



Annual Report

2011

Anti-Money Laundering Council

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GOVERNOR AMANDO M. TETANGCO, JR.
Chairman, Anti-Money Laundering Council
Governor, Bangko Sentral ng Pilipinas

MESSAGE

The Anti-Money Laundering Council (AMLC) marked its 10th anniversary in 2011. This is a significant milestone for an institution organized to fight money laundering.

Our mandate is to prevent the entry of illegally acquired funds into our financial system as these can undermine the integrity of our institutions and endanger our people.

Given this crucial task, the institutions that compose AMLC – the Bangko Sentral ng Pilipinas, the Insurance Commission and the Securities and Exchange Commission – are required under the Anti-Money Laundering Act (AMLA) to act unanimously in the discharge of its functions.

I am pleased to report therefore that even with the varied challenges that have been coming its way, the AMLC continues to make significant progress in its anti-money laundering activities.

Foremost is AMLC's continuing collaboration with Congress to pursue legislative amendments that will further strengthen AMLA including the passage of a law on terrorist financing. Philippine President Benigno S. Aquino III certified the passage of such legislative amendments to AMLA as urgent.

Our objective is to align our regulations with global standards set by the Financial Action Task Force (FATF), the UN Conventions, and other international agencies working against money laundering and terrorist financing.

And through AMLC, the Philippines is also part of the global efforts to prevent money laundering. As our country's Financial Intelligence Unit (FIU), the AMLC is an active member of the Egmont Group, an organization of FIUs where cooperation is particularly strong in the areas of information exchange, training and the sharing of expertise against money laundering and the financing of terrorism.

In 2011 alone, for instance, the Philippines through the AMLC received and took appropriate action on ninety seven (97) requests of other FIUs and international bodies. At the same time, we made four hundred fifty nine (459) requests for assistance from our counterpart FIUs.

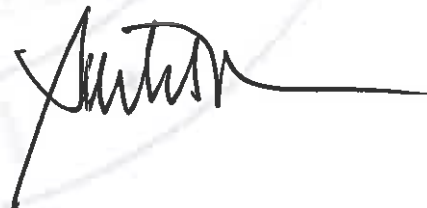
Our cooperation with other FIUs resulted in the successful filing of many charges, the freezing of bank deposits and criminally-tainted assets, as well as civil forfeiture judgments. This is a concrete demonstration of the value of international cooperation among FIUs. Indeed, the success rate of our campaign against money laundering and terrorist financing escalates with stronger and broader cooperation with other FIUs. In this connection, we continue to reinforce such coordination and cooperation through Memoranda of Understanding or MOUs with other FIUs.

We also continue to strengthen the AMLC organization through relevant training programs, increasing the manpower complement of the AMLC Secretariat as necessary, and hiring specialists from different law enforcement agencies such as the National Bureau of Investigation, the Philippine Drug Enforcement Agency, and the Philippine National Police. Equally important is our program for the continuing enhancement of the expertise of AMLC and its Secretariat for financial analysis, a key tool in the fight against money laundering and terrorist financing.

Central to AMLC's pursuit of its mandate is its active engagement with its many stakeholders to ensure compliance with updated regulations and advisories against money laundering. At the forefront of these engagements are the BSP, IC and the SEC in partnership with other organizations from the government and the private sectors.

Indeed, we need a united and comprehensive approach to fight money laundering and terrorist financing. Worldwide the number, the location, and the modus operandi of criminals and terrorists are constantly changing and shifting. There is therefore no room for complacency.

Given the fidelity, the perseverance, and the courage of the officers and staff of the AMLC and the AMLC Secretariat as well as the full support of our national and global partners, I am confident that the Philippines will continue to post major gains in the fight against money laundering and terrorist financing.

A handwritten signature in black ink, appearing to be 'Antonio', is written over a faint circular watermark of the AMLC seal. The seal contains the text 'ANTI-MONEY LAUNDERING CENTRAL BANK' and the year '2001'.



ATTY. EMMANUEL F. DOOC

Member, Anti-Money Laundering Council
Commissioner, Insurance Commission

MESSAGE

It has been ten (10) years since the Anti-Money Laundering Council (AMLC) was founded. Since 2001, Philippines' AML/CFT regime has encountered many challenges but the AMLC has risen to many of these occasions. The AMLC used these occasions to keep our fight against money laundering and terrorist financing steadfast amidst changes in the international standards.

The AMLC has continuously used its experiences and learning from the past to brave the incoming changes of the new decade ahead. I have always believed that the only constant thing in this world is change. Because it is with change that we rise above our limitations and exceptions. As Abraham Lincoln once said, "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise with the occasion. As our case is new, so we must think anew and act anew."

We must, therefore, at all times think and look forward and adapt to the changes we will meet along the way. I am joyous not only because of the important role I take as a Member of the Council but because of the "occasions" that the AMLC and its Secretariat took part for the year 2011 which can be glimpsed through this Annual Report. These "occasions" serve as the epitome of learning, perseverance, and strength of AMLC, both as an FIU and an investigative agency.

I also congratulate all the men and women behind the AMLC Secretariat who tirelessly perform their jobs for the past year and remain committed beyond the aforesaid occasions of changes and challenges.

To rise above changes and challenges may sound unsure or frightening at first to one's ears as change does not necessarily assure progress, but bear in mind that progress implacably requires change. Let us not be afraid to constantly enrich/fortify our FIU's measures to improve the legislative basis and effectiveness of the Philippines' AML/CFT regime and to keep up with AML/CFT standards globally.

Hence, I look forward to more fruitful endeavors this 2012 and I congratulate everyone for a job well done!



ATTY. TERESITA J. HERBOSA
Member, Anti-Money Laundering Council
Chairperson, Securities and Exchange Commission

MESSAGE

On 17 October 2001, the Anti-Money Laundering Council ("AMLC"), the Philippines' Financial Intelligence Unit, was created through the enactment of Republic Act 9160, otherwise known as the "Anti-Money Laundering Act of 2001". This Annual Report for the year 2011 would show how the AMLC has evolved since it started its operations in 2001. Its many accomplishments are documented in this Annual Report. As of 31 December 2011, the total number of cases filed related to money laundering is Fifty Four (54), the total amount of frozen properties and assets related to an unlawful activity or a money laundering offense is Twenty Nine Million Three Hundred Ninety Thousand Eight Hundred Fifty Five and 27/100 Pesos (Php29,390,855.27), and the total amount of properties and assets related to unlawful activity or a money laundering offense and forfeited in favor of the government is One Hundred Eleven Million One Hundred Four Thousand and Thirty Five and 67/100 Pesos (Php111,104,035.67).

Despite its marked improvement, there are still strategic AML/CFT deficiencies that need to be addressed in order to be fully compliant with the Financial Action Task Force's (FATF) Recommendations, which are as follows (a) adequately criminalizing money laundering and terrorist financing [Recommendation 1 and Special Recommendation II]; (b) implementing adequate procedures to identify and freeze terrorist assets and confiscate funds related to money laundering [Special Recommendation III and Recommendation 3]; (c) enhancing financial transparency [Recommendation 4]; and (d) extending coverage of reporting entities [Recommendation 12 and Recommendation 16].

There are pending bills in the House of Representatives and in the Senate on money laundering and terrorist financing which were filed in order to address the above-mentioned remaining strategic deficiencies. These bills were all certified as urgent by the President of the Philippines.

The passage of these bills into law will serve to ensure that the Philippines continues to be complaint with AML/CFT international standards and be at par with its global neighbors in their common fight against money laundering and terrorist financing.

The AMLC reiterates its firm commitment to meet any challenges that may come its way, as it continues to strive to be a world-class financial intelligence unit. The AMLC endeavors to help establish and maintain an internationally compliant and effective anti-money laundering regime which will provide the Filipino people with a sound, dynamic and strong financial system in an environment conducive to the promotion of social justice, political stability and sustainable economic growth.

J. J. [Signature]



ATTY. VICENTE S. AQUINO

Executive Director

Anti-Money Laundering Council Secretariat

MESSAGE

As the curtains closed on 2011, the Anti-Money Laundering Council, together with its Secretariat, had emerged victorious, stronger, and more committed to its continuing battle against the twin evils of money laundering (ML) and terrorist financing (TF). From its humble beginnings in 2001, the 10th anniversary of the AMLC had seen the AMLC and the Secretariat go from strength to strength in combating ML and TF despite the daunting challenges it has been meeting both on the domestic and the international fronts.

The year 2011 for the Anti-Money Laundering Council was a year of historic firsts as it intensified its crusade against money laundering and terrorist financing. As of 31 December 2011, under its assets freeze and forfeiture powers, the AMLC was able to forfeit on behalf of the government and private individuals the total amount of Php 113,505,604.17 and freeze cash and other monetary instruments in the total amount of Php 29,390,855.27. In 2010-2011, in the discharge of its prosecutorial mandate, 12 complaints for money laundering were filed against multiple respondents, including those involved in drug trafficking.

The AMLC owes its successes partly to its domestic and global allies. Domestically, the AMLC has enjoyed the enhanced cooperation of the local private financial sector from the banking, insurance and securities fields, and the various law enforcement agencies and other government offices, whose assistance the AMLC is authorized to enlist for the more resolute prevention, detection and investigation of money laundering offenses and prosecution of offenders. The AMLC Secretariat has also continued to promote awareness of the pernicious effects of money laundering by conducting seminars and trainings aimed at covered institutions, law enforcement agencies, the academe and other AMLC/CFT stakeholders in the private and public sectors.

Regionally and internationally, the AMLC has been intensely proactive in the execution of Memoranda of Understanding with foreign financial intelligence units to establish the mechanism for secure information-sharing. The AMLC and the Secretariat have likewise been working doubly hard to ensure the early passage of the bills further amending the Anti-Money Laundering Act, as amended, and criminalizing terrorist financing as a stand-alone offense. The enactment of these bills would give more teeth to the AMLC in the discharge of its powers, ensure full compliance with international AML/CFT standards, and in the long run, ensure that the Philippines is not used as haven for money launderers and terrorist financiers.

Finally, I am happy to report that the men and women of Secretariat have grown not only in experience but also in number. The approval of the reorganization plan of the Secretariat by the Bangko Sentral ng Pilipinas Monetary Board created additional forty six (46) new positions, now filled by highly qualified and trained personnel from both the private and public sectors, including various law enforcement and regulatory agencies, complementing its already highly proficient personnel.

As the curtains open on 2012, the men and women of the Secretariat continue to work silently and tirelessly in the new year, guided by the AMLC mission to protect and preserve the integrity and confidentiality of bank accounts, ensure that the Philippines shall not be used as a money laundering site for proceeds of any unlawful activity, and to extend cooperation in transnational investigation and prosecution of persons involved in money laundering and terrorist financing activities, wherever committed.



In Retrospect

Resilient, committed and unrelenting. These three words sum up the Anti-Money Laundering Council of the Philippines (AMLC) in its continuing crusade against money laundering and terrorist financing in 2011. Though faced with daunting challenges both from the international and domestic fronts, the AMLC persisted in the discharge of its mandate under the Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001 (AMLA), as amended.

In the legal front, the AMLC intensified its fight against money laundering and terrorist financing as it saw an increase in the number of covered and suspicious transaction reports submitted. This, in turn, resulted in the filing of numerous money laundering complaints and petitions for bank inquiry, freeze and forfeiture before the appropriate courts.

The AMLC has also continued to promote and raise anti-money laundering and counter-terrorist financing awareness through the conduct of lectures for the benefit of all covered institutions, law enforcement agencies, the academe and other AML/CFT stakeholders whether in the public or private sector.

In the last quarter of 2010, the Philippines, through the AMLC, worked with the Asia/Pacific Regional Review Group of the Financial Action Task Force – International Co-operation Review Group (FATF-ICRG) to develop an Action Plan to further strengthen and enhance the Philippines' Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) Regime. This Action Plan, which requires further amendments to the AMLA and the criminalization of terrorist financing as a stand-alone offense, ushered in the undertakings and endeavors of the AMLC in initiating the enactment of legislations further amending the AMLA and criminalizing terrorist financing as an offense separate and distinct

from the crime of terrorism to reinforce the country's AML/CFT regime. These initiatory efforts carried on to fruition in 2011 where developments in AMLA Amendments Bills and Terrorist Financing Suppression Bills in the Senate and House of Representatives progressed and continue to unfold.

The AMLC worked tirelessly to increase and strengthen its Secretariat workforce with the approval of its reorganization plan by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The approved reorganization plan created forty-six (46) new positions. With this, the AMLC targeted the appointment of thirty-three (33) new personnel with law enforcement, legal and Information Technology (IT) backgrounds to complement its already proficient and highly capable personnel.

The foregoing accomplishments of the AMLC in 2011 were steered by its Vision *"To be a world-class financial intelligence unit that will help establish and maintain an internationally compliant and effective anti-money laundering regime which will provide the Filipino people with a sound, dynamic and strong financial system in an environment conducive to the promotion of social justice, political stability and sustainable economic growth"*.

And so the AMLC continues its AML/CFT march forward and in the right direction with this goal in mind.

Legislative Developments

I. Strategic Implementation Plan (SIP)

The Philippine AML/CFT Regime's fight against money laundering and terrorist financing began with the enactment of Republic Act (RA) No. 9160, otherwise known as the Anti-Money Laundering Act (AMLA) of 2001. Apart from the government's desire to have a legal framework in place to combat money laundering and its underlying unlawful activities including acts of terrorism, the AMLA was enacted in response to the inclusion of the Philippines in the list of Non-Cooperative Countries and Territories (NCCTs) of the Financial Action Task Force (FATF) in 2000. Thereafter, the Philippine Congress enacted RA No. 9194 amending RA No. 9160 accordingly. The Congressional Oversight Committee revised the Implementing Rules and Regulations in the same year. On 11 February 2005, the FATF finally removed the Philippines from the NCCT list after substantive, efficient and effective implementation of anti-money laundering reforms. However, to ensure effective implementation of these reforms, the FATF has continued monitoring the developments in the Philippines in consultation with the Asia/Pacific Group on Money Laundering and other relevant international organizations.

