

**SENATE**  
Senate Bill No.1745

---

Prepared by the Committees with  
Senators Flavier, Osmeña III, Legarda Leviste, Barbers,  
Lacson, Cayetano, Pangilinan, Drilon, Magsaysay, Jr. Angara,  
Aquino-Oreta, Arroyo, Biazon, De Castro, Ejercito Estrada, Honasan,  
Jaworski, Ople, Osmeña (J), Pimentel Jr., Recto, Revilla,  
Sotto III, and Villar Jr., as authors

---

**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:*

1           **SECTION 1. Short Title.** This Act shall be known as the "Anti-Money  
2 Laundering Act of 2001."

3           **SEC. 2. Declaration of Policy.** It is hereby declared the policy of the State to  
4 make the Philippines a stable and safe financial and banking center, and to that end, the  
5 State will continue to protect and preserve the integrity and confidentiality of bank  
6 accounts.

7           Moreover, it is also the policy of the State to proscribe such acts or activities,  
8 specifically money laundering in order to prevent criminals or criminal syndicates from  
9 profiting from their illegal activities, taking into consideration the established  
10 constitutional principles that no person shall be deprived of life, liberty and property  
11 without due process of law nor shall any person be denied the equal protection of the law.  
12 The rules on confidentiality embodied on R. A. No. 1405 shall be maintained as a general  
13 principle.

14           And finally, consistent with the country's foreign policy, the State shall extend  
15 cooperation in the transnational investigation, prosecution and extradition of persons  
16 involved in money laundering activities wherever committed.

1           **SEC. 3. Definition of Terms.** For purposes of this Act, the following terms and  
2 phrases are hereby defined as follows:

3           (a) "Covered Institution" refers to:

4                       (1) banks, non-banks, quasi-banks, trust entities, and all other  
5 institutions and their subsidiaries and affiliates supervised or regulated by  
6 the Bangko Sentral ng Pilipinas (BSP);

7                       (2) insurance companies and all other institutions supervised or  
8 regulated by the Insurance Commission (IC); and

9                       (3) (i) securities dealers, brokers, salesmen, investment houses  
10 and other similar entities managing securities or rendering services as  
11 investment agent, advisor, or consultant, (ii) mutual funds, close-end  
12 investment companies, common trust funds, pre-need companies and other  
13 similar entities, (iii) foreign exchange corporations, money changers,  
14 money payment, remittance, and transfer companies and other similar  
15 entities, and (iv) other entities administering or otherwise dealing in  
16 currency, commodities, or financial derivatives based thereon, valuable  
17 objects, cash substitutes and other similar monetary instruments or  
18 property supervised or regulated by Securities and Exchange Commission  
19 (SEC).

20           (b) "**Covered Transaction**" refers to a series or combination or a  
21 pattern of unusually complex and large financial transactions especially cash  
22 deposits and investment having no credible purpose or origin, underlying trade  
23 obligation or contract involving an amount in excess of Three million pesos  
24 (P3,000,000.00) or its equivalent in foreign currency.

25           (c) "**Transaction**" refers to any act establishing any right or obligation or  
26 giving rise to any contractual or legal relationship between the parties thereto. It  
27 also includes any movement of funds by any means with a covered institution.

28           (d) "**Unlawful Activity**" refers to any act or omission or series or  
29 combination thereof involving or having relation to the following:

