

RECORD OF THE SENATE

THURSDAY, SEPTEMBER 27, 2001

RESUMPTION OF THE SESSION

At 9:40 a.m., the session was resumed with the Senate President, Honorable Franklin M. Drilon, presiding.

The President. The session is resumed.

Senator Flavier. Mr. President.

The President. The Majority Leader is recognized.

BILL ON SECOND READING

S. No. 1745—Anti-Money Laundering Act of 2001
(Continuation)

Senator Flavier. Mr. President, I move that we resume consideration of Senate Bill No. 1745 as reported out under Committee Report No. 1.

The President. Is there any objection? [*Silence*] There being none, resumption of consideration of Senate Bill No. 1745 is now in order.

Senator Flavier. Mr. President, for the next interpellator, I move that we recognize Sen. Ka Blas Ople.

The President. Sen. Blas F. Ople is recognized for the period of interpellations; and the principal sponsor, Sen. Ramon B. Magsaysay Jr., is likewise recognized.

Senator Ople. Will the sponsor yield for a few questions, Mr. President?

Senator Magsaysay. Willingly, Mr. President, for questions from the sage of Bulacan.

Senator Ople. Now, Mr. President, the prospect of the Congress passing an anti-money laundering bill has created some urgent concerns on the part of a very substantial number of our citizens. To what extent will this bill strip bank depositors of the protection of their privacy under Republic Act No. 1405, which has been a source of strength for our banking system?

Since the Central Bank Act of 1949, there has been a profound change in the way most of our people handle their money. There was a time when it was taken for granted that if one had some surplus cash, he kept this under his pillow or put it in bamboo tubes for his security. But over a period of three decades, there has been a profound cultural change, and many of our people have learned to put their money in banks, thus helping capital

formation for economic development. It is possible that this source of strength in our banking system may be depleted if we have to do away with bank secrecy under Republic Act No. 1405.

Is the sponsor therefore amenable to an amendment that will reaffirm the policy on confidentiality embodied in Republic Act No. 1405, which shall be maintained as a general principle allowing for the rare exceptions specified in the bill; and that, violations of confidentiality by covered institutions shall subject the violators, in the case of individuals, to administrative, civil and criminal proceedings; and the offending public officials to temporary or perpetual disqualification from holding public office; and that, this liability shall continue to exist even after they leave public service?

Senator Magsaysay. Mr. President, the explanation of the gentleman from Bulacan is well-appreciated. The sponsor and the cosponsor have just decided that such proposed amendments that he may offer during the period of amendments will be acceptable.

We would like to note that Republic Act No. 1405—the Bank Secrecy Law—which was passed in 1955, in almost 46 years since 1955, only 14 cases were referred based on the law. That means that it has been rarely used and has served its purpose. We are not going to repeal the law. We are just putting some amendments. In case the courts still are going to decide for a court order to open the account, that would still be part of this anti-money laundering law that we are crafting. We are open to the gentleman's amendments.

Senator Ople. Mr. President, in the course of the interpellations by some of our colleagues, especially Sen. Vicente C. Sotto III, yesterday, urgent concern also was expressed on the possibility that this anti-money laundering bill might be used for the persecution of a certain class of people in our country, referring to the case of Sen. Vicente C. Sotto III; to the members of the Opposition being subjected to political harassment. May the sponsor respond to that concern?

Senator Magsaysay. That is a genuine concern, Mr. President. That is precisely why the committee and the coauthors have agreed to include in the new working draft—the substitute bill—to remove the political factor by removing the council that has the secretary of Finance and the SEC and just have the governor of the BSP as the overseeing individual of a new office to be called Financial Intelligence Unit (FIU).

The possibility of individuals along the whole process to make use of information for malice or political or other bad faith to destroy the individual's reputation, there are penal provisions that should answer this concern.

The President. That is correct.

Senator Jaworski. Otherwise we might be sending a wrong message.

The President. Yes, that is correct.

Senator Pangilinan. That is correct.

The President. All right.

Senator Jaworski. Understood. Thank you, Mr. President.

The President. Is there any other amendment? There being none, the Majority Leader is recognized.

Senator Legarda Leviste. Mr. President, I move that we close the period of individual amendments.

The President. The period of individual amendments is hereby terminated.

APPROVAL OF S. NO. 1745 ON SECOND READING

Senator Legarda Leviste. Mr. President, I move that we vote on Second Reading on Senate Bill No. 1745, as amended.

The President. Is there any objection? *[Silence]* There being none, we shall now vote on Second Reading on Senate Bill No. 1745, as amended.

As many as are in favor of the bill, say *aye*.

Several Members. *Aye*.

The President. As many as are against the bill, say *nay*. *[Silence]*

Senate Bill No. 1745, as amended, is approved on Second Reading.

This bill is certified as an urgent...

MANIFESTATION OF SENATOR MAGSAYSAY (All Senators as Coauthors of S. No. 1745)

Senator Magsaysay. Mr. President, before we continue, may I manifest to include some of our colleagues here as coauthors.

The President. All the members of the Senate are considered as coauthors.

Senator Magsaysay. Thank you, Mr. President. I appreciate that.