From 22 September to 6 October 2008, the Philippine AML/CFT regime underwent a mutual evaluation/assessment conducted by a joint Assessment Team from the World Bank (WB) and the Asia/Pacific Group on Money Laundering (APG). The results of the evaluation were contained in a Mutual Evaluation Report (MER) which was adopted by the APG in its Plenary Meeting on 8 July 2009 in Brisbane, Australia.

As a result of the ratings on the FATF's Core and Key Recommendations, the Philippines was automatically referred to the FATF-International Cooperation Review Group (ICRG)'s "pool of vulnerable" or "strategically deficient" jurisdictions. The ICRG through its Asia/Pacific Regional Review Group (RRG), conducted a *prima facie* review of the Philippine AML/CFT regime from February to May 2010, and a targeted review from June to September 2010 to further examine the strategic deficiencies in its AML/CFT system, and to identify steps that should be taken to address those identified deficiencies through an

Action Plan. During the face-to-face meeting between the Philippines and the Asia/Pacific RRG on 15 September 2010, an Action Plan was jointly developed to address the strategic deficiencies. The Action Plan requires, *inter alia*, the enactment of a law further amending the AMLA and another law criminalizing terrorist financing as a stand-alone offense.



Team Philippines. (L-R) Solicitor General Agnes VST Devanadera, AMLC's Statutory Counsel, Securities and Exchange Commission Chairperson and AMLC Member Fe B. Barin, BSP Governor and AMLC Chairman Amando M. Tetangco, Jr., and Insurance Commissioner and AMLC Member Eduardo T. Malinis during the start of the Joint World Bank/APG Detailed Assessment in 2008.



Joint World Bank/APG Assessment Team. (L-R), Matteo Vaccani (World Bank), Richard Gordon (World Bank Financial Expert), Emile van der Does De Willebois (World Bank Legal Expert), Thomas Hansen (World Bank FIU Expert), Eliot Kennedy (APG Deputy Executive Secretary) and Shaun Mark (Australian Federal Police and APG Law Enforcement Expert).



Atty. Vicente S. Aquino, Executive Director, AMLC Secretariat, acted as the Opening Program's Master of Ceremonies/Moderator.



Bangko Sentral Governor and AMLC Chairman Amando M. Tetangco, Jr. is seen here having a brief chat with Bureau of Immigration Deputy Commissioner Enrique Galang, Jr. and Department of Justice (DOJ) Undersecretary and Anti-Terrorism Council Spokesperson Ricardo Blancaflor prior to the formal opening of the WB/APG Detailed Assessment.

To forestall the pernicious effects of money laundering and the destructive effects of terrorist financing as well as avert a devastating international move against the Philippines, the Anti-Money Laundering Council (AMLC) initiated efforts to further amend the AMLA of 2001 and to criminalize terrorist financing as a stand-alone offense. These proposed legislative enactments will address the strategic deficiencies noted by the Financial Action Task Force's International Cooperation Review Group (FATF's ICRG) and will enable the Philippines to become fully compliant with the directives laid down under the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention), the 2000 United Nations Convention Against Transnational Organized Crime (the Palermo Convention), the 2003 United Nations Convention Against Corruption (UNCAC), the International Convention for the Suppression of the Financing of Terrorism, relevant United Nations Security Council (UNSC) Resolutions, and the international standards on combating money laundering and terrorist financing set forth by the FATF.

The Philippine AML/CFT regime formulated a Strategic Implementation Plan (SIP) which was approved by the AMLC in its Resolution No. 22 dated 26 March 2010.

The SIP was formulated based on the output of the participants during the in-country workshop on 7-8 December 2009 which was held at the Executive Business Center of the Bangko Sentral ng Pilipinas (BSP).

The in-country workshop was facilitated by an SIP team composed of the following officials (representing key areas in the Philippine AML/CFT regime) who participated in the SIP “Train the Trainer” workshop in Kuala Lumpur, Malaysia on 6-9 October 2009:

| | | |
|------------------------------|---|--|
| Atty. Ruel M. Bumatay | - | Financial Intelligence Unit Secretariat [FIU, Anti-Money Laundering Council (AMLC)]; |
| Atty. Celia Sandejas | - | Regulatory/Supervisory (BSP); |
| Atty. Lalaine Monserate | - | Regulatory/Supervisory [Securities and Exchange Commission (SEC)]; |
| Maj. Roy Anthony O. Derilo | - | Law Enforcement [Philippine Drug Enforcement Agency (PDEA)]; and |
| Atty. Ma. Cristina Rilloraza | - | Legal [Department of Justice (DOJ)] |

Messrs. Eliot Kennedy and Emile van der Does de Willebois of the APG Secretariat and the World Bank, respectively, and Ms. Gai Lambourne of the Australian Transaction Reports and Analysis Center (AUSTRAC) assisted the Philippines in the conduct of the aforesaid SIP in-country workshop.

During the aforesaid in-country workshop, representatives from the AMLC Secretariat, the Supervising Authorities [BSP, SEC and the Insurance Commission (IC)], the relevant government agencies and the various industry associations from the banking, securities and insurance sectors, formulated the key outputs required and the steps to be taken to address the weaknesses and deficiencies noted and the recommendations made by the Joint WB/APG assessors. The key outputs required and the measures to be undertaken are detailed in the SIP.

The SIP focuses on the deficiencies and weaknesses on the FATF’s six (6) Core and ten (10) Key Recommendations, particularly where the Philippines obtained ratings lower than largely compliant.

The following are the salient features of the SIP:

1. Legal –
 - (a) Expansion of the definition of money laundering in full compliance with the Palermo and Vienna Conventions;
 - (b) Criminalization of terrorism financing as a stand-alone offense in order to comply with 1999 UN International Convention for the Suppression

of the Financing of Terrorism and FATF Special Recommendation No. II;
and

- (c) Inclusion of the other offenses or crimes as predicate offenses to money laundering as required under the Glossary of the FATF's Revised 40 Recommendations.

2. Institutional –

- (a) Reorganization of the AMLC Secretariat;
- (b) Issuance of a BSP regulation defining politically exposed persons (PEPs) which the banks would be comfortable applying in their risk management;
- (c) Adoption of a risk-based approach to examination by the IC; and
- (d) Issuance of a regulation by the Supervising Authorities (BSP, SEC and IC) allowing reduced customer due diligence for financial institutions, public companies or government enterprises.

II. Further Amendments to the Anti-Money Laundering Act of 2001 (AMLA)

A. The AMLA Amendments Bills¹

The AMLC assisted in the crafting of the following bills:

1. Senate Bill No. 2484, entitled “An Act to Further Strengthen the Anti-Money Laundering Law, Amending for the Purpose RA No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as Amended, and for Other Purposes”, filed on 07 September 2010 by Senator Sergio R. Osmeña III;
2. Senate Bill No. 2783, entitled “An Act to Further Strengthen Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended, and for Other Purposes”, filed on 31 March 2011 by Senator Panfilo M. Lacson;
3. House Bill No. 3323, entitled “An Act to Further Strengthen the Anti-Money Laundering Law, Amending for the Purpose RA No. 9160, otherwise known as the Anti-Money Laundering Act Of 2001, as Amended, and for Other Purposes”, filed on 22 September 2010 by Congressman Roilo Golez;
4. House Bill No. 698, entitled “An Act to Further Strengthen the Anti-Money Laundering Law, Amending for the Purpose Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act Of 2001, as Amended, and for Other Purposes”, filed by Congressmen Rufus B. Rodriguez and Maximo B. Rodriguez, Jr.; and
5. House Bill No. 4275, entitled “An Act Further Strengthening the Anti-Money Laundering Law, Amending for the Purpose RA No. 9160, otherwise known as the Anti-Money Laundering Act Of 2001, as Amended”, a substitute bill to H.B. No. 698 and H.B. No. 3323, per Committee Report No. 672, filed by Congressmen Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., Roilo S. Golez, and Sergio A.F. Apostol.

The essential features of the aforementioned bills are as follows:²

- Revision of the definition of money laundering to include conversion, transfer, disposition, movement, acquisition, possession, use, concealment or disguise of the proceeds of any unlawful activity.
- Expansion of the definition of “covered institutions” to include designated non-financial business and professions such as casinos, real estate agents, dealers in precious metals and stones, lawyers, notaries, accountants, and other independent legal professionals when they carry out particular transactions for their clients, and trust and company service providers.

¹ On 18 June 2012, Republic Act No. 10167 was signed into law. It allows *ex parte* application for bank inquiry and mandates the resolution of petition to freeze within twenty-four (24) hours from filing thereof. While on 15 February 2013, Republic Act No. 10365 was also signed into law. Among the key amendments are as follows: revision of the definition of money laundering; expansion in the list of covered persons (institutions) to include non-financial businesses and professions; and increase in the number of predicate offenses.

² Ibid

- Increase in the number of predicate offenses to money laundering to include, among others, financing of terrorism, bribery, trafficking in persons, environmental crimes, and carnapping.
- *Ex parte* application for bank inquiry.
- Grant of power to the AMLC to issue freeze order to implement binding conventions, directives or resolutions of the United Nations Offices/Committees against terrorism or terrorist financing.

B. Developments on the AMLA Amendments Bills³

1. Senate AMLA Amendments Bills

On 14 November 2011, the Senate's Committees on Banks, Financial Institutions and Currencies, Justice and Human Rights, and Public Order and Illegal Drugs, in Committee Report No. 80, submitted for the approval of the Senate Plenary Senate Bill No. 3009 (substitute Bill of Senate Bill Nos. 2484 and 2783). Senate Bill No. 3009 provides the provisions on the issuance of freeze order and *ex parte* filing of application for the issuance of bank inquiry order.

On 13 December 2011, the Senate's Sub-Committee on Anti-Money Laundering Law Amendments, Committee on Banks, Financial Institutions and Currencies conducted a public hearing on the other proposed amendments, i.e., expanded definition of money laundering, additional predicate crimes and expanded definition of "covered institutions" to include Designated Non-financial Businesses and Professions (DNFBPs).

2. House AMLA Amendments Bills

On 24 February 2011, House Bill No. 4275 (consolidating House Bill No. 3323, filed by Congressman Roilo Golez and House Bill No. 698, filed by Congressman Rufus B. Rodriguez and Congressman Maximo B. Rodriguez, Jr.) was introduced by Representative Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., Roilo S. Golez and Sergio A.F. Apostol, Chair of both the Committee on Banks and the Congressional Oversight Committee (COC) on the AMLA – Lower House Panel.

On 1 December 2011, His Excellency, President Benigno Simeon C. Aquino III certified as urgent to both Houses of Congress the immediate enactment of House Bill No. 4275.

On 5 December 2011, House Bill No. 4275 was approved on third reading by the members of the House of Representatives and transmitted to the Senate for its concurrence.

³ Ibid

III. Criminalization of Terrorist Financing as a Stand-alone Offense

A. The TF Suppression Bills⁴

The AMLC submitted to the Philippine Congress its proposed bill which was used as basis for the filing of Senate Bill No. 2676, entitled “An Act Defining Terrorist Financing as a Crime and Providing Penalties Therefor”. Senator Edgardo J. Angara filed the said bill on 7 February 2011.

On the other hand, the following Terrorism Financing Suppression bills are now pending before the Lower House:

1. House Bill No. 0753, entitled “An Act Defining Terrorist Financing as a Crime and Providing Penalties Therefor”, was filed on 5 July 2010 by Representative Rodolfo W. Antonino; and
2. House Bill No. 2158, entitled “Suppression of the Financing of Terrorism Act of 2010”, was filed on 4 August 2010 by Representative Karlo A.B. Nograles.

The essential features of the aforementioned bills are as follows:⁵

- Criminalization of terrorist financing and conspiracy to commit terrorist financing.
- Imposition of criminal and administrative penalties for juridical entities and their responsible officers.
- Comprehensive definition of property or funds. It includes assets of every kind, whether real or personal, tangible or intangible, movable or immovable, however acquired or regardless of its source, including legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such assets, including but not limited to cash, bank credits, travelers cheques, bank cheques, money orders, shares, securities, bonds, drafts, letters of credit and other monetary instruments.
- Grant of power to the AMLC to issue freeze order to implement binding conventions, directives or resolutions of the United Nations Offices/Committees against terrorism or terrorist financing.
- Inclusion of terrorist financing as predicate offense to money laundering.
- Extraterritorial application of the law.

⁴ On 18 June 2012, Republic Act No. 10168 was signed into law. The salient features of the said law include the following: criminalization of the financing of terrorism and its ancillary offenses; imposition of criminal and administrative penalties for juridical entities and their responsible officers; adoption of a comprehensive definition of property or funds; grant of power to the AMLC to issue freeze order against terrorism and terrorist financing; inclusion of terrorist financing as predicate offense to money laundering; and, extraterritorial application of the law.

⁵ Ibid

The criminalization of terrorism financing as a stand-alone offense is in compliance with our international obligation under the 1999 United Nations Convention for the Suppression of the Financing of Terrorism and with FATF Special Recommendation II (criminalizing the financing of terrorism and associated money laundering), as well as to address the findings noted by the joint WB/ APG Mutual Evaluation Team.

B. Developments on the TF Suppression Bills⁶

1. Senate TF Suppression Bill

On 13 December 2011, the Congressional Oversight Committee on the AMLA – Senate Panel and the Senate’s Committee on Banks, Financial Institutions and Currencies conducted a committee hearing on Senate Bill No. 2676.

2. House TF Suppression Bills

On 25 May 2011, the House of Representatives’ Committee on Justice created a Technical Working Group (TWG), chaired by Congressman Karlo Nograles for the consolidation, enhancement, and refinement of House Bill No. 0753 filed by Congressman Rodolfo W. Antonino and House Bill No. 2158 filed by Congressman Karlo Nograles. The TWG was composed of representatives from the following government agencies, namely: the Anti-Money Laundering Council (AMLC); the Securities and Exchange Commission (SEC); the Insurance Commission (IC); the Department of Justice (DOJ); the Department of Foreign Affairs (DFA); the Department of National Defense (DND); the Anti-Terrorism Council Program Management Center (ATCPMC); the National Intelligence Coordinating Agency (NICA); the Philippine National Police (PNP); and the Armed Forces of the Philippines (AFP). The TWG came up with a substitute bill on Terrorist Financing incorporating the provisions submitted by the members of the TWG.

