## **SEVENTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES**)

Third Regular Session

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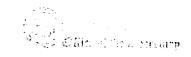
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## **SENATE** P.S. Res. No. <u>790</u>

18 JUL 16 P1:55

## **Introduced by Senator Poe**

RECE. .



## **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

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

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

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

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

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

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

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

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

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

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

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

NOW THEREFORE BE IT RESOLVED, as it is hereby resolved by the Senate, 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 regulating these transactions to protect investors and reduce the risk of fraud.

GRACE POE

Adopted,

³ Id.

 $<sup>^{4}\</sup> https://www.businessinsider.co.za/ibd-marketing-raid-in-the-philippines-shuts-down-israel-scam-linked-to-itrader-2018-6$ 

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