



# ANNUAL REPORT

ANTI-MONEY LAUNDERING COUNCIL

2012

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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 made significant progress in 2012 in its continuing efforts to develop an effective anti-money laundering regime.

Supported by President Benigno S. Aquino III who certified the passage of proposed legislations recommended by AMLC as urgent, Congress passed Republic Act No. 10167 to strengthen the Anti-Money Laundering Act and RA No. 10168 known as the "The Terrorism Financing Prevention and Suppression Act of 2012."

Indeed, the Philippines showed political will with the passage of these laws that brought us closer to the global standards set by the Financial Action Task Force (FATF) – the international association of governments that helps identify national-level vulnerabilities to protect the integrity of the global financial system from money laundering and terrorist financing.

This is good news for our country and our people as financial transactions of countries on the black list of the FATF are subjected to stringent documentary requirements that delay remittances, slow trade transactions, raise service fees, and generally put the economy at a disadvantage.

We will continue to work with Congress on further legislative enhancements to align with global standards and to keep our country safe from criminal elements involved in money laundering and terrorist financing.

Stronger international cooperation was also achieved when the AMLC successfully hosted in 2012 the Egmont Working Group and Committee Meetings. And with the signing of eight bilateral cooperation agreements in 2012 we now have 37 cooperation agreements with members of the Egmont Group – the international network of financial intelligence units that promote cooperation against money laundering through information exchange, training, and sharing of expertise.

We are also pleased to report that AMLC gained recognition here and overseas in 2012. In a survey of 53 government agencies conducted by the Makati Business Club, AMLC ranked 12<sup>th</sup> and emerged as one of only 36 with a positive net satisfaction score. In the 2012 Best Egmont Case Award, AMLC earned second place, next only to Russia, in a field that included 130 other financial intelligence units.

In addition, AMLC continued to gain headway in the collection and analysis of covered and suspicious transaction reports, the enforcement of pertinent laws and regulations and the prosecution of money laundering and related cases. For instance, AMLC was able to freeze about P220 million in assets related to the Aman Investment Scam.

As of December 31, 2012, the total value of assets with freeze orders reached P352.7 million while P1.4 billion is subject to civil forfeiture.

Indeed, AMLC continues to perform in accordance with its mandate. For this, credit belongs to the AMLC Secretariat and to the three agencies that compose the Council: the Bangko Sentral ng Pilipinas, the Insurance Commission and the Securities and Exchange Commission.

Moving forward, the AMLC will continue to work with Congress, other government agencies and stakeholders to develop a regulatory framework aligned with global standards, remain vigilant against money laundering and terrorist financing, and to prosecute those who violate our laws.

A handwritten signature in black ink, featuring a stylized 'X' or 'A' shape followed by a horizontal line.



**ATTY. TERESITA J. HERBOSA**

Member, Anti-Money Laundering Council  
Chairperson, Securities and Exchange Commission

## MESSAGE

I am pleased to be a part of the many accomplishments that the Anti-Money Laundering Council has achieved for the past year. The AMLC continues to strengthen its mandate with the passage of new laws expanding its powers and coverage. With this new development, the resolve of the AMLC to combat money laundering becomes more firm. Indeed, the many years of hard work and dedication to increase public awareness on the value of this fight against money laundering have borne fruit.

This zealousness contributed to the timely freezing of bank deposits of Aman Futures which led to the preservation of around Pnp200 Million investments of investor victims. The heightened inter-government coordination within the AMLC aided such appropriate action.

Moreover, through the continued efforts of the Bangko Sentral ng Pilipinas, Securities and Exchange Commission and Insurance Commission to regulate the banking and financial sectors, investors' interest and confidence in these markets continue to increase, which helps boost the Philippine economy.

We at the SEC, look forward to more fruitful years ahead in fulfilling our mandate and protecting our investors. Mabuhay!





**ATTY. EMMANUEL F. DOOC**

Member, Anti-Money Laundering Council  
Commissioner, Insurance Commission

## **MESSAGE**

The AMLC continues to stand firm in its commitment to ensure that the Philippines shall not be used as a money laundering site for proceeds of any unlawful activity. It likewise continues to push for total compliance with the international standards for combating of money laundering and the financing of terrorism set by the Financial Action Task Force (FATF), the UN Conventions and the international agencies working against money laundering and terrorist financing.

Towards these ends, the AMLC actively lobbied for the further amendment of the Anti-Money Laundering Act (AMLA) yearlong. These amendments seek to increase the number of predicate crimes as well as covered persons to enable the AMLC to become more effective in its fight against money laundering and financing of terrorism.

The fight against money laundering and financing of terrorism is even more significant nowadays that the Philippines is increasingly becoming an important economic player in Asia. In order to bolster sustained financial stability and economic growth, the AMLC ensures well-placed anti-money laundering (AML)/combating the financing of terrorism (CFT) measures.

With the support of the local law enforcement agencies, supervisory authorities, covered institutions, general public and our international partners, the AMLC is confident that it will continue to triumph in its fight against money laundering and financing of terrorism.



**ATTY. JULIA C. BACAY-ABAD**

Executive Director

Anti-Money Laundering Council Secretariat

## **MESSAGE**

2012 had been a blast for the Anti-Money Laundering Council.

At the onset, the AMLC successfully hosted the 2012 Egmont Working Group and Committee Meetings in Manila on 30 January to 02 February 2012. This was attended by Two Hundred Forty (240) delegates from the Fifty Nine (59) Egmont Group Financial Intelligence Units (FIUs), and seven (7) bilateral cooperation agreements were signed between Egmont members.

Before the 1<sup>st</sup> quarter of the year ended, the AMLC issued Resolution No. 34 approving the Revised AMLC Transaction Codes in order to address the various concerns regarding the reporting of covered and suspicious transactions. The Revised AMLC Transaction Codes aims to capture and provide explicit definition for specific transactions, thus avoiding confusion and various interpretations.

In the 2<sup>nd</sup> Quarter, AMLC's mandate was put to test in the most publicized impeachment case.

Also, Republic Act 10167 (An Act to Further Strengthen the Anti-Money Laundering Act) and Republic Act 10168 (An Act Defining the Crime of Financing of Terrorism) were enacted to greatly enhance the powers of the AMLC in its continuing fight against Money Laundering and Terrorist Financing. The corresponding Revised Implementing Rules and Regulations of R. A. No. 9160, as amended by R.A. 10167, was also approved and promulgated.

Before the year ended, the AMLC also cooperated and acted on the Aman Investment Scam, being able to freeze Two Hundred Twenty Million Pesos (Php220+ Million).

All year round, the AMLC continued and still continues, with valor, to serve the Filipino People by ensuring that our country, the Philippines, will not be used as haven by money launderers and terrorist financiers.





# THE ANTI-MONEY LAUNDERING COUNCIL

## General Information and Organization

The Anti-Money Laundering Council (AMLC) was created under Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001 (AMLA). Its task is to implement the AMLA, as amended by Republic Act Nos. 9194, 10167 and 10365 and Republic Act No. 10168, otherwise known as the Terrorism Financing Prevention and Suppression Act of 2012 (TF Suppression Act). It is the Philippines' Financial Intelligence Unit (FIU) with both powers of investigation and prosecution.

The AMLC is composed of the Governor of the Bangko Sentral ng Pilipinas (BSP) as Chairman and the Commissioner of the Insurance Commission (IC) and the Chairperson of the Securities and Exchange Commission (SEC) as Members. It acts unanimously in the discharge of its functions.



Chairman  
BSP Governor



Member  
SEC Chairperson



Member  
Insurance Commissioner

## Functions

The AMLC is authorized under the AMLA to:

- (1) require and receive covered or suspicious transaction reports from covered institutions;
- (2) issue orders addressed to the appropriate Supervising Authority or the covered institutions to determine the true identity of the owner of any monetary instrument or property subject of a covered or suspicious transaction report, or request for assistance from a foreign State, or believed by the Council, on the basis of substantial evidence, to be, in whole or in part, wherever located, representing, involving, or related to, directly or indirectly, in any manner or by any means, the proceeds of any unlawful activity;
- (3) investigate suspicious transactions and covered transactions deemed suspicious after an investigation by the AMLC, money laundering activities and other violations of the AMLA, as amended;
- (4) file with the Court of Appeals, *ex-parte*, through the Office of the Solicitor General:
  - a) a petition for the freezing of any monetary instrument or property alleged to be laundered, proceeds from, or instrumentalities used in or intended for use in any unlawful activity in the AMLA;
  - b) an application for authority to inquire into or examine any particular deposit or investment, including related accounts, with any banking institution or non-bank financial institution;
- (5) institute civil forfeiture proceedings and all other remedial proceedings;
- (6) file complaints with the Department of Justice or the Office of the Ombudsman for the prosecution of money laundering offenses and other violations under the AMLA;
- (7) formulate and implement such measures as may be inherent, necessary, implied, incidental and justified under the AMLA to counteract money laundering. Subject to such limitations provided by law, the AMLC is authorized under Section 7 (7) of the AMLA, as amended, to establish an information sharing system that will enable the AMLC to store, track, analyze and investigate money laundering transactions and to disseminate results of its analysis and investigation to competent authorities for the resolute prevention, detection and prosecution of money laundering offenses and other violations of the AMLA. For this purpose, the AMLC shall install a computerized system that will be used in the creation and maintenance of an information database;
- (8) receive and take action in respect of any request from foreign states for assistance in their own anti-money laundering operations as provided in the AMLA. The AMLC is authorized under Sections 7 (8) and 13 (b) and (d) of the AMLA to receive and take action in respect of any request from foreign states for assistance in their own anti-money laundering operations, in respect of conventions, resolutions and other directives of the United Nations (UN), the UN Security Council, and other

international organizations of which the Philippines is a member. However, the AMLC may refuse to comply with such request, convention, resolution or directive where the action sought therein contravenes the provisions of the Constitution, or the execution thereof is likely to prejudice national interest;