On 9 June 2011, the House of Representatives’ Committee on Justice approved the substitute bill.

On 3 August 2011, the substitute bill, House Bill No. 5015 entitled “An Act Defining the Crime of Financing of Terrorism, Providing Penalties Therefor and for Other Purposes”, was submitted to the House of Representatives for plenary deliberations.

⁶ Ibid

Financial, Human and Technical Resources of the AMLC Secretariat

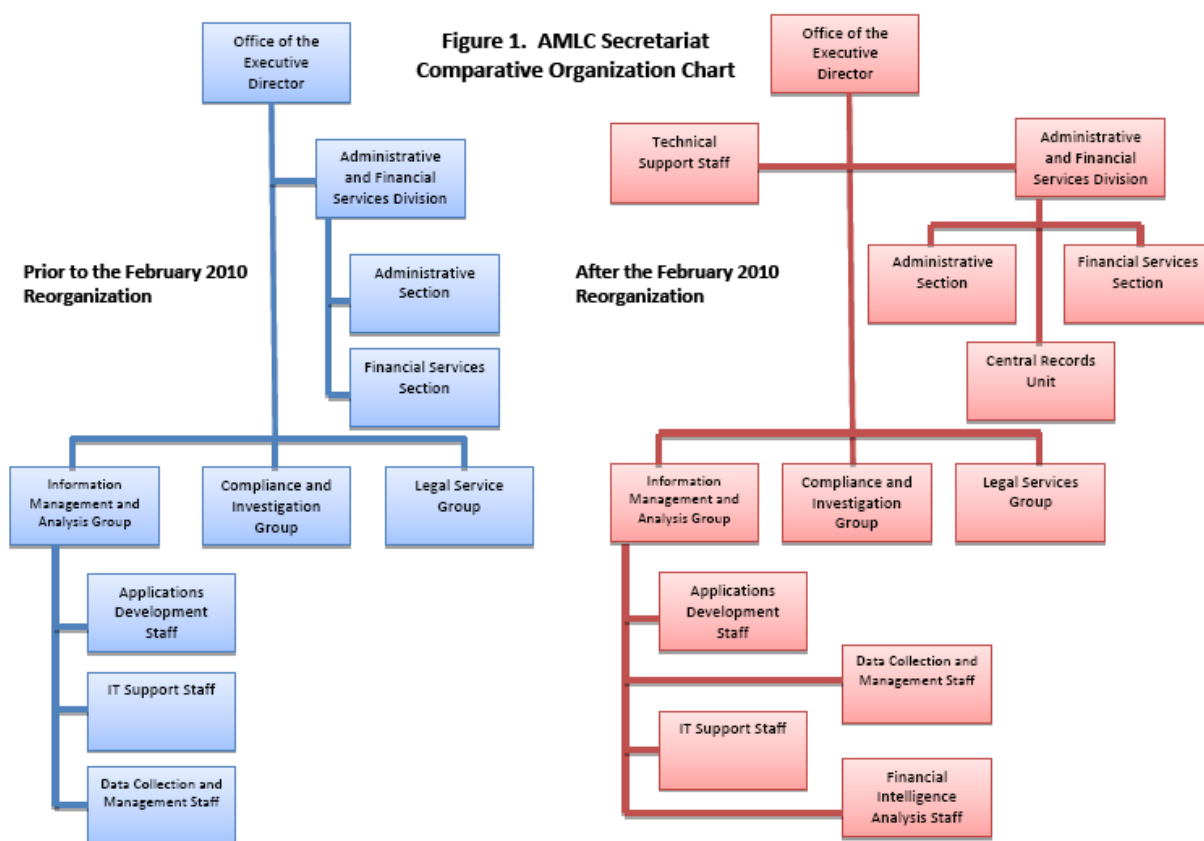
I. Staffing

The Monetary Board of the BSP, in its Resolution No. 227 dated 18 February 2010, approved the reorganization of the AMLC Secretariat. Said reorganization of the AMLC Secretariat was aimed at: (i) a more effective performance by the AMLC Secretariat of its mandate under RA No. 9160; (ii) a greater capacity to perform specialized functions as specifically mandated; and (iii) full compliance with the recommendations of the Joint WB-APG Assessment Team, as adopted by the APG on Money Laundering.

The reorganization created additional forty-six (46) positions to be filled, directly or through the Office of the Governor within one year from the approval of reorganization. Three (3) positions were abolished. The following table illustrates the increase in the number of personnel in the operational groups/administrative staff of the AMLC Secretariat.

Table 1. Number of AMLC Secretariat Personnel, 2011

| Group/Division /Staff | Existing | Net Increase | Total After Reorg |
|--|-----------|--------------|-------------------|
| Office of the Executive Director | 9 | - | 9 |
| Technical Services Staff | - | 3 | 3 |
| Compliance and Investigation Group | 13 | 13 | 26 |
| Legal Services Group | 14 | 6 | 20 |
| Information Management and Analysis Group | 17 | 12 | 29 |
| Administrative and Financial Services Division | 13 | 7 | 20 |
| TOTAL | 66 | 43 | 109 |



As of end of year 2011, forty one (41) out of the forty six (46) additional positions had been filled-up. The AMLC Secretariat intends to fill all the positions created under its MB-approved reorganization in 2012.

Among the key features of the AMLC Secretariat's reorganization are the following:

1. Establishment of two (2) distinct and separate units in the Compliance and Investigation Group (CIG), namely: (1) the Compliance Staff; and (2) the Financial Investigation Staff. This resulted in an increase in the number of CIG positions. From ten (10) positions, the CIG now has twenty four (24) positions with the Compliance Staff and Financial Investigation Staff having twelve (12) positions each;
2. Creation of a Financial Intelligence Analysis Staff (FIAS) in the Information Management Analysis Group (IMAG). The FIAS is an analysis unit separate and distinct from the Financial Investigation Staff of the CIG. This resulted in the creation of nine (9) positions in the FIAS;
3. Formalization of the three (3) existing functional units in the IMAG, namely: the Applications Development Staff; Information Technology Support Staff; and Data Collection and Management Staff. This resulted in the increase of the number positions in the IMAG. From ten (10) positions, the three (3) functional units now have a total of eighteen (18) positions;
4. Creation of a Technical Services Staff (TSS) in the Office of the Executive Director. The TSS is tasked to handle the international and domestic relations of the AMLC and the conduct of training programs for covered institutions and relevant government institutions. This resulted in the creation of five (5) positions in the TSS;
5. Increase in the number of lawyer positions in the Legal Services Group (LSG). From ten (10) lawyer positions, the LSG now has seventeen (17) lawyer positions; and
6. Establishment of a Central Records Unit (CRU) in the Administrative and Financial Services Division (AFSD). This resulted in the creation of three (3) positions in the CRU.

The additional positions created under the MB-approved reorganization were filled with personnel with law enforcement background, such as those from the National Bureau of Investigation (NBI), the Philippine National Police (PNP), the Philippine Drug Enforcement Agency (PDEA), those with regulatory experience from the Bangko Sentral ng Pilipinas (BSP) and from the Securities and Exchange Commission (SEC), Department of Justice (DOJ) and the Office of the Solicitor General (OSG), and those from the public and private sectors with good credentials and extensive experience on law and information technology.

The Officers and Staff of the AMLC Secretariat are experts of various fields that truly strengthen the capacity of the agency to investigate and prosecute money laundering cases, as shown by Table 2 below.

Table No. 2. Profile of AMLC Secretariat Personnel, 2011

| Profile of Employees | Number of Personnel | |
|---|---------------------|-----------|
| | 2010 | 2011 |
| Lawyers | 14 | 28 |
| Lawyer/ Certified Public Accountants | 4 | 7 |
| Certified Public Accountants | 6 | 10 |
| Certified Public Accountant/ Forensic Accountant | 1 | 1 |
| Law Enforcers | 2 | 3 |
| Information Technology Experts | 10 | 14 |
| Others | 27 | 36 |
| TOTAL | 64 | 99 |

II. Budget

The table below shows the Annual Appropriations Budget of the AMLC for the years 2007 to 2011.

Table 3. Annual Appropriated Budget of the AMLC, 2007 – 2011

| ANTI-MONEY LAUNDERING COUNCIL Breakdown of Maintenance and Other Operating Expenses and Capital Outlays Comparative Approved Budget (P'000) 2007 – 2011 | | | | | |
|--|-----------------|---------------|---------------|--------------|--------------|
| | APPROVED BUDGET | | | | |
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| MAINTENANCE AND OTHER OPERATING EXPENSES (MOOE's) | | | | | |
| 1) Traveling Expenses | 3,190 | 3,049 | 3,049 | 1,530 | 1,395 |
| Traveling Expenses – Local | 1,203 | 1,949 | 1,949 | 1,085 | 950 |
| Traveling Expenses – Foreign | 1,987 | 1,100 | 1,100 | 445 | 445 |
| 2) Training and Scholarship Expenses | | | | | |
| Training Expenses | 500 | 1,500 | 500 | 500 | 180 |
| 3) Supplies and Materials Expenses | 710 | 803 | 843 | 806 | 333 |
| Office Supplies Expenses | 508 | 646 | 721 | 559 | 333 |
| Gasoline, Oil & Lubricants Expenses | 54 | 157 | 122 | 247 | - |
| Military & Police Supplies Expenses | 148 | - | - | - | - |
| 4) Utility Expenses | - | - | - | - | 1,486 |
| Water Expenses | - | - | - | - | - |
| Electricity Expenses | - | - | - | - | 1,486 |
| 5) Communication Services | 1,139 | 1,300 | 1,365 | 730 | 684 |
| Postage & Deliveries | 21 | 74 | 30 | 78 | - |
| Telephone Expenses – Landline | 1,072 | 1,180 | 1,289 | 193 | 225 |
| Telephone Expenses – Mobile | 46 | 46 | 46 | 459 | 459 |
| 6) Membership Dues and Contributions to Organizations | 609 | 609 | 609 | 699 | 630 |
| 7) Advertising Expenses | 282 | 282 | 282 | 80 | 112 |
| 8) Rent Expenses | - | 400 | 400 | 620 | 630 |
| Office Space Rental | - | - | - | - | - |
| Equipment Rental | - | 400 | 400 | 620 | 630 |
| 9) Representation Expenses | 552 | 350 | 350 | 858 | 360 |
| 10) Subscription Expenses | 87 | 87 | 87 | 22 | 29 |
| Local Newspapers | 17 | 17 | 17 | 22 | 29 |
| Periodicals and News Services | 70 | 70 | 70 | - | - |
| 11) Professional Services | | | | | |
| Legal Services | 370 | 515 | 5,791 | 554 | 540 |
| 12) Repair and Maintenance | 1,998 | 6,028 | 2,091 | 2,648 | 3,221 |
| R/M – Office Equipment | - | 352 | - | 352 | 352 |
| R/M – Furniture and Fixtures | - | - | - | - | - |
| R/M – IT Equipment and Software | 1,965 | 5,643 | 2,058 | 2,263 | 2,836 |
| R/M – Motor Vehicle | 33 | 33 | 33 | 33 | 33 |
| 13) Confidential, Intelligence, Extraordinary and Miscellaneous Expenses | - | - | - | - | - |
| Confidential Expenses | - | - | - | - | - |
| Extraordinary Expenses | - | - | - | - | - |
| Miscellaneous Expenses | - | - | - | - | - |
| 14) Taxes, Insurance Premiums and Other Fees | | | | | |
| Insurance Expenses | 563 | 287 | 287 | 288 | 90 |
| Total MOOE's | 10,000 | 15,210 | 15,654 | 9,335 | 9,690 |
| Capital Outlays | - | - | - | - | - |
| 1) Office Equipment | - | - | 108 | - | - |
| 2) Furniture and Fixtures | - | - | - | - | - |
| 3) IT Equipment and Software | 5,000 | - | 2,190 | - | - |
| 4) Books | - | - | 25 | - | - |
| 5) Military and Police Equipment | - | - | 495 | - | - |
| 6) Motor Vehicle | - | - | 2,182 | - | - |
| Total Capital Outlays | 5,000 | - | 5,000 | - | - |
| Total MOOE's and Capital Outlays | 15,000 | 15,210 | 20,654 | 9,335 | 9,690 |
| Allotment Released (per ABM, SARO) | 15,000 | 9,335 | 13,340 | 9,335 | 9,690 |
| Additional SARO | - | - | - | 1,000 | - |
| Unreleased appropriations | - | 5,875 | 7,314 | - | - |
| NCA Released (for 2011-as of July) | 15,000 | 8,565 | 13,098 | 11,316 | 5,369 |

**with P5 Million CI for Capital Outlays*

III. Capacity Building Trainings and Seminars Attended by the AMLC Secretariat Personnel

- On 25–27 May 2010, AUSTRAC conducted a three-day “Process and Procedures Workshop” to assist AMLC and its Secretariat to develop and record standard operating procedures (SOPs) that would provide the AMLC Secretariat officers and staff a framework in which to carry out their respective roles with certainty and consistency.
- On 13-17 September 2010, the Federal Bureau of Investigation (FBI) and the Internal Revenue Service-Criminal Investigation Division (IRS-CID) conducted a training course entitled “Terrorist Financing and Money Laundering” that provided fundamental knowledge and updates on terrorist financing and money laundering issues.
- On 6-17 September 2010, Atty. Arnold G. Frane, Bank Officer V, Legal Services Group, AMLC Secretariat, was the Legal Expert in the APG Mutual Evaluation of the Republic of the Marshall Islands;
- On 1-3 March 2011, the United States Department of Justice (USDOJ) conducted a training course entitled: “Asset Management Training and Technical Assistance” that provided fundamental knowledge in the importance of and strategies in the confiscation and management of proceeds of crime;



Participants of the Asset Management Training and Technical Assistance with US Ambassador Harry K. Thomas, Jr. and AMLC Executive Director, Atty. Aquino.