- 1 (1) Qualified Kidnapping under Article 267 the Revised Penal Code;
- 2 (2) Sections 3, 4, 5, 7, 8, 9 Article Two of R. A. 6425 as amended,
- 3 otherwise known as the Dangerous Drugs Act of 1972;
- 4 (3) Sections 3 Paragraphs B, C, E, G, H and I of R. A. No. 3019, as
- 5 amended, otherwise known as the Anti-Graft and Corrupt Practices
- 6 Act;
- 7 (4) Robbery and extortion under Articles 294, 295, 296, 299, 300, 301
- 8 and 302 of the Revised Penal Code;
- 9 (5) Jueteng and Masiao punished as Illegal Gambling under P. D. No.
- 10 1602;
- 11 (6) Piracy under the Revised Penal Code;
- 12 (7) Qualified theft under ART. 310 of the Revised Penal Code where
- 13 the amount involved is at least Three million pesos;
- 14 (8) Swindling under Art. 315 of the Revised Penal Code;
- 15 (9) Smuggling under R. A. 455 and 1937;
- 16 (10) Violations under R. A. No. 8792 otherwise known as the
- 17 Electronic Commerce Act of 2000;
- 18 (11) Fraudulent practices and other violations under Republic Act No.
- 19 8799 otherwise known as the Securities Regulation Code of 2000;
- 20 (12) Terrorism which means a premeditated, usually politically
- 21 motivated violence perpetrated against non-combatant targets by
- 22 sub-national groups or clandestine agents usually intended to
- 23 influence an audience. the term international terrorism means
- 24 terrorism involving citizens or the territories of more than one
- 25 country. The term terrorist group means group practicing or that
- 26 has significant sub-groups that practice international terrorism.
- 27 (13) Felonies or offenses of a similar nature as the above that are punishable
- 28 under the penal laws of the country where the felony or offense was
- 29 committed.

1 (e) **“Monetary Instrument”** refers to

2 (1) coins or currency of legal tender of the Philippines, or of any other  
3 country;

4 (2) drafts, checks and notes;

5 (3) securities or negotiable instruments, bonds, commercial papers,  
6 deposit certificates, trust certificates, custodial receipts or deposit  
7 substitute instruments, trading orders, transaction tickets and  
8 confirmations of sale or investments and money market instruments;  
9 and

10 (4) other similar instruments where title thereto passes to another by  
11 endorsement, assignment or delivery.

12 (f) **“Person”** refers to any natural or juridical person.

13 (g) **“Proceeds”** refer to all profits, results, effects and any amount derived or  
14 realized from an unlawful activity.

15 (h) **“Anti-Money Laundering Council”** refers to the Governor of the Bangko  
16 Sentral ng Pilipinas, the Commissioner of the Insurance Commission and the Chairman  
17 of the Securities and Exchange Commission.

18 **SEC. 4. *Crime of Money Laundering.*** Money laundering is a crime whereby the  
19 proceeds of an unlawful activity are converted, concealed or disguised to make them  
20 appear to have originated from legitimate sources.

21 It is committed by the following:

22 (a) Any person who knowingly commits, conducts or attempts to conduct any  
23 transaction involving the proceeds of any unlawful activity or uses, transports, transmits,  
24 transfers, invests, funnels, remits or otherwise deals with the same, in any manner or by  
25 any means, directly or indirectly, for the purpose of furthering that unlawful activity, or  
26 concealing or disguising the proceeds of said unlawful activity, or deriving profits for  
27 himself or others.

28 (b) Any person who, knowing that any monetary instrument or property  
29 represents, involves, or relates to, the proceeds of any unlawful activity, performs any act

1 or fails to perform any act, as a result of which act or omission, he, in any manner and by  
2 any means, directly or indirectly, abets, assists in, or otherwise facilitates the offense of  
3 money laundering referred to in Paragraph (a), above.

4 (c) Any person who, with knowledge that any monetary instrument or property,  
5 is required under this Act to be disclosed and filed with the government, the Anti-Money  
6 Laundering Council, fails to disclose such monetary instrument or property.

7 **SEC. 5. Jurisdiction Over Money-Laundering Cases.**

8 The Regional Trial Courts shall have jurisdiction to try all cases on money  
9 laundering. Those committed by public officers and private persons who are in  
10 conspiracy with such public officers shall be under the jurisdiction of the Sandiganbayan.

11 The pendency of any proceeding relating to the unlawful activity shall not bar  
12 prosecution of any offense or violation under this Act. Any dismissal or acquittal of an  
13 accused in any of the predicate crimes referred to in paragraph (d) of Section 3 of this  
14 Act, with positive declaration that no crime was committed, shall cause the termination  
15 of his case for money laundering in whatever stage it may be.