- (9) develop educational programs on the pernicious effects of money laundering, the methods and techniques used in money laundering, the viable means of preventing money laundering and the effective ways of prosecuting and punishing offenders;
- (10) enlist the assistance of any branch, department, bureau, office, agency or instrumentality of the government, including government-owned and -controlled corporations, in undertaking any and all anti-money laundering operations, which may include the use of its personnel, facilities and resources for the more resolute prevention, detection and investigation of money laundering offenses and prosecution of offenders. The AMLC may require the intelligence units of the Armed Forces of the Philippines, the Philippine National Police, the Department of Finance, the Department of Justice, as well as their attached agencies, and other domestic or transnational governmental or non-governmental organizations or groups to provide to the AMLC information that may, in any way, facilitate the resolute prevention, investigation and prosecution of money laundering offenses and other violations of the AMLA and other relevant laws and regulations;
- (11) require the Land Registration Authority and all its Registries of Deeds to submit to the AMLC, reports on all real estate transactions involving an amount in excess of five hundred thousand pesos (P500,000.00) within fifteen (15) days from the date of registration of the transaction. The AMLC may also require the Land Registration Authority and all its Registries of Deeds to submit copies of relevant documents of all real estate transactions;
- (12) issue and implement rules, regulations, orders and resolutions as may be necessary and proper to effectively implement the AMLA and other relevant laws and regulations; and
- (13) impose administrative sanctions pursuant to Rule 14.a.4 for the violation of laws, rules, regulations, orders and AMLC resolutions.

Under the TF Suppression Act, the AMLC is authorized to:

- (1) investigate financing of terrorism either upon its own initiative or upon request of the ATC;
- (2) prosecute terrorism financing activities and other violations of the TF Suppression Act;
- (3) enlist the assistance of any branch, department, agency or instrumentality of the government, including GOCCs; and
- (4) issue without delay *ex parte* freeze order, either upon its initiative or upon request of the ATC, against terrorist funds or property.

## **Vision**

The AMLC aims 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. Towards this goal, the AMLC shall, without fear or favor, investigate and cause the prosecution of money laundering offenses.

## **Mission**

To protect and preserve the integrity and confidentiality of bank accounts.

To ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity.

To extend cooperation in transnational investigation and prosecution of persons involved in money laundering activities wherever committed.



# The Anti-Money Laundering Council Secretariat

The AMLC is supported by a Secretariat headed by an Executive Director who has a term of five (5) years and must be a member of the Philippine Bar. All members of the Secretariat must have had at least five (5) years experience in either the BSP, the IC or the SEC. They hold full-time permanent positions in the BSP upon their appointment.

The AMLC Secretariat is composed of the following organizational units:

- The Office of the Executive Director (OED) exercises general supervision and control of the operations and functions of the Secretariat;
- The Technical Services Staff (TSS) is responsible for the international and domestic relations of the AMLC with relevant international organizations and domestic law enforcement and other government agencies and conducts and develops AML training programs on the pernicious effects of money laundering and terrorism financing, the methods and techniques used in money laundering and terrorism financing, the viable means of preventing money laundering and terrorism financing and the effective ways of prosecuting and punishing offenders;
- The Information Management and Analysis Group (IMAG) is responsible for the management and application of information technology (IT) for the electronic submission, and conduct of tactical and strategic analysis, of covered and suspicious transaction reports (CTRs and STRs);
- The Compliance and Investigation Group (CIG) conducts the investigation of all suspicious transactions, covered transactions deemed suspicious, money laundering activities and other violations of the AMLA, terrorism financing activities and other violations of the TF Suppression Act, as well as referrals from law enforcement and other agencies of the government and requests of other jurisdictions and international organizations for assistance. It also handles the various compliance issues involving covered institutions;
- The Legal Services Group (LSG) evaluates and prosecutes cases relative to the violations of the AMLA and the TF Suppression Act, including the filing of criminal complaints for money laundering, terrorism financing, petitions for freeze order and civil forfeiture and applications for bank inquiry; and
- The Administrative and Financial Services Division (AFSD) takes charge of the administrative and financial services requirements of the Secretariat.

## Financial, Human and Technical Resources of the AMLC Secretariat

The AMLC Secretariat is a melting pot of personnel with diverse backgrounds and varied fields of endeavor. Officers and personnel with law enforcement background from the National Bureau of Investigation (NBI), the Philippine National Police (PNP), the Philippine Drug Enforcement Agency (PDEA), those with regulatory experience from the BSP, IC and SEC, litigation experience from the Public Attorney's Office (PAO) and the Office of the Solicitor General (OSG), and other public and private offices converge to strengthen the capacity of the AMLC to investigate and prosecute money laundering and terrorism financing cases.

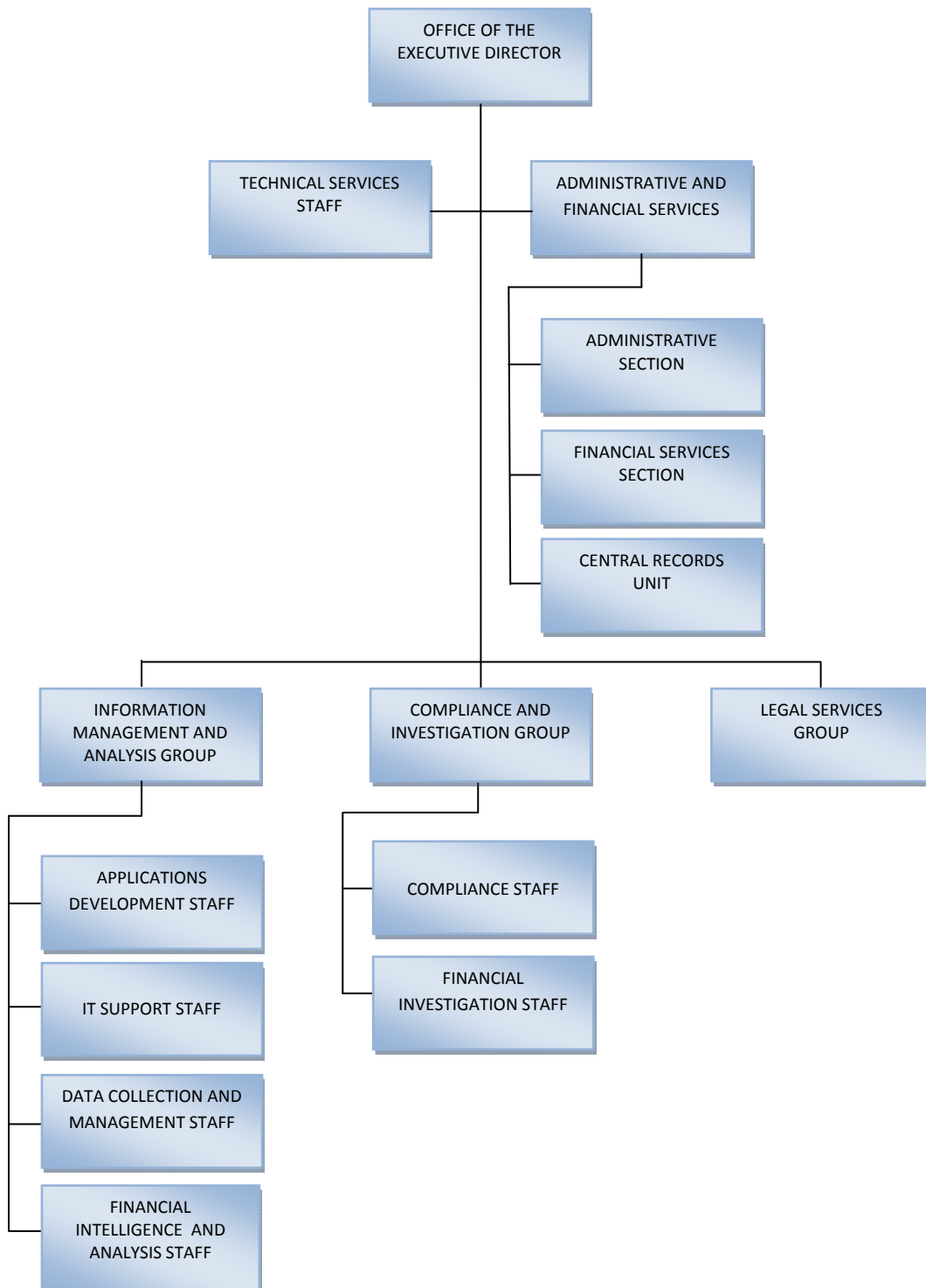
As of end of 2012, the Secretariat had a force of one hundred five (105) officers and personnel.