- On 29-31 March 2011, the United Nations Office on Drugs and Crime conducted a seminar-workshop on legislative/regulations drafting that guided key participants in drafting legislative measures and regulations that are compliant with and reflective of international standards;

- On 17-19 May 2011 and 31 August – 2 September 2011, the Australian Transaction Reporting and Analysis Centre (AUSTRAC) conducted the “Combating Corruption and Anti-Money Laundering Workshop” which was participated in by representatives from the AMLC Secretariat, BSP, SEC, IC and the Office of the Ombudsman (OMB);
- On 18-20 July 2011, the United States Immigration and Customs Enforcement conducted the “Southeast Asia Intellectual Property Rights Criminal Enforcement Symposium” which was attended by representatives of the AMLC Secretariat, law enforcement agencies and other government agencies;



- On 2 September 2011, the Visa Business School conducted a workshop entitled “Overview of Electronic Payments” which attended by representatives of the AMLC Secretariat, BSP, SEC, IC and other government agencies;
- On 21-25 November 2011 and 28-29 November – 1-2 December 2011, the United Nations Office on Drugs and Crime (UNODC) and World Customs Organization (WCO), through the funding support of the Government of Canada, conducted a training course entitled “Monitoring Cross-Border Transportation of Currency and Bearer Negotiable Instruments” which was attended by representatives from the AMLC Secretariat and other stakeholders in the cross-border transportation of currency;



Participants of the Monitoring Cross-Border Transportation of Currency with UNODC executives, officers from the US and Canadian embassy and SEC Chairperson, Atty. Herbosa.

- The following capacity building trainings and seminars were attended by personnel of the AMLC Secretariat, law enforcement agencies (LEAs) and other government agencies to further enhance their capacity:
 1. Partnership Forum on Transnational Organized Crime, 27-29 January, 2010, Bangkok, Thailand;
 2. Conference to Assist Jurisdictions to Meet G20 Objectives, 10-11 February 2010, Jersey, United Kingdom;
 3. FATF Plenary and ICRG Meetings, 15-19 February 2010, Abu Dhabi, United Arab Emirates;
 4. Environmental Crime Workshop, 22-26 February 2010, Wollongong, Australia;
 5. Senior Investigation Course, 22 February – 2 April 2010, International Law Enforcement Academy, Bangkok, Thailand;
 6. Strategic Implementation Planning (SIP) Framework Enhancement Workshop, 16-18 March 2010, Kuala Lumpur, Malaysia;
 7. 12th Congress on Crime Prevention and Criminal Justice, 12-19 April 2010, Salvador, Brazil;
 8. APG Team Peer Review of the Lao People's Democratic Republic, 5-16 June 2010, Lao People's Democratic Republic;
 9. AML/CTF Leadership: Leading Your FIU, Country and Region to Success, 21-23 June 2010, Kuala Lumpur, Malaysia;
 10. 18th Egmont Group Plenary and Working Group Meetings, 27 June - 1 July 2010, Cartagena, Colombia;
 11. Inaugural Meeting of the Implementation Review Group of the COSP to the UNCAC, 28 June – 2 July 2010, Vienna, Austria;
 12. 2010 Workshop on Transnational Crime Investigation, 4-9 July 2010, Taipei, Taiwan, Republic of China;
 13. 13th APG Annual Meeting and Annual Technical Assistance and Training Forum, 12-16 July 2010, Singapore;



The Philippines is a member of the APG Steering Group.

The APG Steering Group provides the Co-Chairs and members with strategic advice on the structure, functioning and support of the APG.

The APG Steering Group held five (5) meetings in 2010, including one (1) face-to-face meeting on 12 July 2010 in Singapore.



325 APG delegates from across the region attended the 13th Annual Meeting in Singapore at SUNTEC International Convention and Exhibition Centre, July 2010.

14. 2nd International Financial Crime and Terrorism Financing Conference, 19-20 July 2010, Kuala Lumpur, Malaysia;
15. Complex Financial Investigation Course, 27 September – 1 October 2010, International Law Enforcement Academy, Bangkok, Thailand;
16. APG Assessors' Training Workshop, 23-27 August 2010, Singapore;
17. UNAFEI's 146th International Training Course, 1-15 September 2010, Tokyo, Japan;
18. APEC Seminar Series on Current and Emerging Trends in ML/TF, 20-24 September 2010, Cairns, Australia;
19. 4th Annual Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) International Leadership Program, 20 September – 1 October 2010, Washington, D.C., USA;
20. Complex Financial Investigation Course, 19-23 July 2010, Bangkok, Thailand;



Atty. Aquino was a member of the APG High-Level Mission to Bangladesh. Photo shows him with APG Executive Secretary, Dr. Gordon Hook, other High-Level Mission members and Bangladesh's Prime Minister, Her Excellency Sheikh Hasina Wazed.

Atty. Aquino and the members of the APG High-Level Mission to Bangladesh with high-ranking officials of the Bangladesh government.



21. Egmont Group/World Bank's Tactical Analysis and Train the Trainer Courses, 4-7 October 2010, Kuala Lumpur, Malaysia;
22. Annual Financial Investigation Course, 4-8 October 2010, Hong Kong;
23. Conference on Trade Surveillance in the Financial Sector, 18-19 October 2010, Hong Kong;
24. FATF Plenary and Working Group Meetings, 18-22 October 2010, Paris, France;
25. APG Typologies Workshop, 25-28 October 2010, Dhaka, Bangladesh;
26. Countering the Financing of Terrorism Seminar and Exercises, 2-3 November 2010, Kuala Lumpur, Malaysia;
27. Joint Egmont Group and Financial Action Task Force Typologies Meeting, 16-18 November 2010, Cape Town, South Africa;
28. Seminar on Combating Money Laundering, 19-29 November 2010, Frankfurt, Germany;
29. Expert Group Meeting on Cash Couriers, 22-23 November 2010, Vienna, Austria;
30. 1st Pan-Asian Regulatory Summit 2010, 29-30 November 2010, Hong Kong;
31. Regional Advanced Analytical Skills Workshop, 6-10 December 2010, Kuala Lumpur, Malaysia;
32. FATF's International Cooperation Review Group (ICRG) Meetings, Amsterdam, the Netherlands;
33. 13th APG Annual Meeting and Technical Assistance and Training Forum, 12-16 July 2010, Singapore;
34. Association of Southeast Asian Nations (ASEAN) Anti-Money Laundering/Counter-Financing of Terrorism Workshop, 12-13 January 2011, Singapore;
35. 2nd International Monetary Fund (IMF) Workshop, 7-11 February 2011, Colombo, Sri Lanka;
36. FATF International Cooperation Review Group (ICRG) and Plenary Meetings, 21-25 February 2011, Paris, France;
37. Workshop on Enhancing the AML/CFT Legislative Framework at the IMF-Singapore Regional Training Institute (STI), 7-11 March 2011, Singapore;

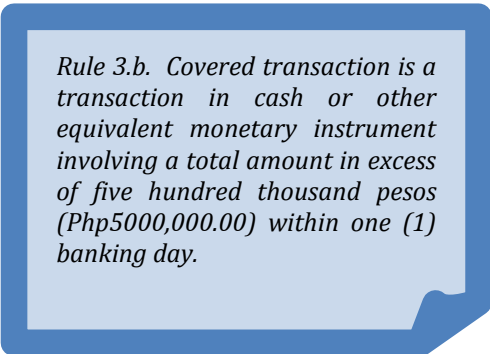
38. IBFI Seminar on the Fight Against Money Laundering, 21-25 March 2011, Marne-la-Vallee, France;
39. Egmont Working Group and Committee Meetings, 14-17 March 2011, Aruba;
40. Cross-Regional Workshop on Preventing Abuse of the Non-Profit Sector to Finance Terrorism, 22-24 March 2011, Bangkok, Thailand;
41. Advanced Analysis Workshop, 28 March – 1 April 2011, Virginia, USA;
42. Country Visit and Evaluation of Romania's Implementation of the UNTOC, 18-19 April 2011;
43. Asia/Pacific Regional Review Group Face-to-Face Meeting, 12 May 2011, Macao, China;
44. FATF Plenary and Working Group Meetings, 20-24 June 2011, Mexico City;
45. 19th Egmont Group Plenary Meeting, 13-15 July 2011, Yerevan, Armenia;
46. 14th APG Annual Meeting, 18-22 July 2011, Kochi, India;
47. Pakistan-Southeast Asia Workshop, 20-21 September 2011, Kuala Lumpur, Malaysia;
48. FATF-ICRG APRRG Face-to-Face Meeting, 22 September 2011, Kuala Lumpur, Malaysia;
49. FATF ICRG Plenary and Other Working Groups Meeting, 24 October 2011, Paris, France;
50. Annual Financial Investigation Course, 24-28 October 2011, Hong Kong;
51. 4th Session of the Conference of the State Parties to the United Nations Convention Against Corruption (UNCAC), 25-28 October 2011, Paris, France;
52. High-Level Mission to Bangladesh, 29 November – 1 December 2011, Dhaka, Bangladesh; and
53. Joint FATF/APG Typologies Workshop, 5-10 December 2011, Busan, Korea

Functions of the AMLC

I. Receipt and Analysis of Covered and Suspicious Transaction Reports

A. Data on CTRs and STRs

Pursuant to its authority under the AMLA, as amended, the AMLC requires, receives and analyses covered and/or suspicious transaction (CTRs/STRs) reports from covered institutions. Thus, all institutions supervised and regulated by the BSP, the SEC and the IC report to the AMLC: (1) transactions with covered institutions in cash or other equivalent monetary instrument involving a total amount in excess of Php500,000.00 within one (1) banking day; and (2) transactions, regardless of the amount involved, under any of the circumstances enumerated under Rule 3.b.1 of the Revised Implementing Rules and Regulations (RIRRs) of the AMLA, as amended.



Rule 3.b. Covered transaction is a transaction in cash or other equivalent monetary instrument involving a total amount in excess of five hundred thousand pesos (Php5000,000.00) within one (1) banking day.

The year 2011 saw a spike in the number of CTRs and STRs received by the AMLC. From a total of **39,775,655** in 2010, the AMLC received a total of **47,662,518** CTRs and STRs in 2011 which translates to a 16.92% increase.

Table Nos. 4 and 5 below show the comparative number of the CTRs and STRs received from the covered institutions supervised by the BSP, SEC and the IC for the years 2008 to 2011.

Table 4. Comparative Number of CTRs received, 2008 - 2011

| Supervising Agency | 2008 | 2009 | 2010 | 2011 |
|--------------------|------------------------|------------------------|------------------------|------------------------|
| BSP | 31,947,923 (99.61%) | 34,973,383 (99.84%) | 39,700,475 (99.83%) | 47,582,404 (99.85%) |
| SEC | 92,054 (0.29%) | 21,786 (0.06%) | 33,045 (0.08%) | 29,295 (0.06%) |
| IC | 31,453 (0.10%) | 33,294 (0.10%) | 34,664 (0.09%) | 41,067 (0.09%) |
| TOTAL | 32,071,430 | *35,028,463 | **39,768,184 | ***47,652,766 |

*An increase of 9.22% (2,957,033 CTRs) from total number of CTRs received by end of 31 December 2008.

**An increase of 13.53% (4,739,721 CTRs) from the total number of CTRs received by end of 31 December 2009.

***An increase of 19.83% (7,884,582 CTRs) from the total number of CTRs received by end of 31 December 2010.

Table 5. Comparative Number of STRs received, 2008 - 2011

| Supervising Agency | 2008 | 2009 | 2010 | 2011 |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| BSP | 6,296 (99.76%) | 6,241 (99.30%) | 7,438 (99.56%) | 9,700 (99.47%) |
| SEC | 0 | 0 | 0 | 1 (0.01%) |
| IC | 15 (0.24%) | 44 (0.70%) | 33 (0.44%) | 51 (0.52%) |
| TOTAL | 6,311 | *6,285 | **7,471 | ***9,752 |

*A decrease of 0.41% (26 STRs) from total number of STRs received by end of 31 December 2008.

**An increase of 18.81% (1,186 STRs) from the total number of STRs received by end of 31 December 2009.

***An increase of 30.53% (2,281 STRs) from the total number of STRs received by end of 31 December 2010.

Rule 3.b.1. Suspicious transactions are transactions, regardless of amount, where any of the following circumstances exists:

1. *There is no underlying legal or trade obligation, purpose or economic justification;*
2. *The client is not properly identified;*
3. *The amount involved is not commensurate with the business or financial capacity of the client;*
4. *Taking into account all known circumstances, it may be perceived that the client's transaction is structured in order to avoid being the subject of reporting requirements under the act;*
5. *Any circumstance relating to the transaction which is observed to deviate from the profile of the client and/or the client's past transactions with the covered institution;*
6. *The transaction is in any way related to an unlawful activity or any money laundering activity or offense under this act that is about to be, is being or has been committed; or*
7. *Any transaction that is similar, analogous or identical to any of the foregoing.*

Of the 47,662,518 CTRs and STRs received in 2011, **47,652,766** or **99.85%** of the same were received from covered institutions supervised by the BSP which include banks, offshore banking units, quasi-banks, trust entities, non-stock savings and loan associations, pawnshops, and their subsidiaries and affiliates.

Table 6 below shows the number of CTRs and STRs received monthly from the covered institutions supervised by the BSP, SEC and the IC in 2011.

