<sup>2</sup> <https://www.philstar.com/headlines/2018/06/08/1822717/8-israelis-474-filipinos-arrested-stock-trading-scam>

1           WHEREAS, it is revealed that the modus operandi is like that of a stock trading scam  
2 where Filipino agents – working for domestic company International Branding Development  
3 Marketing (IBDM) guised as a call center - would invite investors online, get bank account  
4 details, and ask victims to download a software that will enable remote control, desktop  
5 sharing, online gamine, web conferencing and file transfer between computers;<sup>3</sup>

6           WHEREAS, IBDM was linked to iTrader, a foreign-exchange trading operation that had  
7 been closed down by Israeli authorities for engaging in dubious stock market scams;<sup>4</sup>

8           WHEREAS, indeed, the Philippines has been a very popular jurisdiction for the  
9 outsourcing of sales and retention call centers for gaming and less than reputable binary  
10 options firms over the last few years;<sup>5</sup>

11           NOW THEREFORE BE IT RESOLVED, as it is hereby resolved by the Senate, urging the  
12 Senate Committee on Banks, Financial Institutions and Currencies and other appropriate  
13 committee/s to conduct an inquiry, in aid of legislation, on the spate of online fraud in the  
14 Philippines involving stock market scams with the objectives of putting to stop these deceptive  
15 scams and regulating these transactions to protect investors and reduce the risk of fraud.

16           *Adopted,*

  
**GRACE POE**

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<sup>3</sup> Id.

<sup>4</sup> <https://www.businessinsider.co.za/ibd-marketing-raid-in-the-philippines-shuts-down-israel-scam-linked-to-ittrader-2018-6>

<sup>5</sup> <https://financefeeds.com/itrader-call-centers-still-operating-despite-regulatory-raid-arrest-key-staff-executives-pretend-jpmorgan/>