***Table 1. Number of AMLC Secretariat Personnel, 2012***

Group/Division/Staff	Number of Personnel
Office of the Executive Director (OED)	9
Technical Services Staff (TSS)	5
Compliance and Investigation Group (CIG)	26
Legal Services Group (LSG)	20
Information Management and Analysis Group (IMAG)	25
Administrative and Financial Services Division (AFSD)	20
<b>TOTAL</b>	<b>105</b>



**Figure 1. Number of AMLC Secretariat Personnel, 2012**



**Table No. 2. Profile of AMLC Secretariat Personnel, 2012**

Profile of Employees	Number of Personnel
Lawyers	31
Lawyer / Certified Public Accountants	7
Certified Public Accountants	10
Certified Public Accountants / Forensic Accountant	1
Law Enforcers	3
Information Technology Experts	17
Others	36
<b>TOTAL</b>	<b>105</b>

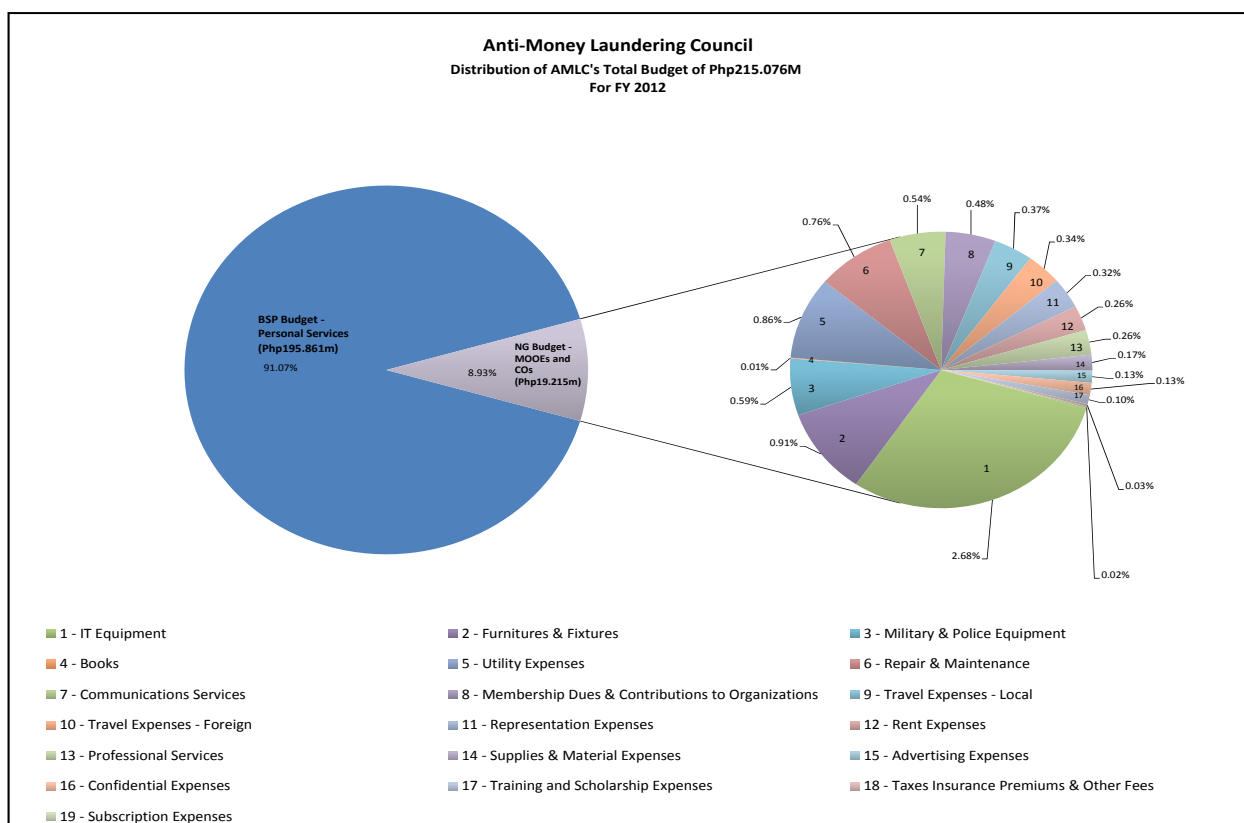
## Budget

For the year 2012, the AMLC's total budget was in the amount of Two Hundred Fifteen Million and Seventy Six Thousand Pesos (Php215,076,000.00). Of this amount, 91.07% was sourced from the Bangko Sentral ng Pilipinas and allotted for Personal Services expenses.<sup>1</sup>

Meanwhile, the remaining 8.93% of the total budget consists of the approved budget from the National Government which was used to defray the Maintenance and Other Operating Expenses and Capital Outlays of the AMLC.

Figure 2 below shows the distribution of the AMLC's total budget for the year 2012.

**Figure 2. Distribution of AMLC's Total Budget for 2012**



<sup>1</sup> Section 8 of the AMLA, as amended, provides that "all members of the Secretariat x x x shall hold full-time permanent positions within the BSP".

## **Capacity Building Trainings and Seminars Attended by the AMLC Secretariat Personnel**

Each year, the AMLC Secretariat personnel attend various international trainings in order to enhance their knowledge, skills and capabilities in the fight against money laundering and terrorism financing. In 2012, they attended the following international trainings:

1. Counter-Terrorism Harmonization Workshop, 30 January – 3 February 2012, Washington DC, USA;
2. Practical Applications in Leadership for Supervisors, 20 February – 2 March 2012, Bangkok, Thailand;
3. International Monetary Fund – Singapore Training Institute (IMF-STI) Workshop on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Risk-Based Supervisory Framework, 5-9 March 2012, Singapore;
4. Egmont Strategic Analysis Course, 12-16 March 2012, Vienna, Virginia, USA;
5. Asia Pacific Group (APG) Workshop on the Review of the Financial Action Task Force (FATF) Standards, 25-27 April 2012, Kuala Lumpur, Malaysia;
6. Leadership for Women in Law Enforcement Course, 30 April – 4 May 2012, Bangkok, Thailand;
7. World Bank - Egmont Group Tactical Analysis Course, 7-10 May 2012, Bangkok, Thailand;
8. US Department of Justice's Office of Overseas Prosecutorial Development, Assistance and Training (DOJ/OPDAT) International Program on Asset Forfeiture, 21-25 May 2012, Jakarta, Indonesia;
9. FATF Plenary and Working Group Meetings, 18-22 June 2012, Rome, Italy;
10. 15<sup>th</sup> APG Annual Meeting and Forum on Technical Assistance and Training, 16-20 July 2012, Brisbane, Australia;
11. Case Conference on Anti-Money Laundering, 23-27 July 2012, Taipei, Taiwan;
12. National Seminar on Countering the Financing of Terrorism; Roles of the Judiciary and Criminal Justice System, 27 July 2012, Bangkok, Thailand;

13. Financial Investigation Course at the International Law Enforcement Academy (ILEA), 13-17 August 2012, Bangkok Thailand;
14. FATF Plenary and Working Group Meetings, 15-19 October 2012, Paris, France;
15. 6<sup>th</sup> Session of the Conference of the Parties to the United Nations Convention Against Corruption, 15-19 October 2012, Vienna, Austria;
16. Seminar on Combating Money Laundering, 22-26 October 2012, Frankfurt, Germany;
17. Exchange Mission, 29 October – 2 November 2012, Hague, Netherlands;
18. Asia-Pacific Economic Cooperation (APEC) Project on Protecting Designated Non-Financial Business and Professions (DNFBPs) from Terrorist Financing-Risk Assessment Workshop, 19-20 November 2012, Singapore; and
19. 2012 APG Typologies and Capacity Building Workshop, 19-23 November 2012, Hanoi, Vietnam.