Table 6. Monthly CTRs and STRs, 2010 - 2011

| | 2010 | | | 2011 | | |
|--------------|-------------------|--------------|----------------------|-------------------|--------------|----------------------|
| Month | CTRs | STRs | STRs referred to CIG | CTRs | STRs | STRs referred to CIG |
| January | 3,170,375 | 458 | 180 | 3,630,027 | 856 | 28 |
| February | 2,823,341 | 548 | 325 | 3,305,124 | 563 | 6 |
| March | 3,985,063 | 848 | 197 | 4,121,656 | 837 | 100 |
| April | 2,756,611 | 680 | 131 | 3,356,521 | 641 | 157 |
| May | 3,284,538 | 500 | 226 | 4,533,052 | 726 | 19 |
| June | 3,355,038 | 560 | 238 | 3,905,832 | 840 | 165 |
| July | 3,091,921 | 641 | 473 | 4,478,744 | 881 | 211 |
| August | 3,271,028 | 673 | 320 | 4,563,590 | 1,132 | 183 |
| September | 3,572,774 | 701 | 257 | 4,114,542 | 938 | 422 |
| October | 3,361,606 | 883 | 324 | 3,639,528 | 1,032 | 568 |
| November | 3,254,457 | 373 | 106 | 3,808,740 | 671 | 641 |
| December | 3,841,428 | 606 | 290 | 4,195,410 | 635 | 102 |
| TOTAL | 39,768,184 | 7,471 | 3,067 | 47,652,766 | 9,752 | 2,602 |

CTRs and STRs are not stand-alone evidence and serve only as triggers for further investigation that may produce evidence to establish probable cause that the said accounts are related to unlawful activities under the AMLA, as amended, before the AMLC can file a money laundering case or institute the freezing or forfeiture of the funds subject of the said reports. Of those STRs received by the AMLC in 2010, **3,067 STRs** became the subject of further investigations suspected of being related or linked to various offenses such as graft and corruption, drug trafficking and other violations of the Dangerous Drugs Act of 2002, smuggling, kidnapping for ransom, credit card fraud, text scam, estafa, insurance fraud, illegal recruitment, identity theft and terrorist-related crimes. In 2011, **2,602 STRs** became the subject of further investigations.

The table below shows the summary of STRs categorized by priority and unlawful activity for 2011.

**Table 7. Summary of STRs categorized by unlawful activity
and other suspicious transactions, 2011**

| A. SUSPICIOUS TRANSACTIONS RELATED TO AN UNLAWFUL ACTIVITY | No. of STRs |
|---|--------------------|
| Unlawful Activity | 2011 |
| ACTS OF TERRORISM | 10 |
| DRUG TRAFFICKING & OTHER VIOLATIONS OF THE DANGEROUS DRUGS ACT OF 2002 | 36 |
| FELONIES OR OFFENSES OF A SIMILAR NATURE THAT IS PUNISHABLE UNDER THE PENAL LAWS OF OTHER COUNTRIES | 8 |
| GRAFT & CORRUPT PRACTICES | 42 |
| KIDNAPPING FOR RANSOM | 21 |
| PLUNDER | 48 |
| SMUGGLING | 34 |
| SYNDICATED ESTAFA/PYRAMIDING/NETWORKING | 19 |
| ROBBERY & EXTORTION | 3 |
| JUETENG & MASIAO | 1 |
| QUALIFIED THEFT | 1,147 |
| VIOLATIONS UNDER THE ELECTRONIC COMMERCE ACT OF 2000 | 1 |
| OTHER ACTS OF SWINDLING | 5,470 |
| Sub-total (STRs related to an unlawful activity) | 6,840 |
| B. OTHER SUSPICIOUS TRANSACTIONS | No. of STRs |
| Suspicious circumstances | 2011 |
| THERE IS NO UNDERLYING LEGAL OR TRADE OBLIGATION, PURPOSE OR ECONOMIC JUSTIFICATION | 1,898 |
| COVERED TRANSACTIONS DEEMED SUSPICIOUS AFTER INVESTIGATION BY THE AMLC SECRETARIAT | 84 |
| THE AMOUNT INVOLVED IS NOT COMMENSURATE WITH THE BUSINESS OR FINANCIAL CAPACITY OF THE CLIENT | 191 |
| TRANSACTION DEVIATING FROM THE PROFILE OF THE CLIENT AND/OR CLIENT'S PAST TRANSACTIONS WITH THE CI | 48 |
| THE CLIENT IS NOT PROPERLY IDENTIFIED | 434 |
| STRUCTURING | 42 |
| OTHERS | 215 |
| Sub-total (other suspicious transactions) | 2,912 |
| TOTAL STRs | 9,752 |

B. Significant AMLC Issuances on the submission of CTRs and STRs

1. AMLC Resolution No. 38, series of 2011

In Resolution No. 38 dated 26 April 2011, the Council adopted the following policies on the submission of CTRs on transactions settled via fund transfers between existing bank accounts of the brokers/dealers and their customers:

- “(1) The filing of a Covered Transaction Report (CTR) by a broker is deferred when the mode of payment is by **checks** inasmuch as these checks will ultimately pass through banks which are mandated to file the required CTR thereon.*
- (2) In the same manner, if the settlement between the brokers/dealers and their customers is made through fund transfers or ‘debiting and crediting’ of their respective accounts (in which case there is not physical movement of funds but only a book-entry transfer of funds), the broker need not file a CTR thereon inasmuch as the said transactions are akin to a transaction in check the reporting of which pertains to the concerned bank/s.”*

The foregoing Resolution was issued in order to settle the issue on whether transactions settle via fund transfers, or “debiting and crediting” of the respective accounts of brokers and customers within the same bank are also included among covered transactions the reporting of which is deferred pursuant to Resolution No. 292, series of 2003.

2. AMLC Resolution No. 83, series of 2011

As part of the Financial Sector Liaison Committee – Technical Working Group’s (FSLC-TWG) endeavor to address the various issues concerning covered and suspicious transaction reporting, the FSLC-TWG proposed that the original list of AMLC transaction codes be revised to capture specific transactions and provide explicit definition for each to avoid confusion and various interpretation.

In its Resolution No. 83 dated 17 August 2011, the Council resolved to approve the Revised List of Transaction Codes proposed by the FSLC-TWG.

3. AMLC Resolution No. 93, series of 2011

To address the recommendation of the Joint Assessment Team from the WB and APG that “the AMLC should consider amending its requirement to allow only electronic transfer of STRs if an electronic signature is included and recognizing Section 2, Rule 3 of the Rules of Electronic Evidence, the AMLC issued Resolution No. 93 dated 17 August 2011 whereby the Council resolved to:

“1. Direct covered institutions to defer, until further advice, the submission to the AMLC of the hard copies of their suspicious transaction reports;

2. Remind covered institutions that only their respective compliance officers or other duly authorized officers shall electronically sign their covered transaction reports and suspicious transaction reports;

3. Advise covered institutions to preserve and safely store the electronic copies of CTRs and STRs for at least five (5) years from the dates the same were reported to the AMLC; x x x”

4. AMLC Resolution No. 121, series of 2011

The AMLC Secretariat received several requests from covered institutions for extension of the implementation period of the Revised List of Transaction Codes (RLTC) which was approved in the Council’s Resolution No. 83 dated 17 August 2011. To address the requests and recognizing the FSLC-TWG’s need for more time to reach out to other industry associations to ensure proper implementation of the RLTC, the Council resolved to approve the FSLC-TWG’s proposed timeline for full implementation of AMLC Resolution No. 83.

II. Investigation and prosecution of money laundering, civil forfeiture and other related cases

A. Typologies

1. Fraud Using Mobile Payment System

WA pretended to be a legitimate recruiter and foreign employer posting employment advertisements in the internet for the hiring of caregivers and nurses for work abroad. He used several aliases and fictitious names and misrepresented that he had connections with existing entities abroad to entice prospective victims-applicants. Applicants were notified of their purported selection and were required to undergo “English Training Course”, which they all passed.

Applicants were made to pay for medical and training fees ranging from Php3,000.00 to Php45,000.00. Payments were facilitated through J Xchange remittance facilities, a mobile phone payment system that turns a mobile phone into an electronic or virtual wallet for secure, fast and convenient money transfers at the speed and cost of a text message.

WA tried to distance/conceal the illegal proceeds of his crime by creating layers of J Xchange transactions. He required his victims to remit money to one J Xchange account. From this account, he transferred the proceeds to another J Xchange account (both accounts he opened under fictitious names and under his control) and further transferred the proceeds to a J Xchange account under his name or one of his aliases and ultimately cashed out (withdrew) the proceeds.

Despite payment of medical and training fees, none of the applicants was deployed for the promised overseas job. At least seven (7) criminal cases were filed against WA for Estafa and large-scale illegal recruitment.

2. Qualified theft committed by bank employees

Ms. P and Ms. D are employees of Bank PB. Ms. P is a Junior Sales and Service Officer while Ms. D is a Senior Sales and Service Associate. Taking advantage of their respective positions in the bank, Ms. P and Ms. D pre-terminated the time deposit belonging to X University, in the amount of Php25.1 million, without the depositor’s authority. To cover up the wrongful act, Ms. P and Ms. D manipulated the Batch Entries Journal (BEJ) Report by intentionally excluding and deleting the entry representing the fraudulent pre-termination of the time deposit.

In order to appropriate for themselves or to benefit and gain from the proceeds of the fraudulently pre-terminated time deposit, Ms. P and Ms. D, conspired with Bank PB’s depositors, Ms. S and Ms. C, wherein the proceeds of the fraudulently pre-terminated time deposit were delivered or credited.

Of the Php9.1 million deposited in the account of Ms. C, Php5 million was withdrawn and was used to purchase manager’s check, which, in turn, was deposited in Bank Z under the joint account “Ms. P and/or Ms. C”. Later on, Ms. C withdrew the said amount.

On the other hand, of the Php8 million deposited in the account of Ms. S, Php6.4 million was withdrawn over the counter and facilitated by Ms. P and Ms. D.

Finally, the remaining Php8 million was deposited in “Ms. C and/or Ms. S” account, which is also maintained in Bank PB. This whole amount was later on withdrawn over the counter and also facilitated by Ms. P and Ms. D.

The manipulation in the bank records and *modus operandi* of the accused were discovered upon audit on Bank PB conducted by its Regional Review Officer.

3. Fraud committed by a Corporate Accountant

Sometime in 2001, Mrs. FB was employed by Corp. A as corporate accountant. Part of her job was to accomplish tax declaration forms, pay taxes due the government and liaise with government agencies. She had been efficient in her job and gained the full trust and confidence of her employer. In the later part of 2001, she volunteered to do the same work for Corp. B and Corp. C, sister companies of Corp. A. All these corporations are located in the same building as they are all owned by the same stockholders.

In the early part of 2008, the management of the abovementioned corporations discovered several anomalous transactions of Mrs. FB. Investigation showed that since 2005, Mrs. FB would make false or fictitious value-added tax (VAT) returns, prepare checks payable to cash with an amount way in excess of the actual amount of tax due the government. She would then encash the check from the bank, pay the tax due, and pocket the rest of the money. In so doing, she would likewise forge the signature of the owners of the corporations on the VAT return/declaration form bearing the correct amount of tax due and actually filed with the Bureau of Internal Revenue (BIR). On the other hand, Mrs. FB would submit to the Corporations the false and fictitious VAT returns bearing an overdeclared tax due deceitfully appearing to have been filed with the BIR.

Upon inquiry into and examination of bank records, it shows that Mrs. FB and her spouse (Mr. MB) were maintaining four (4) bank accounts—three (3) in the name Mr. MB, all in the province where he resides, and one (1) in the name of Mrs. FB in Manila where she works. Interbranch deposits were made by Mrs. FB in Manila for the account of Mr. MB in the province. The usual amount deposited by Mrs. FB from 2006 to 2008 were in whole figures ranging from P50,000.00 to P250,000.00, all made in cash. The total credits/deposits of the spouses reached a staggering amount of approximately P25M from 2001 to 2008 while total withdrawals for the same period reached P23M. The pattern of deposit transactions was on an almost bi-monthly basis.

In Mrs. FB’s sworn statement, she admitted that she utilized the funds taken from the corporations for the monthly allowance in the amount of P50,00.00 for her mother living in the province; construction of a 3-storey house in the province; and purchase of three units of motor vehicle.

4. Smuggling Case

Ms. X was suspected of being engaged in smuggling activities involving pieces of jewelry, diamonds and other precious stones. Upon application filed by the government Operatives (Operatives), the Court issued a Search Warrant against the condominium unit of Ms. X, which was believed to be her showroom for the pieces of jewelry, precious stones and diamonds. During the search, Ms. X could not present the necessary business documents and importation receipts to support the legality of importation and possession of said articles. She cannot also show payment of custom duties for the imported articles.

Furthermore, the spouses declared in their personal information sheets filed with the banks that they are engaged in the business of buying and selling of jewelry. However, upon verification, the Department of Trade and Industry (DTI) certified that no trading business is registered in the name of either Ms. X or her spouse. Accordingly, the Operatives seized the articles.

Meanwhile, the Operatives requested the Anti-Money Laundering Council (AMLC) to initiate a forfeiture proceeding over the aforesaid seized items. Upon investigation, the AMLC was able to verify that the condominium unit searched by the Operatives is registered in the name of Ms. X as shown in a Tax Declaration and in the certified copy of a Condominium Certificate which is valued at Php1,125,600.00.

Upon inquiry into and examination of bank accounts of Ms. X it was discovered that she and her spouse were maintaining several bank accounts with millions worth of money far beyond their respective earning capacities combined. In fact, during the trial of the case, the spouses admitted that the selling of jewelry allegedly on consignment basis was their only source of income. They would also utilize part of their income for the expansion of their trading business.

B. Prosecution of Money Laundering and Related Cases

As of 31 December 2011, the AMLC had thirty eight (38) active money laundering (ML) cases pending before the Department of Justice (DOJ), the Regional Trial Court (RTC) and the Office of the Ombudsman (OMB). The AMLC also had thirty nine (39) civil forfeiture cases, ten (10) court-based applications for inquiry, and nine (9) petitions for freeze order pending as of 31 December 2011.