16 **SEC. 6. Prevention of Money Laundering; Customer Identification**

17 **Requirements and Record Keeping.** – (a) Covered institutions shall establish and record  
18 the true identity of its clients based on official documents which shall remain confidential  
19 unless the disclosure of their identities are authorized by competent authority. They shall  
20 maintain a system of verifying the true identity of their individual clients and in case of  
21 corporate clients, a system of verifying their legal existence and organizational structure,  
22 as well as the authority and identification of all persons purporting to act on its behalf.

23 The provisions of existing laws to the contrary notwithstanding, anonymous  
24 accounts, accounts under fictitious names, and all other similar accounts shall be  
25 absolutely prohibited. Numbered accounts shall also be prohibited, except insofar as  
26 allowed under Republic Act (R.A.) No. 6426, as amended, otherwise known as the  
27 Foreign Currency Deposit System Act. Covered institutions shall record the true identity  
28 of holders of all such numbered accounts in an official document.

1 (b) Recordkeeping. – All records of all transactions of covered  
2 institutions shall be maintained and safely stored for at least five (5) years from  
3 the time such transactions were concluded. With respect to closed accounts, the  
4 records on customer identification, account files and business correspondence  
5 shall be preserved and safely stored for at least five (5) years from the time they  
6 were closed.

7 (c) Reporting of Covered Transactions. – Responsible officers of covered  
8 institutions shall report to the Anti-Money Laundering Council any covered transaction  
9 within five (5) working days from occurrence thereof. The Anti-Money Laundering  
10 Council may extend the period to not more than ten (10) working days. Transactions in  
11 excess of Three Million Pesos (P3,000,000.00) are covered by this Act. This reporting  
12 requirement does not apply to transactions carried in the ordinary course of business, or  
13 dealing of its bank customers.

14 For this purpose, any person who, with knowledge that any monetary instrument  
15 or property, in whole or in part, wherever located, is required under this Act to be  
16 disclosed, reported or included in a return, statement, report or any similar document to  
17 be filed with the government or any Anti-Money Laundering Council, fails to disclose,  
18 report or include such monetary instrument or property in said return, statement, report  
19 or document, is liable and shall be penalized in accordance with the provisions of this  
20 Act.

21 When reporting covered transactions to the Anti-Money Laundering Council,  
22 covered institutions and their officers, employees, representatives, agents, advisors,  
23 consultants or associates are prohibited from communicating, directly or indirectly, in  
24 any manner or by any means, to any person, entity, the media, the fact that a covered  
25 transaction report was made, the contents thereof, or any other information in relation  
26 thereto. Neither may such reporting be published or aired in any manner or form by the  
27 mass media, electronic mail or other similar devices. In case of violation thereof, the

1 concerned officer, employee, representative, agent, advisor, consultant or associate of the  
2 covered institution, or media shall be held criminally liable.

3 **SEC. 7. *Creation of the Anti-Money Laundering Council.*** The Anti-Money  
4 Laundering Council is hereby created. The Council shall be composed of the Governor of  
5 the Bangko Sentral ng Pilipinas as Chair, the Commissioner of the Insurance  
6 Commission and the Chairman of the Securities and Exchange Commission as members.  
7 The Anti-Money Laundering Council shall act unanimously in the discharge of its  
8 functions as defined hereunder:

9 (1) to require and receive covered transaction reports from covered  
10 institutions;

11 (2) to issue orders addressed to the appropriate Anti-Money Laundering  
12 Council or the covered institution to determine the true identity of the  
13 owner of any monetary instrument or property subject of a covered  
14 transaction report or request for assistance from a foreign state, or believed  
15 by the Council, on the basis of substantial evidence, to be, in whole or in  
16 part, wherever located, representing, involving, or related to, directly or  
17 indirectly, in any manner or by any means, the proceeds of an unlawful  
18 activity;

19 (3) to institute civil forfeiture proceedings and all other remedial proceedings  
20 allowed under this Act, through the Office of the Solicitor General, and to  
21 be represented therein by internal or external counsel;

22 (4) to cause the filing of complaints with the Department of Justice for the  
23 prosecution of money laundering offenses;

24 (5) to initiate investigations of covered transactions, money laundering  
25 activities and other violations of this Act;