## **Collection and Analysis of Covered and Suspicious Transaction Reports**

Under the provisions of the AMLA, as amended by RA No. 9194 and 10167, covered institutions are mandated to report to the AMLC all covered transactions and suspicious transaction within five (5) working days from occurrence of the transaction. The Supervisory Authorities, however, may prescribe a longer period which shall not exceed ten (10) working days. Pursuant to this authority, the Supervising Authorities issued their respective regulations prescribing ten (10) working days as the period within which covered institutions shall submit covered and suspicious transactions to the AMLC.

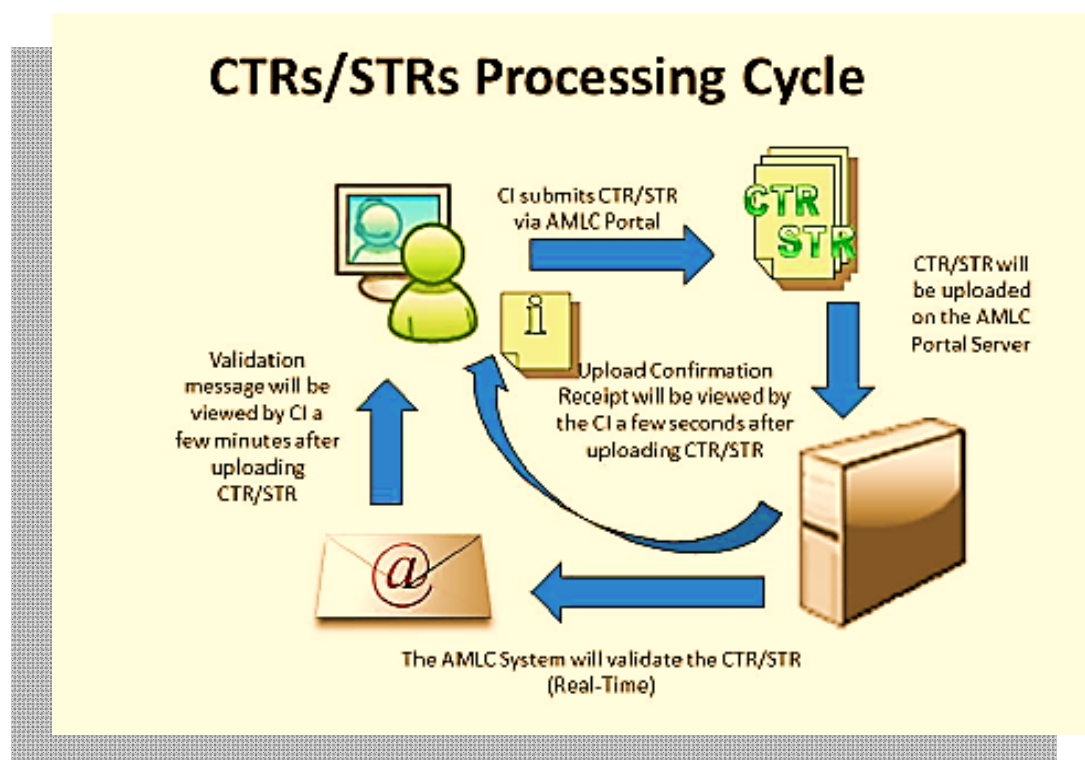
Section 3 (b) of the AMLA, as amended, defines 'covered transaction' as a transaction in cash or other equivalent monetary instrument involving an amount in excess of Five hundred thousand pesos (P500,000.00) within one (1) banking day. Section 3 (b-1), meanwhile, defines 'suspicious transaction' as a transaction with covered institutions, regardless of the amounts involved, 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 the 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.

## Collection of CTRs and STRs

Rule 9.c.2 (2) of the 2012 Revised Implementing Rules and Regulations (RIRRs) provides that CTRs and STRs shall be submitted in a secured manner to the AMLC in electronic form. To this end, covered institutions submit their CTRs and STRs in encrypted electronic form through the AMLC internet portal or as an email attachment through their duly authorized Compliance Officer (CO) and/or alternate representative. These COs and/or alternate representatives register for this purpose with the AMLC and are assigned their respective usernames, passwords and institution codes which they use to access the AMLC portal.

**Figure 3. CTRs/STRs Processing Cycle**



As of 31 December 2012, a total of 1,995 CIs, consisting of commercial banks, rural banks, thrift banks, offshore banking units, private development banks, savings and mortgage banks, specialized government banks, stock savings and loan associations, credit card companies, financing companies, foreign exchange dealers, money changers, remittance agents, investment companies, pawnshops, securities, dealers and brokers, insurance brokers professional reinsurers, underwriters of securities, lending companies, mutual fund companies, pre-need companies and mutual benefit associations and trust, were registered with the AMLC system for the purpose of electronic submission of CTRs and STRs.



## Data on CTRs and STRs

Table 3 below shows the number of CTRs and STRs received in 2012 from the covered institutions supervised by the BSP, SEC and the IC.

***Table 3. No. of CTRs and STRs, 2012***

	BSP Supervised	SEC Supervised	IC Supervised	Total
CTRs	48,959,738	17,714	84,534	49,061,986
STRs	17,524	25	162	17,711

The table above shows that covered institutions supervised and/or regulated by the BSP submitted the most number of CTRs in 2012. In fact, since 2009, the number of CTRs reported by covered institutions supervised and/or regulated by the BSP accounted for more than 99% of the total CTRs received by the AMLC.

It bears emphasis that covered institutions supervised and/or regulated by the BSP comprise over 93% of the number of covered institutions registered with, and submitting reports to, the AMLC.

Another factor bearing on the number of reports submitted by the covered institutions is AMLC Resolution No. 292, series of 2003, which deferred the reporting of non-cash covered transactions by institutions other than banks. This rule found particular application to SEC and IC covered institutions whose transactions with the customers are usually paid through checks.

A proposal was underway as of 31 December 2012 to lift AMLC Resolution No. 292 to require all covered institutions, including non-bank institutions, to submit CTRs on all transactions, including cash transactions.

As for the number of STRs, there were 17,711 STRs reported in 2012 as compared to 9,752 in 2011 or an increase of 81%. The bulk of the increment consisted of STRs relating to 'Fraudulent Practices & Other Violations of the Securities Regulation Code of 2000' and 'Other Acts of Swindling'.

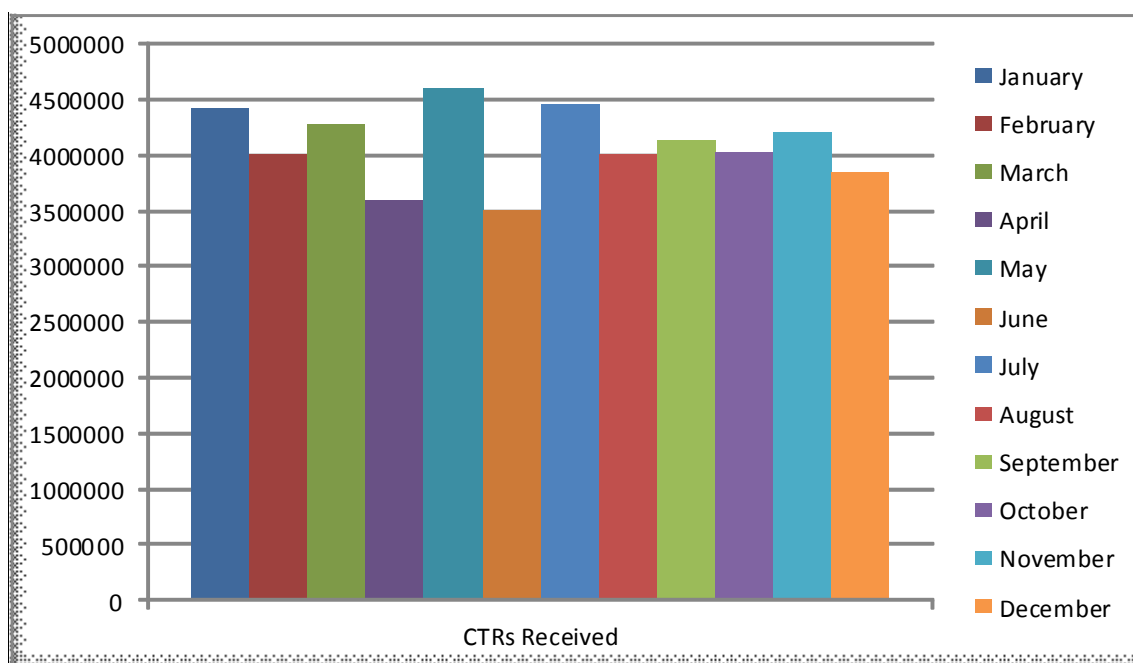
The AMLC Secretariat receives an average of 1,475 STRs per month. For the year 2012, the highest number of STRs was received in October. Of the 2,183 STRs received in October, more than 1,500 STRs were related to 'Swindling' while more than 200 STRs showed that the clients were not properly identified.