In 2011 alone, the AMLC filed fifty three (53) money laundering and civil cases for bank inquiry, freeze and civil forfeiture. Below are the tables showing relevant data on the matter:

Table 8. Number of Cases filed, 2008 – 2011

| CASES | 2008 | 2009 | 2010 | 2011 |
|---|------|------|------|------|
| Civil Forfeiture Cases filed before the RTC | 2 | 9 | 6 | 6 |

| | | | | |
|---|-----------|-----------|-----------|-----------|
| ML Complaints filed before the DOJ | 1 | 1 | 5 | 4 |
| ML Complaints filed before the Office of the Ombudsman | - | - | 1 | - |
| ML Criminal Cases filed before the RTC | 8 | 9 | 1 | - |
| ML Criminal Cases filed before the Sandiganbayan | - | 1 | - | - |
| Court-Based Applications for Inquiry filed before the RTC | 6 | 7 | 2 | 13 |
| Applications for Freeze Order filed before the CA | 13 | 10 | 4 | 14 |
| TOTAL | 30 | 37 | 19 | 37 |

Table No. 9. Number of Active Cases, 2010 - 2011

| ACTIVE CASES | NO. OF CASES | |
|---|---------------------------|---------------------------|
| | as of 31 December 2010 | as of 31 December 2011 |
| Civil Forfeiture Cases filed before the RTC | 34 | 40 |
| ML Complaints filed before the DOJ | 23 | 27 |
| ML Complaints filed before the Office of the Ombudsman | 2 | 2 |
| ML Criminal Cases filed before the RTC | | |
| Violations of Sec. 4(a) of the AMLA | 27 | 27 |
| Violations of Sec. 4(c) of the AMLA | | |
| ML Criminal Cases filed before the Sandiganbayan | 1 | 1 |
| Court-Based Applications for Inquiry filed before the RTC | 15 | 28 |
| Applications for Freeze Order filed before the CA | 27 | 41 |
| TOTAL | 129 | 166 |

Table 10. Number of Terminated Cases, 2010 - 2011

| TERMINATED CASES | NO. OF CASES | |
|---|---------------------------|------------------------------|
| | as of 31 December 2010 | as of 31 December 2011 |
| Civil Forfeiture Cases filed before the RTC | 12 | 12 |
| ML Complaints filed before the DOJ | 15 | 13 |
| ML Complaints filed before the Office of the Ombudsman | 1 | 1 |
| ML Criminal Cases filed before the RTC | | |
| Violations of Sec. 4(a) of the AMLA | 3 | 3 |
| Violations of Sec. 4(c) of the AMLA | | |
| ML Criminal Cases filed before the Sandiganbayan | - | 1 |
| Court-Based Applications for Inquiry filed before the RTC | 37 | 47 |
| Applications for Freeze Order filed before the CA | 42 | 52 |
| TOTAL | 110 | 129 |

C. Bank Inquiry Cases

Pursuant to the provisions of the AMLA, as amended, notwithstanding the provisions of RA No. 1405 (An Act Prohibiting Disclosure of or Inquiry Into, Deposits with any Banking Institution and Providing Penalty Therefor or The Bank Secrecy Act of 1955), RA No. 6426 (An Act Instituting a Foreign Currency Deposit System in the Philippines and for Other Purposes or The Foreign Currency Deposit Act of the Philippines), as amended and RA No. 8791 (An Act Providing for the Regulation of the Organization and Operations of Banks, Quasi-Banks, Trust Entities and for Other Purposes or The General Banking Law of 2000) and other laws, the AMLC may inquire into or examine any particular deposit or investment with any banking institution or non-bank financial institution and their subsidiaries and affiliates upon order of any competent court in cases of violation of the AMLA when it has been established that there is probable cause that the deposits or investments involved are related to an unlawful activity as defined under the AMLA. However,

Rule 11.2. Authority to Inquire into Bank Deposits without Court Order. – The AMLC may inquire into or examine deposits and investments with any banking institution or non-bank financial institution and their subsidiaries and affiliates without a court order where any of the following unlawful activities are involved:

- (a) kidnapping for ransom under Article 267 of Act No. 3815, otherwise known as the Revised Penal Code, as amended;*
- (b) Sections 4, 5, 6, 8, 9, 10, 12, 13, 14, 15 and 16 of RA No. 9165, otherwise known as the Comprehensive Dangerous Drugs Act of 2002;*
- (c) Hijacking and other violations under RA No. 6235; destructive arson and murder, as defined under the Revised Penal Code, as amended, including those perpetrated by terrorists against non-combatant persons and similar targets.*

no court order shall be required in cases provided under Rule 11.2 of the Revised Implementing Rules and Regulations (Section 3 (i) (1), (2) and (12) of the AMLA).

Bank inquiry, one of the extraordinary provisional remedies available to the AMLC in combating money laundering and terrorist financing, is an effective investigative tool that facilitates and enhances investigation outputs of money laundering and related cases. The table below show relevant statistics on the matter:

**Table 11. Number of Inquiries/Examinations
Conducted Per Resolution of the AMLC, 2008 - 2011**

| | No. of Bank Inquiry Cases | | | |
|----------------------------|---------------------------|-----------|----------|-----------|
| | 2008 | 2009 | 2010 | 2011 |
| WITHOUT Court Order | 8 | 3 | 2 | 6 |
| Kidnapping for Ransom | 0 | 1 | 1 | 0 |
| Drug Trafficking | 2 | 2 | 1 | 3 |
| Terrorism-related | 5 | 0 | 0 | 3 |
| Murder | 1 | 0 | 0 | 0 |
| WITH Court Order | 6 | 7 | 2 | 13 |
| TOTAL | 14 | 10 | 4 | 19 |

D. Petition for Freeze and Petition for Civil Forfeiture

Another extraordinary provisional remedy available to the AMLC is the freezing of monetary instruments or property. The freeze order prayed for in the application is aimed at preventing the owner of the monetary instruments or property subject of the application from dissipating the same to the prejudice of the government or the rightful owner, as the case may be.

The law grants the AMLC the authority to file an application *ex parte* (without notice to the other party) for a freeze order with the Court of Appeals. If the Court finds that there is probable cause that a monetary instrument or property is related to an unlawful activity, it may issue a freeze order, which takes effect immediately. The freeze order shall be effective for a period of twenty (20) days unless extended by the Court.

Meanwhile, under Administrative Matter (AM) No. 05-11-04-SC (Rule of Procedure in Cases of Civil Forfeiture, Asset Preservation, and Freezing of Monetary Instrument, Property, or Proceeds Representing, Involving, or Relating to an Unlawful Activity or Money Laundering Offense Under Republic Act No. 9160, as Amended) which was issued by the Supreme Court, the Republic of the Philippines, through the AMLC, represented by the Office of the Solicitor General (OSG), may institute actions for civil forfeiture and all other remedial proceedings in favor of the State of any monetary instrument, property, or proceeds representing, involving, or relating to an unlawful activity as defined in the AMLA or a money laundering offense. A petition for civil forfeiture shall be filed in any Regional Trial Court (RTC) of the judicial region where the monetary instrument, property or

proceeds representing, involving or relating to an unlawful activity or to a money laundering offense are located.

If there is probable cause that a monetary instrument, property or proceeds are related to an unlawful activity, the Court may issue *ex parte* a provisional asset preservation order effective immediately. The order forbids any transaction, withdrawal, deposit, transfer, removal, conversion, concealment, or other disposition of the subject monetary instrument, property or proceeds. The provisional asset preservation order shall be effective for a period of twenty (20) days.

During the twenty (20)-day period, the court shall schedule a hearing where respondent may show why the provisional asset preservation order should be lifted. Within the same period, the court shall determine whether to modify or lift the provisional asset preservation order, or whether an asset preservation order should be issued.

As of 31 December 2011, the total amount of cash and other monetary instruments, assets and properties subject of pending freeze orders amounts to Php29,390,855.27 while those subject of asset preservation orders in the pending civil forfeiture cases amounts to Php1,166,158,596.49. The AMLC was able to secure judgments for the forfeiture of the amount of Php111,104,035.67 in favor of the Government from the twelve (12) terminated civil forfeiture cases. The tables below show relevant statistics on the matter:

Table 12. Amount Subject of Freeze Orders, 2010 – 2011

| | as of 31 December | |
|--|---|---|
| | 2010 | 2011 |
| Cash and Other Monetary Instruments | Php 17,501,807.94 | Php 27,928,141.43 |
| Value of Insurance Policies | 1,065,250.27 | 65,250.00 |
| Value of Shares of Stock | - | - |
| Estimated Value of Real Estate | - | - |
| Estimated Value of Motor Vehicles | - | 475,000.00 |
| Sub-total | Php 18,567,058.21 | Php 28,468,391.43 |
| Foreign Denominated cash, assets and other monetary instruments | | |
| US Dollars | Php 3,407,197.17 (US\$77,639.22 @ 43.8850) | Php 922,463.84 (US\$20,999.45 @ 43.9280) |
| Sub-total | Php 3,407,197.17 | Php 922,463.84 |
| TOTAL AMOUNT SUBJECT OF FREEZE ORDER (in Philippine Pesos) | Php 21,974,255.38 | Php 29,390,855.27 |

Table 13. Amount Subject of Civil Forfeiture, 2010 – 2011

| | as of 31 December 2010 | as of 31 December 2011 |
|---|--|--|
| Cash and Other Monetary Instruments | Php 495,069,217.53 | Php 735,791,359.72 |
| Value of Insurance Policies | 82,020,000.03 | 92,962,258.23 |
| Value of Shares of Stock | 427,000.00 | - |
| Estimated Value of Real Estate | 130,767,789.55 | 124,132,460.00 |
| Estimated Value of Motor Vehicles | 19,347,000.00 | 35,377,000.00 |
| Sub-total | Php 727,631,007.11 | Php 988,263,077.95 |
| Foreign Denominated cash, assets and other monetary instruments | | |
| US Dollars | Php 124,090,191.03 (US\$2,827,621.99 @ 43.8850) | Php 166,297,037.39 (US\$3,785,672.86 @ 43.9280) |
| Hong Kong Dollars | 8,313,488.55 (HK\$1,474,179.62 @ 5.6394) | 8,331,031.39 (HK\$1,474,179.62 @ 5.6513) |
| Japanese Yen | 2,310,715.85 (¥4,299,806.20 @ 0.5374) | 2,424,230.74 (¥4,299,806.20 @ 0.5638) |
| Euro | 63,991.80 (€1,102.67 @ 58.034) | 391,576.41 (€6,888.76 @ 56.8428) |
| Sub-total | Php 134,778,387.23 | Php 177,443,875.93 |
| TOTAL AMOUNT SUBJECT OF CIVIL FORFEITURE (in Philippine Pesos) | Php 862,409,394.34 | Php 1,165,706,953.88 |

Table 14. Summary of Amount Unfrozen, 2010 - 2011

| | 2010 | 2011 |
|--|-----------------------------|-----------------------------|
| Lifted Amounts in favor of victims/investor | Php 1,335,654,399.37 | Php 1,348,568,146.25 |
| Forfeited in favor of the Government | 19,581,914.34 | 111,104,035.67 |
| Forfeited and Claimed by Third Party | 2,401,568.50 | 2,401,568.50 |
| Forfeited but pending execution | - | 138,159,463.49 |
| Lapsed Freeze Orders/Subject of other forfeiture actions | 353,826,871.91 | 54,890,547.12 |
| TOTAL | Php 1,711,464,754.12 | Php 1,655,123,761.03 |

E. Freeze of funds and other assets related to terrorist financing

1. In a petition filed against the International Islamic Relief Organization (IIRO)-Manila Branch, the AMLC was able to identify and obtain a freeze order against

IIRO's bank deposits amounting to Php153,176.10. Subsequently, the AMLC obtained a civil forfeiture judgment against said funds which were forfeited in favor of the Philippine government and turned over by the AMLC to the National Treasury. The IIRO is included in the UN Security Council list of designated terrorist individuals and organizations.

2. The AMLC was able to identify, locate and obtain a freeze order against the following assets of the members of the Rajah Solaiman Movement (RSM), another terrorist group designated under the UN Security Council:
 - i. An agricultural land (70,823 square meters) situated in Anda, Pangasinan with an estimated value of Php8,785,000.00 million;
 - ii. A commercial lot with improvements (66 square meters) situated in Quezon City which has an estimated value of Php1,274,000.00 million (exclusive of the improvements); and
 - iii. A bank account.

In a Decision dated 14 January 2011, the Regional Trial Court in Manila, ruling on the petition for civil forfeiture filed by the AMLC, ordered the forfeiture of the aforementioned funds and properties. On 4 October 2011, a writ of execution was issued in favor of the AMLC. Said judgment is pending execution.

The IIRO is included in the UN Security Council list of designated terrorist individuals and organizations.

F. Significant AMLC Issuances Providing Guidelines in the Institution of Civil Forfeiture Cases

1. AMLC Resolution No. 29, series of 2010

In Resolution No. 29 dated 21 April 2010, the Council took into consideration the position of the Office of the Solicitor General (OSG) that the limited government resources, cost of litigation and the ever increasing load of court dockets highlight the impracticability of institution civil forfeiture action cases where the amount involved is insignificant. The Council adopted the following guidelines in the institution of civil forfeiture cases:

“(1) The amount frozen is deemed insignificant if:

- a. The total amount of cash and assessed value of other properties frozen is not more than P100,000.00; or*

- b. The total amount frozen is more than P100,000.00 but not more than P200,000.00 and the whereabouts of the alleged owner(s) thereof are not known.*
- (2) In both instances (a) and (b) above, the filing of a civil forfeiture case shall not be pursued, without prejudice to the filing of a criminal complaint for money laundering or other violation of the Anti-Money Laundering Act, as amended, if the evidence so warrants. In such cases, the Secretariat shall report to the Council the total value of the property frozen and/or identified in the course of investigation and shall file with the Court of Appeals, through the OSG, an appropriate Manifestation on the action taken.*
- (3) The foregoing notwithstanding, if the frozen amount or property is related to terrorism or terrorism-financing or illegal drug activities, a civil forfeiture case shall be pursued if the amount involved is at least P10,000.00.”*

2. AMLC Resolution No. 54, series of 2010

In Resolution No. 54 dated 9 June 2010, the Council resolved to include Kidnapping for Ransom in the list of unlawful activities in relation to which the AMLC shall pursue civil forfeiture of frozen assets if the value involved is at least P10,000.00. The Council resolved to amend item (3) of Resolution No. 29, series of 2010, as follows:

- “(3) The foregoing notwithstanding, if the frozen amount or property is related to terrorism or terrorism-financing, illegal drug activities or kidnapping for ransom, a civil forfeiture case shall be pursued if the amount involved is at least P10,000.00.”*

III. Compliance and Enforcement

Pursuant to its authority under the Revised Implementing Rules and Regulations (RIRRs), the AMLC investigates and, if warranted, imposes administrative fines and/or files appropriate charges against erring covered institutions and their responsible personnel for

violations of the provisions of the AMLA, as amended. In particular, violations of the covered institutions' reportorial requirements (filing of CTRs and STRs, where applicable) and the Know Your Customer (KYC) policy have prompted the AMLC to pursue administrative cases against violating institutions.