Senator Legarda Leviste. Mr. President, the measure at hand has been certified by Malacañang as urgent based on a letter transmitted—

The President. On September 24, 2001.

Senator Legarda Leviste. —last September 24, 2001. I ask that the Secretary read the letter please.

The President. Is there any objection? *[Silence]* There being none, the Secretary will please do so.

The Secretary.

MALACAÑANG
Manila

September 24, 2001

HON. FRANKLIN M. DRILON
Senate President
Philippine Senate
Pasay City

Dear Senate President Drilon:

Pursuant to the provisions of Article VI, Section 26 (2) of the Constitution, I hereby certify to the necessity of the immediate enactment of Senate Bill No. 1745, entitled

AN ACT DEFINING THE CRIME OF
MONEY LAUNDERING PROVIDING
PENALTIES THEREFOR AND FOR
OTHER PURPOSES,

to address the public emergency involving the need to institute a system of protection against organized and syndicated crimes and other unlawful acts involving money laundering activities and to comply with our international commitment under the Vienna Convention of 1988, the Political Declaration and Action Plan Against Money Laundering adopted at the 20th Special Session of the UN General Assembly in New York, and the United Nations Convention on Transnational Organized Crime.

Very truly yours,

(Sgd.) GLORIA MACAPAGAL ARROYO

cc: Hon. Jose C. De Venecia
Speaker
House of Representatives
Quezon City

BILL ON THIRD READING
S. No. 1745—Anti-Money Laundering
Act of 2001

Senator Legarda Leviste. Mr. President, I move that we vote on Third Reading on Senate Bill No. 1745.

The President. Is there any objection? [Silence] There being none, voting on Third Reading on Senate Bill No. 1745 is now in order.

The Secretary will please read only the title of the bill.

The Secretary. Senate Bill No. 1745, entitled

AN ACT DEFINING THE CRIME OF MONEY LAUNDERING, PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES

The President. We shall now vote on the bill and the Secretary will call the roll.

The Secretary. Senators

- Angara Yes
Aquino-Oreta
Arroyo Yes
Barbers Yes
Biazon Yes
Cayetano Yes
De Castro Yes
Ejercito Estrada
Flavier
Honasan Yes
Jaworski Yes
Lacson Yes
Legarda Leviste Yes
Magsaysay Jr. Yes
Ople Yes
Osmeña (J.)
Osmeña III Yes
Pangilinan Yes
Pimentel Jr. Yes*

Senator Pimentel. Mr. President.

The President. Sen. Aquilino Q. Pimentel Jr. is recognized.

EXPLANATION OF VOTE OF SENATOR PIMENTEL

Senator Pimentel. Mr. President, I wish to put on record that

* With explanation of vote

even as I am voting for this bill, I do so denouncing any attempt by faceless bureaucrats, especially those from abroad, who are trying to dictate to us. I vote for this bill because I think it is good for our country and that there is no way we can allow this country to be a haven for money launderers, and all types of criminals have no place in Philippine society.

But let me repeat, Mr. President, what I have disliked for is for the Senate of the Philippines to be perceived as a tool, a pliant tool, of those who would wish to advance their own agenda in our country. I wish to state for the record that I do not like being stamped into voting for a very important bill such as this one. Although since our colleagues have unanimously endorsed this bill, I go along with the rest of our fellow senators in approving this bill, again, for the simple reason that it is good for our country.

Thank you very much, Mr. President.

The Secretary. Senators

- Recto Yes
Revilla
Sotto III Yes
Villar Jr. Yes
The Senate President Yes

APPROVAL OF S. NO. 1745 ON THIRD READING

The President. With 19 affirmative votes, no negative vote, and no abstention, Senate Bill No. 1745 is hereby approved on Third Reading. [Applause]

The Chair wishes to express its profound appreciation to all the members of the Chamber for having been patient with each other and for being very understanding on the need to approve this bill.

CONFERENCE COMMITTEE ON S. NO. 1745/H. NO. 3083
(Anti-Money Laundering Act of 2001)

Senator Legarda Leviste. Before we adjourn, Mr. President, I move that we constitute the Senate panel for the bicameral conference committee.

The President. Please proceed.

Senator Legarda Leviste. Mr. President, I manifest the nomination of the following: Sen. Ramon B. Magsaysay Jr. as chairman; Sen. Francis N. Pangilinan as vice chairman; and the

following senators as members of the Senate panel: Senators Joker P. Arroyo, Renato L. *Compañero* Cayetano, Robert Z. Barbers, Aquilino Q. Pimentel Jr., Edgardo J. Angara, Sergio R. Osmeña III, Panfilo M. Lacson, Vicente C. Sotto III, Manuel B. Villar Jr. and Ralph G. Recto.

The President. Is there any objection? [*Silence*] There being none, the bicameral conference committee is so constituted.

SUSPENSION OF SESSION

Senator Legarda Leviste. Mr. President, I move that we suspend today's session until four o'clock tomorrow afternoon.

The President. Is there any objection? [*Silence*] There being none, the session is suspended until four o'clock tomorrow afternoon, September 28, 2001.

It was 12:08 a.m.