A breakdown in the number of CTRs and STRs submitted per month is shown in Table 4 below.

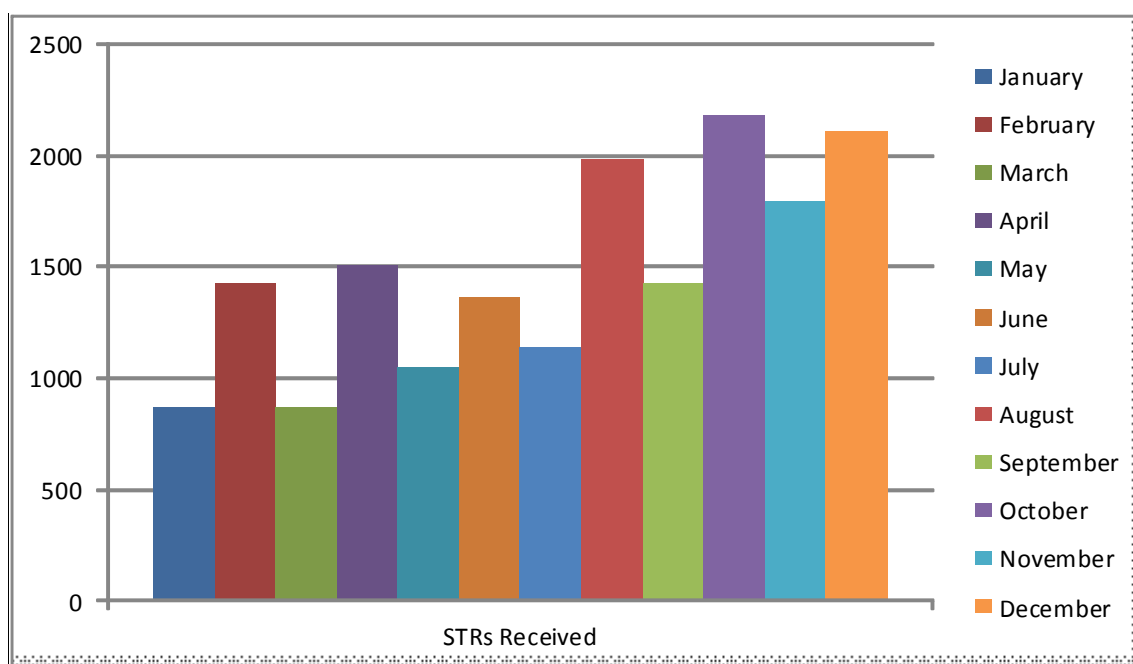
**Table 4. Monthly CTRs and STRs, 2012**

Month	CTRs	STRs
January	4,416,449	866
February	4,007,101	1,425
March	4,278,339	866
April	3,592,094	1,505
May	4,606,759	1,052
June	3,494,408	1,362
July	4,458,793	1,136
August	4,001,949	1,986
September	4,123,909	1,426
October	4,028,188	2,183
November	4,201,003	1,797
December	3,852,994	2,107
YTD	49,061,986	17,711

**Figure 4. Covered Transaction Reports Received per Month in 2012**



**Figure 5. Suspicious Transaction Reports Received per Month in 2012**



## Analysis of CTRs and STRs

The AMLC receives CTRs and STRs. The Financial Intelligence and Analysis Staff (FIAS) of the Information Management and Analysis Group (IMAG) is responsible for analyzing such reports and for providing intelligence analysis to the Compliance and Investigation Group (CIG) of the AMLC Secretariat and to the other relevant domestic and foreign law enforcement agencies to help in their own investigation on money laundering and terrorism financing.

The table below shows the summary of STRs for the year 2012.

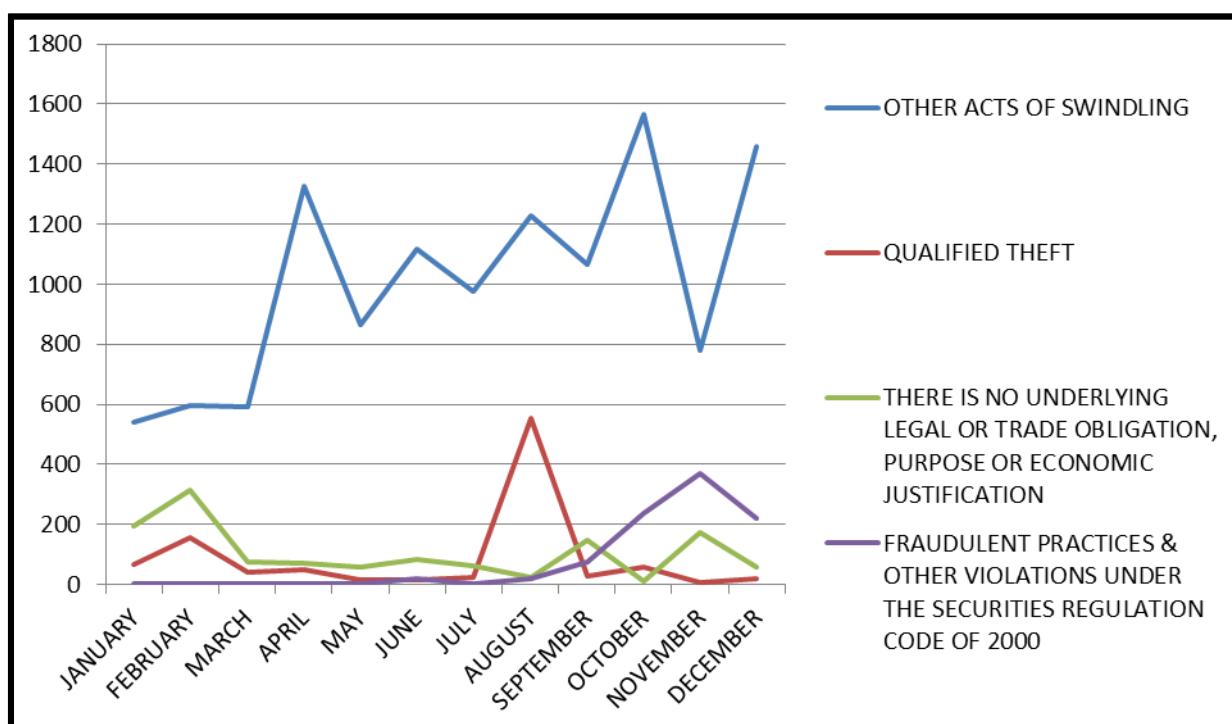
**Table 5. Summary of STRs, 2012**

<b>A. SUSPICIOUS TRANSACTIONS RELATED TO AN UNLAWFUL ACTIVITY</b>		<b>NO. OF STRs</b>
<b>Unlawful Activity</b>		
Other acts of swindling <sup>2</sup>		12,131
Qualified theft		1,030
Fraudulent practices & and other violations under the Securities Regulation Code of 2000		940
Plunder		153
Kidnapping for ransom		119
Graft & corrupt practices		65
Drug trafficking & related offenses		44
Violations under the Electronic Commerce Act of 2000		44
Acts of terrorism		20
Felonies or offenses of a similar nature that is punishable under the penal laws of other countries		20
Smuggling		18
Robbery & extortion		7
Syndicated estafa/pyramiding/networking		2
<b>Sub-total (STRs related to an unlawful activity)</b>		<b>14,593</b>

<sup>2</sup> Swindling has the broadest scope of all the predicate crimes/unlawful activities under the AMLA. It is sub-classified into Disputed Credit Card Transactions, Returned Checks, Spurious Checks, Scam, and Other Related Forms of Swindling. STRs received under this category account for 83% of the total STRs related to an unlawful activity and 68% of the total STRs received for the year.

B. OTHER SUSPICIOUS TRANSACTIONS	NO. OF STRs
<b>Suspicious circumstances</b>	
There is no underlying legal or trade obligation, purpose or economic justification	1,265
The client is not properly identified	894
Transaction deviating from the profile of the client and/or client's past transactions with the covered institution	390
Structuring	289
The amount involved is not commensurate with the business or financial capacity of the client	235
The transaction is not a suspicious circumstance under sec 3(b-1) of the AMLA, as amended	12
Others	33
<b>Sub-total (other suspicious transactions)</b>	<b>3,118</b>
<b>TOTAL STRs)</b>	<b>17,711</b>

***Figure 6. Suspicious Transactions by Unlawful Activity, 2012<sup>3</sup>***



<sup>3</sup> In 2012, 86% of the total STRs received were related to 'Other Acts of Swindling', 'Qualified Theft', 'Fraudulent Practices & Other Violations under the Securities Regulation Code of 2000' and showed transactions with no underlying legal or trade obligation, purpose or economic justification. The number of STRs related to 'Fraudulent Practices & Other Violations under the Securities Regulation Code of 2000' significantly increased beginning in August due to the large number of STRs received in relation to a pyramid scam. Meanwhile, there was an increase in the number of STRs related to 'Qualified Theft' which was filed by a commercial bank and a rural bank, also in the month of August.