Rule 7.2. Functions. The functions of the AMLC are defined hereunder:

x x x

(11) To impose administrative sanctions for the violation of laws, rules, regulations and orders and resolutions issued pursuant thereto.

Table 15. Resolved administrative matters based on reports on AMLA Compliance as referred by the BSP, 2008 - 2011

| Supervising Authority | 2008 | 2009 | 2010 | 2011 |
|--|----------|----------|----------|-----------|
| a. Investigation completed with fine | 1 | - | - | 1 |
| b. Investigation completed with reprimand | 1 | 3 | 2 | 8 |
| c. Investigation completed with warning | - | - | - | 2 |
| TOTAL | 2 | 3 | 2 | 11 |
| Ongoing investigation (as of 31 December 2011) | 443 | | | |

Table 16. Resolved administrative matters related to CTRs and STRs, 2010 - 2011

| Failure to file CTRs and STRs | Number of Banks | |
|---|------------------------|------------------------|
| | as of 31 December 2010 | as of 31 December 2011 |
| Fine/s already paid | 28 | 29 |
| Fine/s payment pending and/or with motion for reconsideration | 9 | 9 |
| Resolved administrative matter without fine but with warning | 8 | 11 |
| TOTAL | 45 | 49 |

IV. Domestic and International Cooperation

A. Domestic Cooperation

1. National Law Enforcement Coordinating Committee (NALEEC) and the Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism

The AMLC is a member in good standing of the NALECC, a policy-coordinating and action monitoring mechanism for all government agencies. NALECC has a role in formulating law enforcement and regulatory policies that are currently being implemented and provides inputs and recommendations to enable the passage of important legislation affecting the country's peace and order, economy and environment. It is composed of fifty-nine (59) domestic government agencies involved in law enforcement.



Atty. Aquino with members of the NALECC Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism.

The NALECC has twenty-six 26 Sub-Committees, one of which is the Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) chaired by the ALMC Secretariat's Executive Director. In the last six years, the Sub-Committee on AML/CFT has been continuously cited by the NALECC for its active participation in the government's plans and programs particularly in the field of AML/CFT.

2. Financial Sector Liaison Committee

The FSLC is a group of forty-one (41) member-industry associations in the banking, securities, and insurance sectors and serves as a coordinating mechanism for initiating dialogues/consultations with the private sector, especially on issues concerning their compliance with the AMLA, as amended, and other pertinent rules and regulations. It is likewise chaired by the Executive Director of the AMLCS.



Member-Representatives of the FSLC with Committee Chair and AMLC Secretariat Executive Director, Atty. Aquino, BSP Representative, Atty. Mel Georgie B. Racela, SEC Representative, Atty. Elmira A. Alconaba, IC Representative Ms. Priscilla S. Manlutac and members of the AMLC Secretariat.

3. Memorandum of Agreement (MOA) with other relevant government agencies.

The AMLC has several MOAs with relevant domestic law enforcement agencies in order to facilitate coordination, information exchange, integration of efforts and ensure unified direction in the suppression of criminal activities including money laundering and terrorist financing.

In 2010, the AMLC entered into a MOA concerning exchange of information and capacity building measures with the National Bureau of Investigation (NBI). In 2011, the AMLC signed MOA's with the Bureau of Internal Revenue (BIR), the Philippine National Police-Aviation Security Group (PNP-AVSEGROUP), the Intellectual Property Office of the Philippines (IPOPHL) and the Philippine Deposit Insurance Company (PDIC).

The agencies with which the AMLC has signed a MOA, as of 31 December 2011, are the following:

1. Philippine National Police-Criminal Investigation and Detection Group of the (PNP-CIDG);
2. Department of Justice (DOJ);
3. Philippine Center on Transnational Crime (PCTC);
4. Philippine Drug Enforcement Agency (PDEA);
5. Office of the Ombudsman (OMB);
6. National Intelligence Coordinating Agency (NICA);
7. Philippine National Police-Anti-Kidnapping Group [(PNP-AKG) formerly the Philippine National Police-Police Anti-Crime and Emergency Response (PNP-PACER)];
8. Bureau of Customs (BOC);
9. Philippine National Police-Intelligence Group (PNP-INTELGROUP);
10. Intelligence Service Armed Forces of the Philippines (ISAFP);



The AMLC and IPOPHL entered into a MOA on 22 November 2011. Seen here with the Atty. Aquino and Hon. Ricardo Blancaflor, Director General, IPOPHL, (seated) are (L-R) Atty. Ruel M. Bumatay, Head, TSS, AMLC Secretariat, Atty. Chester Cingco, IPOPHL, Mr. George C. Tan, Deputy Director, IMAG, AMLC Secretariat, Atty. Julia C. Bacay-Abad, Deputy Director, LSG, AMLC Secretariat, Atty. Richard David C. Funk II, Deputy Director, CIG, AMLC Secretariat and Atty. Allan Gepty, IPOPHL.

11. National Bureau of Investigation (NBI);
12. Bureau of Internal Revenue (BIR);
13. Philippine National Police-Aviation Security Group (PNP-AVESEGROUP);
14. Intellectual Property Office of the Philippines (IPOPHL); and
15. Philippine Deposit Insurance Company (PDIC).



Atty. Aquino and Mr. Valentin A. Araneta, President, PDIC, at the signing of the MOA between the AMLC and PDIC on 15 December 2011.

4. Requests for Mutual Assistance

The AMLC has continued its efforts to enhance cooperation and coordination with other relevant government agencies in pursuit of its mandate to investigate and prosecute money laundering and terrorist financing cases and to support the investigation of the unlawful activities or predicate crimes of money laundering as enumerated under the AMLA, as amended. In 2010, the AMLC received and took appropriate action on sixty one (61) requests for assistance from domestic law enforcement agencies (LEAs) and other

government agencies. Meanwhile, the AMLC made two hundred eighty four (284) requests for assistance. In 2011, the AMLC received and took appropriate action on eighty (80) requests for assistance from domestic LEAs and other government agencies and made four hundred seventy (470) requests for assistance.

Table 17. Domestic Requests for Assistance, 2008 - 2011

| | 2008 | 2009 | 2010 | 2011 |
|--|------|------|------|------|
| Referrals <u>from</u> LEAs and other government agencies | 75 | 83 | 61 | 85 |
| Requests <u>to</u> LEAs and other Government agencies | 365 | 417 | 284 | 470 |

B. International Cooperation

1. Requests for assistance

In 2010, the Philippines, through the AMLC, received and took appropriate action on one hundred eighty seven (87) requests for assistance involving other FIUs and international bodies. The AMLC, meanwhile, made one thirty one hundred seventeen (117) requests for assistance. In 2011, the Philippines received and took appropriate action on one hundred six (106) requests for assistance involving other FIUs and international bodies and made thirty seven (37) requests for assistance.

Table 18. International Requests for Assistance, 2008 - 2011

| | 2008 | 2009 | 2010 | 2011 |
|--------------------------------|------|------|------|------|
| Referrals from FIUs and others | 102 | 83 | 87 | 106 |
| Requests to FIUs and others | 37 | 29 | 117 | 37 |

2. AMLC Resolutions against Terrorists and Terrorist-Related Groups

The AMLC issues resolutions based on the advisories being issued by the UNSC on the inclusion in or deletion from the United Nations Security Council Al-qaida and Taliban Sanctions Committee Consolidated List of individuals and entities subject to the asset freeze, travel ban and arms embargo set out in paragraph 1 of the Security Council Resolution 1904 (2009) adopted under chapter VII of the Charter of the United Nations. In case of inclusion in the UNSC Consolidated List, the covered institutions are enjoined by the Council to submit reports on covered or suspicious transactions of the named individuals or entities. Under AMLC Resolution No. 81, series of 2010, the suspicious transaction reports to be submitted by the covered institutions on the named individuals or entities shall include all their transactions for the past five (5) years reckoned from the date of receipt of a copy of the said Resolution No. 81.

As of 31 December 2011, the AMLC has issued 122 AMLC Resolutions directing all covered institutions to report to the AMLC any transactions and assets of designated terrorist individuals and organizations as well as any person and/or group with links to terrorist organizations. The Supervising Authorities (the BSP, SEC and IC) have each issued circulars directing the covered institutions to file suspicious transaction reports on these individuals or entities.

3. Memorandum of Understanding (MOU) with other FIUs

As a member of the Egmont Group of Financial Intelligence Units (FIUs), the AMLC is committed to foster international coordination and cooperation with other FIUs particularly on information exchanges. In 2010, the AMLC executed an MOU for information exchange with the Financial Intelligence Agency of San Marino, the FIU of the San Marino. Meanwhile, during the 19th Egmont Plenary held on 11-15 July 2011 at Yerevan, Armenia, the AMLC executed an MOU with the Papua New Guinea FIU, the Fiji FIU and the Solomon Islands FIU, respectively.

As of 31 December 2011, the AMLC has signed twenty-nine (29) MOUs with the FIUs of the following jurisdictions:

- | | |
|------------------------------|--|
| 1. Korea; | 16. India; |
| 2. Malaysia; | 17. Canada; |
| 3. Indonesia; | 18. Mexico; |
| 4. Thailand; | 19. Netherlands; |
| 5. Palau; | 20. Bangladesh; |
| 6. Australia; | 21. Nigeria; |
| 7. United States of America; | 22. Portugal; |
| 8. Taiwan; | 23. United Arab Emirates; |
| 9. Peru; | 24. Sri Lanka; |
| 10. Sweden; | 25. Macao Special Administrative Region; |
| 11. Bermuda; | 26. San Marino; |
| 12. Cook Islands; | 27. Papua New Guinea; |
| 13. Japan; | 28. Fiji; and |
| 14. Poland; | 29. Solomon Islands. |
| 15. Ukraine; | |

4. Study Tour

The Zambian “Financial Intelligence Unit (FIU) Secretariat”, which was created and started operating on 1 May 2010 and mandated to establish an independent FIU in the Republic of Zambia, requested the assistance of the AMLC in facilitating a study tour for a delegation of Zambian “FIU Secretariat” staff to the Philippines from 13-15 April 2011. This request was made in connection with the efforts of the Zambian government to comply with the key recommendation (establishment of an FIU) of the African Anti-Money Laundering Group (ESAAMLG) following a Mutual Evaluation of Zambia in 2007.

The Zambian “FIU Secretariat” delegation was composed of the following officials: Mr. Anthony Undi, Permanent Secretary, Ministry of Finance and National Planning; Mr. Miyanda Siamongwa, Head – Financial Intelligence Unit; Mr. Aaron Zulu, Commissioner, Drug Enforcement Commission; Mr. Isaac Chilanga, Chief Investigator, Anti-Corruption Commission; and Mrs. Mary Chirwa Sikazwe, Head, Anti-Money Laundering Investigation Unit.



The members of the Zambian “FIU Secretariat” delegation with Atty. Aquino and members of the AMLC Secretariat.

The primary goal of the Zambian “FIU Secretariat” was to familiarize themselves with and understand the cooperation and coordination between and among the law enforcement and other relevant agencies of the Philippines involved in combating money laundering and terrorist financing. To this end, the AMLC Secretariat conducted briefings on the AMLA, as amended, investigation and typologies, and the Rules on Civil Forfeiture and also arranged for, and accompanied the delegates of the Zambian “FIU Secretariat” on, their visit to the PDEA, NICA, PNP-CIDG, PNP-IG, PNP-AKG, PCTC, OSG and NBI.

V. AML Education and Public Information Program

The AMLA, as amended, mandates the AMLC to develop educational programs to inform the public about the pernicious effects of money laundering, the methods and techniques used by the perpetrators, the viable means of preventing money laundering, and the effective ways of prosecuting and punishing offenders. To this end, the AMLC Secretariat’s lawyers have been conducting lectures, seminars and workshops nationwide on the AMLA, as amended, its RIRRs and relevant AMLC Resolutions and BSP Circulars, including Circular No. 706 [Updated Anti-Money Laundering Rules and Regulations (UARRs)].

A large number of personnel and representatives of supervising authorities, covered institutions, law enforcement agencies, prosecutors, judges, lawyers, businessmen, media, academe, non-government and/or non-profit organizations and students have attended these lectures. Likewise, personnel from the Secretariat's IMAG have been briefing the relevant Information Technology (IT) personnel of the various covered institutions on how to submit, in a secure manner, covered and suspicious transaction reports via electronic means.

For the year 2011, the AMLC Secretariat conducted a total of one hundred twenty eight (128) AML Seminars on the AMLA, as amended, for covered institutions, LEAs and other relevant government agencies and sixty nine (69) briefings on Reporting Procedures for covered institutions.

Other AML /CFT Initiatives and Developments

I. AML/CFT Initiatives

A. NALECC Sub-Committee on AML/CFT

1. Resolution Nos. 01-2010 and 05-2010

The NALECC-Sub-Committee on AML/CFT, in its 66th meeting held on 31 May 2010 at the Insurance Commission, UN Avenue, Manila, approved and adopted Resolution No. 01-2010, declaring its support for the criminalization of the financing of terrorism as a stand-alone offense.

The Sub-Committee, in its letter dated 18 June 2010, solicited NALECC's support for the passage of a law criminalizing terrorist financing as a stand-alone offense through the issuance of a NALECC Resolution to that effect.

On 21 July 2010, the NALECC issued Resolution No. 05-2010 expressing support for the passage of said law and to strongly lobby for its immediate legislation.

2. Resolution No. 01-2011

The NALECC-Sub-Committee on AML/CFT, in its 75th meeting held on 31 March 2011 at the Philippine Ports Authority, Manila, approved and adopted Resolution No. 01-2011, expressing its support for a system of incentives and rewards in the proposed further amendments to the AMLA.