26 (6) to track down, freeze, restrain and seize any monetary instrument or  
27 property alleged to be proceeds of any unlawful activity within the  
28 procedures laid down in this Act;

- 1 (7) to implement such measures as may be necessary and justified under this  
2 Act to counteract money laundering;
- 3 (8) to receive and take action in respect of, any request from foreign states for  
4 assistance in their own anti-money laundering operations provided in this  
5 Act;
- 6 (9) to develop educational programs on the pernicious effects of money  
7 laundering, the methods and techniques used in money laundering, the  
8 viable means of preventing money laundering and the effective ways of  
9 prosecuting and punishing offenders;
- 10 (10) to enlist the assistance of any branch, department, bureau, office, agency  
11 or instrumentality of the government, including government-owned and  
12 controlled corporations, in undertaking any and all anti-money laundering  
13 operations, which may include the use of its personnel, facilities and  
14 resources for the more resolute prevention, detection and investigation of  
15 money laundering offenses and prosecution of offenders; and
- 16 (11) to receive and administer, as may be allowed by law, assistance,  
17 donations, grants, contributions and endowments, both monetary and non-  
18 monetary, from any individual or institution, whether public or private,  
19 domestic or foreign, to promote and achieve the policy of this Act.

20 **SEC. 8. *Additional Exemption from Bank Deposit Secrecy Laws and Authority***

21 ***To Freeze.*** Upon determination that probable cause exists that any deposit or similar  
22 account is in any way related to money laundering offense, the Monetary Board or the  
23 Anti-Money Laundering Council may issue freeze order on the account for a period  
24 not exceeding twenty (20) days. The depositor is given notice and an opportunity to  
25 explain within seventy-two (72) hours upon receipt of such notice.

26 Should the Monetary Board or Anti-Money Laundering Council need to extend  
27 the freeze order beyond twenty (20) days or should it need to examine or look into the  
28 account, it should seek a court order which it may do *ex-parte*. The order of the court



1 allowing access or extending the period of the freeze order beyond twenty (20) days may  
2 be restrained only by the Supreme Court.

3 **SEC. 9. *Restrictions.*** No court shall issue a temporary restraining order or writ of  
4 injunction against any freeze order except the Supreme Court.

5 **SEC. 10. *Mutual Assistance Among States.*** The Government is hereby  
6 authorized to request foreign governments and extend bilateral and multilateral assistance  
7 in matters covered by this Act.

8 **SEC. 11. *Penal Provisions.*** (a) Penalties for the Crime of Money Laundering.  
9 The penalty of imprisonment ranging from seven (7) to fourteen (14) years and a fine of  
10 not less than Three Million Philippine Pesos (Php 3,000,000.00) but not more than twice  
11 the value of the monetary instrument or property involved in the offense, shall be  
12 imposed upon a person convicted under Section 4 (a) of this Act.

13 The penalty of imprisonment from four (4) to seven (7) years and a fine of not  
14 less than One Million Five Hundred Thousand Philippine Pesos (P1,500,000.00) but not  
15 more than Three Million Philippine Pesos (P3,000,000.00), shall be imposed upon a  
16 person convicted under Section 4 (b) of this Act.

17 (b) Penalties For Failure To Keep Records. The penalty of imprisonment from six  
18 (6) months to one (1) year or a fine of not less than One Hundred Thousand Pesos  
19 (P100,000.00) but not more than Five Hundred Thousand Pesos (P500,000.00), or both,  
20 shall be imposed on a person convicted under Section 6 (b) of this Act.

21 (C) Penalties for Failure to Make a Report. The penalty of imprisonment from six  
22 (6) months to four (4) years or a fine of not less than One Hundred Thousand Philippine  
23 Pesos (P100,000.00) but not more than Five Hundred Thousand Philippine Pesos  
24 (P500,000.00), or both, shall be imposed on a person convicted under Section 6 (c) of this  
25 Act.