## **AMLC Resolution on the submission of CTRs and STRs**

### **AMLC Resolution No. 34, series of 2012**

In 2011, the AMLC approved Resolution No. 83, series of 2011, which revised the AMLC's original list of transaction codes. The Resolution provided specific transaction codes with explicit definitions for each in order to avoid confusion and diverse interpretations on the part of covered institutions when reporting transactions to the AMLC. The same Resolution authorized the AMLC Secretariat to evaluate and approve request for addition of transaction codes to the transaction library.

Subsequently, and pursuant to the authority granted by the Council in Resolution No. 34, series of 2012, the AMLC Secretariat Executive Director approved, upon recommendation of the Financial Sector Liaison Committee-Technical Working Group (FSLC-TWG), further revisions to the revised list of transaction codes consisting of fifty-eight (58) new transaction codes.

As for the deletions and amendments recommended by the FSLC-TWG, the AMLC Secretariat proposed to the Council the deletion of eight (8) transaction codes and the amendment to the titles and definitions of twenty-four (24) transaction codes.

The Revised List of Transaction Codes is available on the AMLC website at [www.amlc.gov.ph](http://www.amlc.gov.ph).





## Compliance, Investigation and Enforcement

The AMLC is a hybrid type of financial intelligence unit (FIU). In addition to the core functions of an FIU (receipt, analysis and dissemination of reports) that it performs, it also investigates money laundering and other violations of the AMLA.

### Money Laundering Investigation

In AMLC Resolution No. 6, Series of 2006, the AMLC authorized the AMLC Secretariat to investigate money laundering and related offenses that are prompted or triggered by the following transactions and/or circumstances:

- (a) Suspicious Transaction Reports (STRs);
- (b) Covered Transaction Reports (CTRs) that are or can be materially linked to any specified unlawful activity, suspicious transaction, money laundering offenses and/or other AMLA related violations;
- (c) Referrals by Supervisory Authorities, law enforcement and other agencies on possible money laundering offenses and other violations of the AMLA, as amended;
- (d) Subject to the rules on reciprocity, referrals by foreign jurisdiction/ states, agencies or FIUs involving possible money laundering offenses, provided, that the predicate offenses upon which the possible money laundering offenses are based are of similar nature to the unlawful activities under the AMLA, as amended;
- (e) Newspaper or media reports of money laundering activities which contain sufficient leads or particulars to warrant the taking of further action, provided that the predicate offense can be sufficiently established by the following: (i) proof of an ongoing investigation by the concerned law enforcement agency; (ii) the filing of the corresponding criminal information; or (iii) the pendency of the criminal case for the predicate offense;
- (f) Citizen's sworn complaints relating to money laundering offenses and/ or other violations of the AMLA, as amended, provided the conditions under paragraph (e) above are met with regard to sufficient leads and proof of the predicate offense;

- (g) Text scams;
- (h) Media reports in violation of Section 9[c] (Breach of Confidentiality) of the AMLA, as amended;
- (i) Sworn complaints from alleged victims of malicious reporting (Section 14[c], AMLA, as amended); and
- (j) Such other reports, referrals or complaints similar, analogous or identical to any of the foregoing as may be determined by the Council.

## Money Laundering Typologies

### Unauthorized Recruitment Activities

The AMLC Secretariat received a letter-referral from a domestic law enforcement agency in relation to a case filed before the Prosecutor's Office by nineteen (19) applicants for overseas employment against W, X, Y (corporations) and their respective principal stockholders, officers and staff, for violation of Republic Act No. 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995 (large scale illegal recruitment committed by a syndicate), as amended by Republic Act No. 10022, and Article 315 of the Revised Penal Code (swindling).

W, X and Y are owned by spouses PHL and BRN. Without authority from the government, they engaged in the business of recruiting workers for employment abroad. The unsuspecting applicants were required to pay in cash or through cash deposits to certain bank accounts of the corporations in various amounts ranging from Php5,000.00 to Php300,000.00. In total, the applicants paid Php6,242,780.00 as placement and other fees.

The corporations misrepresented to the applicants that it had the capacity and license to recruit workers for overseas employment. To entice the applicants, they offered a so-called Study and Work Package and asked them to pay certain amount which purportedly included the costs for the video interview, tuition, visa and lodging fees, air fare and processing fee.

Upon inquiry conducted by the AMLC, fifty (50) bank accounts were discovered in the name of the corporations, the owners and officers thereof, and dummy accountholders. The amounts paid by the victims were deposited to these accounts.

In April 2011, the Court of Appeals, upon an *ex parte* Petition filed by the AMLC, issued a Freeze Order against the said bank accounts. On 8 December 2011, in the civil forfeiture case filed by the AMLC with the Regional Trial Court (RTC) in Manila, a Provisional Asset Preservation Order (PAPO) was issued followed by an Asset Preservation Order (APO) on 15 December 2011 against the bank deposits in the amount of Seven Hundred Fifty-Six Thousand Eight Hundred Seventy-Eight Pesos and 19/100 (Php756,878.19).

In January 2012, a complaint for money laundering was filed by the AMLC before the Department of Justice (DOJ).

## Swindling

Messrs. RF, JG and HT met with Mrs. MVD to purportedly purchase Mrs. MVD's property located in Tagaytay City. They proceeded to the location of the property for ocular inspection. Thereafter, RF, JG and HT agreed to buy the property of Mrs. MVD.

On same date, and after Messrs. RF, JG and HT left, another prospective buyer who introduced himself as Mr. HG, arrived to look at the same property. According to Mrs. MVD, Mr. HG represented himself as a businessman engaged in the import and export of canned goods and a direct supplier of enzyme. He purported that his company was based in Manila.

On another date, Messrs. RF, JG and HT met again with Mrs. MVD at her residence in Quezon City and promised to deliver payment for the purchase of Mrs. MVD's property within four (4) days. Before they left the residence of Mrs. MVD, Mr. RF asked Mrs. MVD if she knew anyone who could supply enzyme for his export of prawns. Mrs. MVD endorsed and contacted Mr. HG. After about twenty minutes, Mr. HG arrived and brought with him a sample of the enzyme. He left the sample to Mrs. MVD in order to present to Mr. RF. After a while, Messrs. RF, JG and HT went back to the residence of Mrs. MVD and bought the enzyme sample. They delivered Twenty Five Thousand Pesos (PhP25,000.00) to Mrs. MVD for payment to Mr. HG.

The following day, Mr. HG offered Mrs. MVD three hundred fifty (350) boxes more of enzyme. Mrs. MVD called Mr. RF who, in turn, gave his go signal to Mrs. MVD to receive the boxes of enzyme and committed that Mr. HT will pay her. Mrs. MVD advanced the payment to Mr. HG in the amount of Seven Million Pesos (PhP7,000,000.00). The payment was deposited in a bank account under the name of Mr. RCB as instructed by Mr. RF.

In the afternoon of the same date, Mr. HG again delivered two hundred fifty (250) boxes of enzyme for which Mrs. MVD immediately made an advance payment in behalf of Mr. RF who promised to reimburse all the payments Mrs. MVD made once he gets back to Manila from his trip from Palawan. Just like in the previous transaction, Mrs. MVD deposited payment for the enzyme in the amount of Two Million Pesos (PhP2,000,000.00) in the account of Mr. RCB. Upon demand of Mr. HG and as instructed by Mr. RF, Mrs. MVD also deposited money, in two separate transactions of One Million Five Hundred Thousand Pesos (PhP1,500,000.00) each, in the account of one Mr. JAA.

Unfortunately, Mrs. MVD was swindled and never reimbursed - not even a single centavo. Also, it was later on discovered that the enzymes delivered were not, in fact, enzymes but starch. In the course of investigation, it was discovered that the fraudsters used fictitious names in carrying out the fraudulent scheme against Mrs. MVD. The payment of P25,000.00 to Mrs. MVD for the sample of enzyme was purposely made to gain her trust and which eventually led Mrs. MVD to advance payments for the subsequent deliveries by Mr. HG. Incidentally, several withdrawal and deposit transactions involving substantial amounts of money were noted in the bank accounts of Mr. RCB and MR. JAA either on the same date or few days following the payments made by Mrs. MVD.

Mrs. MVD filed a case for Estafa against the perpetrators of the fraud.

In June 2011, a Freeze Order was secured against the aforesaid accounts. In October 2011, a Freeze Order was secured against a motor vehicle registered in the name of Mr. RCB. In January 2012, a PAPO was obtained followed by an APO in February 2012 against the said accounts and motor vehicle.

Meanwhile, in April 2012, the AMLC filed a complaint for money laundering against the perpetrators before the DOJ.