3. Resolution No. 05-2011

The NALECC-Sub-Committee on AML/CFT, in its 82nd meeting held on 3 November 2011 at the Bureau of Customs, Manila, approved and adopted Resolution No. 05-2011, requesting and strongly recommending that the NALECC issue a Resolution advocating and declaring full support for the passage of the Senate and House bills on SIM card registration and to strongly lobby for their immediate enactment.

B. Bangko Sentral ng Pilipinas

1. The Reorganized BSP Manual of Regulations for Banks and for Non-Bank Financial Institutions

The Reorganized BSP Manual of Regulations for Banks (MORB) and for Non-Bank Financial Institutions (MORNBFI), 2008 Revised Edition, approved under Monetary Board Resolution No. 1634 dated 12 November 2009 and disseminated under BSP Circular No. 672 dated 27 November 2009 already provided a separate section for AML Regulations which is shown as Part VIII (8) thereof. Said section incorporates previous BSP AML issuances related to customer identification/KYC, recordkeeping requirements, and all other relevant AML regulations. In addition, other AML regulations are also shown under Appendices 52 and 53 of the MORB.

2. BSP Circular No. 706, series of 2011

The Monetary Board of the BSP, in its Resolution No. 68 dated 16 December 2010, approved Circular No. 706, otherwise known as the “*Updated AML Rules and Regulations*” (UARRs). The UARRs addressed the deficiencies in the banking rules and regulations which were noted by the Joint Assessment Team from the World Bank and the APG during the mutual evaluation of the Philippine AML/CFT Regime in 2008. The UARRs form part of the Manual of Regulations for Banks (MORB). The UARRs was published on 5 January 2011 in a newspaper of general circulation in the Philippines and took effect fifteen (15) days following said publication or on 27 January 2011.

The UARR, among other things: (1) provides a single rule on AML for ease of reference; (2) clarifies the applicability of the AMLA to subsidiaries incorporated abroad including the requirement on filing CTRs and STRs unless prohibited by the supervising authority where the subsidiary is located and such supervising authority issues a directive; (3) provides a definition of Politically Exposed Person (PEP); (4) provides for the ultimate responsibility of the Board of Directors for AML Compliance (§X805.1); (5) provides for “Financial Inclusive Advocacy”, e.g., outsourcing of the face-to-face contact (§X806.1.e.2) and the gathering of minimum information and/or documents (§X806.2.d), enhancement of the Single ID and one time presentation system [§X806.2.c(7)]; (6) introduces a risk-based and tiered customer acceptance and customer retention policy; (7) avoids repetitive conduct of Know Your Customer (KYC) procedures by allowing a covered institution to rely on the face-to-face contact (§X806.1.e.3) and the gathering of minimum information and/or

documents (§X806.2.e.1) conducted on a customer by another covered institution; and (8) directs enforcement action against responsible officers who were remiss in their duties and responsibilities (§X811).

C. Securities and Exchange Commission

On 13 May 2010, the SEC *En Banc*, approved the Revised Guidelines in the Preparation of Anti-Money Laundering Operating Manual for SEC Covered Institutions. The SEC's Revised Guidelines addressed the deficiencies/findings noted and the recommendations made by the joint Assessment Team from the World Bank and APG.

D. Insurance Commission

On 27 April 2011, the IC issued Office Order No. 064-2011 establishing an Anti-Money Laundering Task Force. It is composed of six (6) officials and staff and is headed by the IC's Deputy Commissioner, Honorable Vida T. Chiong.

E. Philippine Drug Enforcement Agency

The number of drug-related cases referred by the PDEA to the AMLC Secretariat increased from twenty-one (21) cases in 2009 to thirty-seven (37) cases in 2010. Due to the growing number of money laundering and drug cases, PDEA's Director General Dionisio R. Santiago created a Financial Investigation Support Team (FIST) which is tasked to conduct intelligence operations such as gathering and analysis of relevant information in order to establish comprehensive drug intelligence and to support the financial investigation of the AMLC Secretariat.

F. Anti-Kidnapping Group (formerly the Police Anti-Crime Emergency Response)

The number of kidnapping for ransom (KFR) cases declined from thirty-five (35) in 2009 to twenty (20) in 2010 which can be attributed to the neutralization of the key personalities involved in the KFR. Moreover, the AKG (formerly PACER) is strengthening its intelligence capability in the detection and control of KFR groups.

The active coordination of the AKG with the AMLC resulted in the identification and apprehension of certain individuals involved in the KFR cases as well as in the identification, freeze and forfeiture of ransom money. The KFR proceeds were returned by the AMLC to the families of the kidnapped victims.

II. Capacity-Building Initiatives

A. Agency Briefings to Strengthen Cooperation

To increase AML/CFT awareness, various briefings on the following topics were conducted during the NALECC-Sub-Committee on AML/CFT meetings in 2010-2011:

1. Briefing on the Cooperative Development Authority, 14 January 2010, Imperial Palace Suites, Quezon City ;
2. Briefing on the 10 May 2010 Automated Election Scenario, 24 February 2010, Department of Foreign Affairs (DFA) Building, Pasay City;
3. Briefing on the Office of Intelligence and Security of the DFA, 24 February 2010, DFA Building, Pasay City;
4. Briefing on the Advocacy Plan on Email Phishing, 29 March 2010, Multi-Purpose Hall, Department of Justice, Padre Faura, Manila;

5. Briefing on the Insurance Commission and Pre-need Code of the Philippines (Republic Act No. 9829), 31 May 2010, IC Head Office, UN Ave., Manila;
6. Briefing on the Intelligence Service Armed Forces of the Philippines (ISAFP), 28 June 2010, ISAFP Compound, Camp Aguinaldo, Quezon City;
7. Briefing for the Philippine Center on Transnational Crime (PCTC), 27 January 2011, Special Envoy on Transnational Crime Conference Room, 4th floor, ACTC Building, Camp Crame, Quezon City;
8. Briefing for the Philippine Postal Corporation, 28 February 2011, Business Operations Center, 3rd Floor, Main Building, Philippine Postal Corporation, Liwasang Bonifacio, Manila;
9. Briefing for the Philippine National Police Aviation Security Group, 31 March 2011, Philippine Ports Authority (PPA) Board Room, 6th floor, PPA Head Office Building, Bonifacio Drive, South Harbor, Port Area, Manila;
10. Briefing for the Civil Aviation Authority of the Philippines, 04 May 2011, Philippine Drug Enforcement Agency (PDEA) Main Conference Room, 2nd Floor, PDEA Building, NIA Northside Road, national Government Center, Barrio Pinyahan, Quezon City;
11. Briefing for the Bureau of Immigration and on Executive Order No. 39 dated 28 April 2011, 31 August 2011, Aloha Hotel, Roxas Boulevard corner Quirino Avenue, Manila;
12. Briefing for the Bureau of Internal Revenue and the Office of Transport Security, 29 September 2011, BIR National Office Building, BIR Road, Quezon City; and
13. Briefing for the Bureau of Customs (BOC), 3 November 2011, BOC, Manila.

The foregoing briefings increased information sharing and coordination between and among the Sub-Committee member-agencies.

B. Measures to Address the Problem on Fake Identification of Documents

Section 9 of the AMLA, as amended, requires covered institutions to *“establish and record the true identity of its clients based on official documents”*. This provision, otherwise known as the Customer Due Diligence (CDD)/Know Your Customer (KYC) rule, requires covered institutions to verify the true identity of a customer and allows them to formulate a risk-based customer acceptance policy. Pursuant to the CDD/KYC rule, the respective Anti-Money Laundering rules and regulations/operating manuals of the covered institutions under the AMLA require the presentation by their respective customers of an original and a clear copy of at least one (1) valid photo-bearing ID document issued by an official authority.

Crucial to the integrity of the CDD/KYC process is the reliability and authenticity of the documents presented by a customer. However, ostensible valid IDs and documents that are in truth fake or spurious documents will frustrate the CDD/KYC process.

The groundwork to counter this problem was set during the 16th FSLC Meeting on 26 April 2011 at the Executive Business Center, Mindanao Room, 5-Storey Building, BSP Complex, Malate, Manila where executives and experts from the Professional Regulation

Commission (PRC), Department of Foreign Affairs (DFA), Government Service Insurance System (GSIS), Social Security System (SSS), National Bureau of Investigation (NBI) and the Land Transportation Office (LTO) were invited to give a briefing on the security or authenticity features of the PRC Card, Philippine Passport, GSIS UMID eCard, SSS ID, NBI Clearance and the Philippine Driver's License.

The meeting cum briefing was attended by representatives of the AMLC Secretariat, the Supervising Authorities (BSP, SEC and IC), banking, securities and insurance industry associations and associations of compliance officers of covered institutions.

Similar briefings on the security or authenticity features of other acceptable identification documents will be arranged for future FSLC meetings in line with the AMLC Secretariat and FSLC's continuing efforts to combat money laundering and terrorist financing.

C. AML/CFT Seminars for Non-Profit Organizations

In 2011, the AMLC Secretariat coordinated with the Department of Social Welfare and Development (DSWD) for the conduct of an AML/CFT awareness campaign for social workers and members of Non-Profit Organizations (NPOs). The purpose of this endeavor was to encourage self-regulatory mechanisms for NPOs and to improve the system of public access to information on NPOs. The campaign included a briefing on the AMLA, as amended, and an orientation on the risk of NPOs being misused for the purpose of money laundering and/or terrorist financing.

The AMLC Secretariat conducted the AML/CFT program for NPOs in the following regions:

1. DSWD- Cordillera Administrative Region, 28 April 2011, Baguio City;
2. DSWD- Region IV-B, 28 April 2011, Muntinlupa City;
3. DSWD- National Capital Region, 05 May 2011, Mandaluyong City;
4. DSWD- Region III, 06 May 2011, Pampanga;
5. DSWD- Region VII, 06 May 2011, Cebu City;
6. DSWD- Region VIII, 06 May 2011, Tacloban City;
7. DSWD- Region IV-A, 10 May 2011, Malate, Manila;
8. DSWD- Region IX, 10 May 2011, Zamboanga City;
9. DSWD- Region X, 10 May 2011, Cagayan de Oro City;
10. DSWD- Region XI, 10 May 2011, Davao City;
11. DSWD- Region VI, 11 May 2011, Iloilo City;
12. DSWD- Region XIII, 13 May 2011, Butuan City; and
13. DSWD- Region II, 18 May 2011, Tuguegarao City.

D. Trainings/Workshops for law enforcement and other government agencies

For the year 2011, the AMLC Secretariat conducted trainings/workshops for the following law enforcement and other government agencies:

1. National Police College, Philippine Public Safety College

- Executive Course on Money Laundering and Terrorist Financing, 24-25 January 2011, BSP Complex, Malate, Manila

2. Philippine Drug Enforcement Agency (PDEA)

- Executive Course on Money Laundering and Terrorist Financing, 26-17 May 2011, BSP Complex, Malate, Manila;
- Course on Combating Money Laundering and Terrorist Financing, 30 June – 1 July 2011, Camp Bado Danwa, La Trinidad, 2601 Benguet;
- Executive Course on Money Laundering and Terrorist Financing, 11-12 August 2011, BSP Complex, Malate, Manila;
- Course on Combating Money Laundering and Terrorist Financing, 26-27 August 2011, Maxwell Hotel, Cebu City;
- Executive Course on Money Laundering and Terrorist Financing, 29-30 September 2011, BSP Complex, Malate, Manila;
- Course on Combating Money Laundering and Terrorist Financing, 20-21 October 2011, Bicol Science Centrum, Naga City; and
- Course on Combating Money Laundering and Terrorist Financing, 1-2 December 2011, Iloilo City.

3. Intelligence Service Armed Forces of the Philippines

- Briefing on the Anti-Money Laundering Act of 2001, as amended, and its Revised Implementing Rules and Regulations, 1 June 2011, Camp Aguinaldo, Quezon City

4. Office of the Solicitor General

- Briefing on Money Laundering/Terrorist Financing, 19 July 2011, Padilla Hall, OSG, Makati City

5. Philippine National Police – Police Anti-Crime and Emergency Response (now the PNP - Anti-Kidnapping Group)

- Seminar on the Anti-Money Laundering Act of 2001, as amended, 16 September 2011, BSP Complex, Malate, Manila

6. Commission on Audit

- The Anti-Money Laundering Act of 2001, as amended, and the Anti-Money Laundering Council, 28 September 2011, BSP Complex, Malate, Manila

7. Philippine National Police – Aviation Security Group

- Seminar on the Anti-Money Laundering Act of 2001, as amended, 18 November 2011, PNP-ASEGROUP Headquarters, Pildera II, Pasay City.

Milestones and

Significant Events

I. Despedida Luncheon for Atty. Fe S. Barin

On 1 June 2011, the AMLC held a special luncheon for Atty. Fe S. Barin, former SEC Chairperson and Member of the AMLC, in recognition of her contribution to the AMLC in its fight against money laundering and terrorist financing.

In the same luncheon, the Council also welcomed its new member, Atty. Teresita J. Herbosa, SEC Chairperson.



Atty. Barin with Governor Tetangco, Chairperson Herbosa, Commissioner Dooc, Atty. Aquino and members of the AMLC Secretariat.



A toast for the outgoing member of the AMLC.



Governor Tetangco presents tokens and flowers for Atty. Barin and Atty. Herbosa.



Outgoing SEC Chairperson and AMLC Member Atty. Barin and the new SEC Chairperson and AMLC Member Atty. Herbosa.

II. AMLC's 10th year Anniversary

On 17 October 2011, the AMLC celebrated its 10th year anniversary. The AMLC and its Secretariat celebrated ten years of challenges, triumphs and growth as an organization. To mark this occasion, a celebratory lunch was held in the office of the AMLC Secretariat where Atty. Aquino and the members of the Council were on hand to help celebrate the special occasion with the AMLC Secretariat personnel.



Atty. Aquino giving the Opening Remarks during the AMLC's 10th year anniversary celebration.



The AMLC Secretariat with AMLC Chairman, Governor Tetangco.