26 (D) Malicious reporting. Any person who, with malice, or in bad faith,  
27 reports or files a completely unwarranted or false information relative to money  
28 laundering transaction against any person shall be subject to a penalty of six (6) months  
29 to four years imprisonment and a fine of not less than One Hundred Thousand Philippine

205

1 Pesos (P100,000.00) but not more than Five Hundred Thousand Pesos (P500,000.00), or  
2 both, at the discretion of the court: *Provided*, That the offender is not entitled to avail the  
3 benefits of the Probation Law.

4 If the offender under the above preceding paragraphs (a), (b), and (c) is a  
5 corporation, association, partnership or any juridical person, the penalty shall be imposed  
6 upon the responsible officers, as the case may be, who participated in the commission of  
7 the crime or who shall have knowingly permitted or failed to prevent its commission. If  
8 the offender is a juridical person, the court may suspend or revoke its license. If the  
9 offender is an alien, he shall, in addition to the penalties herein prescribed, be deported  
10 without further proceedings after serving the penalties herein prescribed. If the offender  
11 is a public official or employee, he shall, in addition to the penalties prescribed herein,  
12 suffer perpetual or temporary absolute disqualification from office, as the case may be.

13 Any public official or employee who is called upon to testify and refuses to do the  
14 same or purposely fails to testify shall suffer the same penalties prescribed herein.

15 **SEC. 12. *System of Incentives and Rewards.*** A system of special incentives and  
16 rewards is hereby established to be given to the appropriate government agency and its  
17 personnel that led and initiated an investigation, prosecution and conviction of persons  
18 involved in the offense penalized in Section 4 of this Act.

19 **SEC. 13. *Prohibitions Against Political Harassment.*** This Act shall not be used  
20 for political persecution or harassment or as an instrument to hamper competition in trade  
21 and commerce.

22 No case for money laundering may be filed against and no assets shall be frozen,  
23 attached or forfeited to the prejudice of a candidate for an electoral office during an  
24 election period.

25 **SEC. 14. *Implementing Rules and Regulations.*** Within thirty (30) days from the  
26 effectivity of this Act, the Bangko Sentral ng Pilipinas, the Insurance Commission and  
27 the Securities and Exchange Commission shall promulgate the rules and regulations to  
28 implement effectively the provisions of this Act. Said rules and regulations shall be  
29 submitted to the Congressional Oversight Committee for approval.

1 Covered institutions shall formulate their respective money laundering prevention  
2 programs in accordance with this Act including, but not limited to, information  
3 dissemination on money laundering activities and its prevention, detection and reporting,  
4 and the training of responsible officers and personnel of covered institutions.

5 **SEC. 15. *Congressional Oversight Committee.*** There is hereby created a  
6 Congressional Oversight Committee composed of seven members from the Senate and  
7 seven members from the House of Representatives. The members from the Senate shall  
8 be appointed by the Senate President based on the proportional representation of the  
9 parties or coalitions therein with at least one Senator representing the minority. The  
10 members from the House of Representatives shall be appointed by the Speaker also based  
11 on proportional representation of the parties or coalitions therein with at least one  
12 representative representing the minority.

13 The Oversight Committee shall have the power to promulgate its own rules, to  
14 oversee the implementation of this Act, and to review or revise the implementing rules  
15 issued by the Anti-Money Laundering Council within thirty (30) days from the  
16 promulgation of the said rules.

17 **SEC. 16. *Separability Clause.*** If any provision or section of this Act or the  
18 application thereof to any person or circumstance is held to be invalid, the other  
19 provisions or sections of this Act, and the application of such provision or section to other  
20 persons or circumstances, shall not be affected thereby.

21 **SEC. 17. *Repealing Clause.*** All laws, decrees, executive orders, rules and  
22 regulations or parts thereof, including the relevant provisions of R.A. No. 1405, as  
23 amended, R.A. No. 6426, as amended, R.A. No. 8791, as amended and other similar  
24 laws, as are inconsistent with this Act, are hereby repealed, amended or modified  
25 accordingly.

26 **SEC. 18. *Effectivity.*** This Act shall take effect fifteen (15) days after its  
27 complete publication in the *Official Gazette* or in at least two (2) national newspapers of  
28 general circulation. The provisions of this Act shall not apply to deposits and investments  
29 made prior to its effectivity.

Approved,