## **WIRE FRAUD**

The AMLC received a request for legal assistance from a foreign jurisdiction in relation to said jurisdiction's investigation of RRN, LD Company, and other individuals for the possible commission of wire fraud and money laundering.

LD Company (believed to be owned and operated by RRN) is a sole proprietorship with offices in the Philippines. It was the supplier of medical supplies to a Federal State's Department of Health (DOH). As a matter of policy, the said DOH would advance payment of 75% of the amount of any Purchase Order (PO) issued to all off-island vendors.

From January to June 2006, LD Company was issued eleven (11) POs totaling Three Hundred Ninety Four Thousand Three Hundred Forty and 65/100 US Dollars (USD394,340.65) for which a 75% advance payment amounting to Two Hundred Ninety Five Thousand Seven Hundred Fifty Five and 49/100 US Dollars (USD295,755.49) was made. From the initial delivery of goods made in February 2006 until the latest delivery made in August 2009, only Eighty Nine Thousand Eight Hundred Ninety Three and 76/100 US Dollars (USD89,893.76) worth of medical supplies were actually delivered. When requested to explain and reconcile the discrepancies between the PO payments and the goods actually delivered, RRN initially indicated that he would complete the delivery. Instead of completing delivery, RRN stopped communicating with the DOH officials of the said Federal State.

Wire transfer records reflect that the electronic transfers of funds were processed from ABC Bank in Honolulu, then wired to MB Bank (a Philippine bank) branch in New York City and finally to MB Bank branch in the Philippines. The monies wired were received in the form of cash deposits and each cash deposit credited to the account of LD Company is followed by a cash withdrawal within a month or two thereafter. Said wire transfers were verified by the AMLCS during its investigation.

In September 2011, a Freeze Order was issued against the said accounts of LD Company and/or RNN. In June 2012, the AMLC filed a complaint for money laundering against RNN before the DOJ.

## KIDNAPPING FOR RANSOM

In July 2011, a group of heavily armed men, numbering more or less fourteen (14), barged into a residence in Zamboanga City where GYL and her fourteen (14)-year old son KE were staying for a vacation. The mother and son, together with their relative, a nineteen (19)-year old teenager, RJ, were forcibly taken and led to a pump boat waiting at the coast which immediately sped-off towards an island in Mindanao.

While in captivity, the kidnappers called GYL's husband HL in the United States of America (USA) and demanded a ransom of Ten Million US Dollars (USD 10 million). The USA's Federal Bureau of Investigation (FBI) sought the assistance of the AMLC on the financial aspect of the crime. Banks involved were given instructions to conduct discreet and appropriate system-wide surveillance measures to observe the movements of the bank accounts specified by the kidnappers.

In July 2011, a remittance amounting to Seven Thousand US Dollars (USD7,000.00) was made by HL to the bank accounts of GYL and one of the kidnappers. This was followed by a series of withdrawals from Automated Teller Machines (ATMs) which were immediately reported by the banks. During the 24-hour surveillance, images were captured by the Closed Circuit Televisions (CCTVs) of the ATMs where the withdrawals were made. The locations and time of the ATM transactions were helpful in pinpointing who and where the kidnappers were.

The negotiation went on as the kidnappers reiterated their demand for the whole amount of USD 10 million. A second deposit of ransom was made in September 2011 amounting to Two Hundred Fifty One Thousand Eight Hundred Fifty Two and 50/100 Pesos (Php251,852.50). Again, banks reported in real time the transactions made on the bank account where the money was deposited.

After Philippine law enforcement authorities confirmed the location of the kidnappers, a tactical operation was launched to free the victims. In October 2011, GYL was released. In November 2011, the teenager relative was able to escape from his captors. In December 2011, KE also managed to escape.

In July 2012, the AMLC filed a complaint for money laundering before the DOJ.

## Compliance and Enforcement

In the discharge of its function to implement the AMLA and the TF Suppression Act, the AMLC may impose administrative fines and/or file appropriate charges against erring covered institutions and the responsible personnel for failure to comply with its obligations under the aforesaid laws. The AMLC is particularly vigilant with the covered institutions' non-compliance with reportorial requirements (filing of CTRs and STRs, where applicable) and the Know Your Customer (KYC) policy resulting in the filing by the AMLC of administrative cases against violating institutions.

The BSP, as supervisor of the banks, may, in the course of a periodic or special examination, check the compliance of such covered institutions with the requirements of the AMLA, as amended. After examination, the BSP refers to the AMLC any findings of violation of the AMLA, as contained in the Report of Examination (ROE). The AMLC then determines whether imposition of administrative penalty is proper for such violations.

The table below shows the number and status of the ROEs received by the AMLC in 2012.

**Table 6. Reports on AMLA Compliance  
as referred by the BSP in 2012**

Supervising Authority	No. of ROES	Investigations completed without sanction/complaint	Violations sanctioned with fine	Violations sanctioned with reprimand/warning	Investigation ongoing
BSP	582 <sup>4</sup>	558 <sup>5</sup>	4	17	446 <sup>6</sup>

<sup>4</sup> The AMLC received Five Hundred Eighty Two (582) ROEs from the BSP in 2012. Out of these 582 ROEs, investigation was completed in One Hundred Seventy Six (176) ROEs, as follows: (a) one hundred fifty five (155) investigations were completed without sanction/complaint; (b) four (4) investigations were completed with the imposition of fines; and (c) seventeen (17) investigations were completed with reprimand/warning.

<sup>5</sup> Out of the 558 investigations completed without sanction/complaint, 155 stemmed from ROEs submitted in 2012 while 403 stemmed from ROEs submitted in previous years.

<sup>6</sup> As of 31 December 2012, investigation was ongoing for a total of four hundred forty six (446) ROEs consisting of four hundred six (406) ROEs received in 2012 and forty (40) ROEs from previous years.





## **Prosecution of Money Laundering and Related Cases**

The AMLC is mandated under the AMLA, as amended, to, among others, institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General and to cause the filing of complaints with the Department of Justice (DOJ) or the Office of the Ombudsman (OMB) for the prosecution of money laundering offenses.

As of 31 December 2012, the AMLC had forty-six (46) active money laundering (ML) cases pending before the OMB, the DOJ, and the Regional Trial Court (RTC). The AMLC also had forty-six (46) civil forfeiture cases and five (5) court-based applications for inquiry as of 31 December 2012.

Notably, the number of pending court-based applications for inquiry has considerably decreased in number as well. This, too, is due to the specific proviso introduced to Section 11 of the AMLA, as amended by RA No. 10167, whereby the CA is mandated to “act on the application to inquire into or examine any deposit or investment with any banking institution or non-bank financial institution within twenty-four (24) hours from filing of the application”.

Below are the tables showing relevant data on the matter:

**Table 7. Cases filed in 2012**

Types of Cases	OMB	Sandiganbayan	DOJ	RTC	CA	SC	Total
Money laundering criminal complaints	0	0	7	1	0	0	8
Petitions for Freeze Order	-	-	-	-	9	-	9
Court-based Applications for bank inquiry	-	-	-	0	12	-	12
Civil Forfeiture Cases	-	-	-	8	-	-	8
<b>TOTAL NO. OF CASES FILED IN 2012</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>9</b>	<b>21</b>	<b>0</b>	<b>37</b>

**Table 8. Active/Pending Cases as of 31 December 2012**

Types of Cases	OMB	Sandiganbayan	DOJ	RTC	CA	SC	Total
Money laundering criminal complaints	1	0	19	26	0	0	46
Petitions for Freeze Order	-	-	-	-	4	-	4
Court-based Applications for bank inquiry	-	-	0	5	-	-	5
Civil Forfeiture Cases	-	-	-	46	-	-	46
<b>TOTAL NO. OF ACTIVE/PENDING CASES AS OF 31 DECEMBER 2012</b>	<b>1</b>	<b>0</b>	<b>19</b>	<b>77</b>	<b>4</b>	<b>0</b>	<b>101</b>

**Table 9. Resolved Cases as of 31 December 2012**

Types of Cases	OMB	Sandiganbayan	DOJ	RTC	CA	SC	Total
Terminated money laundering criminal complaints	1	1	24	3	0	0	29
Terminated Freeze Orders	-	-	-	-	67	-	67
Terminated Court-based applications for bank inquiry	-	-	-	53	8	-	61
Terminated civil forfeiture cases	-	-	-	13	-	-	13
<b>TOTAL NO. OF RESOLVED CASES AS OF 31 DECEMBER 2012</b>	<b>1</b>	<b>1</b>	<b>24</b>	<b>69</b>	<b>75</b>	<b>0</b>	<b>170</b>

## Bank inquiry

Bank inquiry is an indispensable discovery tool in following money trails, which then results in the tracing, freezing and forfeiting of the proceeds of predicate offenses. It enhances the investigation process by providing the AMLC and law enforcement agencies with potential leads. It aids in gathering of evidence and in the identification and prosecution of the perpetrators of money laundering offenses and its predicate crimes.

The provisions of RA No. 10167, which amended Section 11 of the AMLA, introduced a new framework to the bank inquiry process undertaken by the AMLC as a tool in the investigation and prosecution of money laundering. The amendment allows *ex parte* bank inquiry and reversed the ruling of the Supreme Court in *Republic vs. Eugenio*<sup>7</sup> that an application for bank inquiry should be subject to notice and hearing.

The amended Section 11 likewise provides additional instances where a court order for bank inquiry is not required. Under the amended provision, no court order for bank inquiry shall be required for felonies of a similar nature to kidnapping for ransom, drug-related cases, hijacking, destructive arson, murder and acts of terrorism which are punishable under the penal laws of other countries, for terrorism and conspiracy to commit terrorism under RA No. 9372, otherwise known as the Human Security Act of 2007, and terrorism financing under RA No. 10168.

Further and as aforementioned, Section 11, as amended, now requires the Court of Appeals to act on the application for bank inquiry within twenty-four (24) hours from the filing of the application.

The table below shows the number of inquiries

**Table 10. Number of Inquiries/Examinations, 2012**

Bank Inquiry Cases	No. of Bank Inquiry Cases
<b>WITHOUT Court Order</b>	<b>8</b>
( Kidnapping for Ransom )	( 2 )
( Drug Trafficking )	( 1 )
( Terrorism-related )	( 5 )
<b>WITH Court Order</b>	<b>12</b>
<b>TOTAL</b>	<b>20</b>

<sup>7</sup> G.R. No. 174629, 14 February 2008

## Petition for Freeze and Petition for Civil Forfeiture

RA No. 10167 likewise introduced amendments to Section 10 of the AMLA by making the freeze process more speedy and efficient. Under the amended Section 10, the Court of Appeals is mandated to act on the petition filed within twenty-four (24) hours from the filing of the petition. The law also prohibits any court, except the Supreme Court, from issuing a temporary restraining order or a writ of preliminary injunction against any freeze order.

Meanwhile, petitions for civil forfeiture continue to be governed by the “Rules 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 of Money Laundering Offense under Republic Act No. 9160, as amended” which was promulgated by the Supreme Court in 2005 as Administrative Matter (AM) No. 05-11-04-SC.

The tables below show relevant statistics on the freeze and civil forfeiture cases as of 2012:

**Table 11. Amounts Subject of Pending Freeze Orders**

	<b><u>as of 31 December 2012</u></b>
Cash and Other Monetary Instruments	Php 290,647,195.83
Value of Insurance Policies	25,362,175.12
Value of Shares of Stock	-
Estimated Value of Real Estate	-
Estimated Value of Motor Vehicles	-
<b>Sub-total</b>	<b>Php 316,009,370.95</b>
Foreign Denominations	
US Dollar	Php36,708,326.18 (\$891,151.83 @ 41.1920)
Australian Dollar	Php136.13 (\$3.19 @ 42.6727)
<b>Sub-total</b>	<b>Php 36,708,462.31</b>
<b>TOTAL AMOUNT SUBJECT OF FREEZE ORDER (in Philippine Pesos)</b>	<b>Php 352,717,833.26</b>

**Table 12. Amounts Subject of Civil Forfeiture**

	<b><u>as of 31 December 2012</u></b>
Cash and Other Monetary Instruments	Php901,878,737.80
Value of Insurance Policies	92,962,258.23
Value of Shares of Stock	488,476.80
Estimated Value of Real Estate	156,132,460.00
Estimated Value of Motor Vehicles	47,527,000.00
<b>Sub-total</b>	<b>Php1,198,988,932.83</b>
Foreign Denominations	
US Dollars	206,858,126.06 (\$5,021,803.41 @ 41.1920)
Hong Kong Dollars	10,820,862.20 (\$2,036,139.96 @ 5.3144)
Japanese Yen	2,058,317.23 (¥4,299,806.20 @ 0.4787)
Euro	398,024.29 (€7,299.18 @ 54.53)
British Pound	441,837.20 (£6,661.88 @ 66.3232)
Chinese Yuan	19,927.21 (¥3,016.76 @ 6.6055)
Australian Dollar	3,497.88 (\$81.97 @ 42.6727)
Swiss Franc	3,454.24 ( F76.57 @ 45.1122)
Canadian Dollar	3,258.18 (\$78.71 @ 41.3948)
<b>Sub-total</b>	<b>Php220,607,304.49</b>
<b>TOTAL AMOUNT SUBJECT OF CIVIL FORFEITURE (in Philippine Pesos)</b>	<b>Php1,419,596,237.32</b>

As shown in the above data, as of 31 December 2012, the total amount or value of cash, monetary instruments and property subject of pending freeze orders is Three Hundred Fifty-Two Million Seven Hundred Seventeen Thousand Eight Hundred Thirty-Three and 26/100 Pesos (Php352,717,833.26) while the total amount or value of cash, monetary instruments and property subject of pending civil forfeiture cases is One Billion Four Hundred Nineteen Million Five Hundred Ninety-Six Thousand Two Hundred Thirty-Seven and 33/100 Pesos (Php1,419,596,237.33).

As of 31 December 2012, a total amount of Twelve Million Seven Hundred Eighty-Four Thousand Five Hundred Fifty-Eight and 94/100 Pesos (Php12,784,558.94) is subject of criminal forfeiture and other criminal and civil actions filed by other parties for the recovery of funds and properties previously covered by the freeze orders obtained by the AMLC. Freeze orders involving the total amount of One Billion Three Hundred Seventy-Three Million Five Hundred Twenty-One Thousand Nine Hundred Eighty-Eight and 21/100 Pesos (Php1,373,521,988.21) were lifted, with the said amount distributed and returned to the victims/investors concerned. On the other hand, freeze orders involving a total amount of Twenty-Eight Million, Eight Hundred Thirty Thousand Six Hundred Forty-Seven and 41/100 Pesos (Php28,830,647.41) had lapsed as of 31 December 2012.

Finally, a total value of One Hundred Forty-One Million Three Hundred Eleven Thousand Seventy-Six and 36/100 Pesos (Php141,311,076.36) representing criminal proceeds had been civilly forfeited as of 31 December 2012, broken down, as follows:

***Table 13. Amount of Criminal Proceeds Civilly Forfeited***

	<b>As of 31 December 2012</b>
<b>Forfeited and Remitted to the Philippine Government</b>	Php 24,271,601.84
<b>Forfeited and Turned Over to the Ombudsman</b>	87,126,757.97
<b>Forfeited and Returned to the Victim's Families</b>	2,401,568.50
<b>Forfeited but Pending Execution</b>	27,511,148.05
<b>TOTAL</b>	<b>Php 141,311,076.36</b>



## **Domestic and International Cooperation**

The fight against money laundering, which is a derivative offense, requires close coordination, collaboration and integrated efforts between and among the AMLC and the concerned law enforcement and other relevant government agencies. Given also the far-reaching effects of money laundering, there is an imperative need for mutual support and close alliance with the FIUs of other jurisdictions.

Towards this end, the AMLC continues to foster domestic and international ties to ensure success in combating money laundering and terrorism financing.

### **Domestic Cooperation**

#### **National Law Enforcement Coordinating Committee (NALECC) and the Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism**

The National Law Enforcement Coordinating Committee (NALECC) is a coordinating mechanism for all Government agencies with a role in formulating law enforcement policies that are currently being implemented, providing inputs and recommendations, and enabling the passage of important legislations affecting the country's peace and order, its economy and the environment.

NALECC section is under the Law Enforcement Division (LED) of the Office of the Director of Directorate for Operations which aims is to assist the Chief of the Philippine National Police in exercising command, control, direction, coordination and supervision of the wide expanse of police operational activities especially in the fields of crime prevention, law enforcement, internal security, and delivery of public safety services including employment and deployment of the PNP.

NALECC consists of 42 member-government agencies/offices (including AMLC) and 15 sub-committees, some of which focus on: Anti-Money Laundering/Combating the Financing of Terrorism; Dangerous Drugs; Financial Fraud, Tax Evasion, and Currency Violation; Firearms and Explosives Control; Intelligence Coordination; Interpol, etc.

The Executive Director of the AMLC Secretariat chairs the NALECC Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT). In order to increase AML/CFT awareness and to foster information sharing and coordination between and among the Sub-Committee's member-agencies, the following briefings were conducted during its monthly meetings in 2012:

1. Briefing on the Insurance Commission, 27 March 2012, IT Training Room, Ground Floor, Insurance Commission Building, United Nations Avenue, Manila;
2. Briefing on the Intellectual Property Office, 3 May 2012, Multi-Purpose Hall, Ground Floor, Intellectual Property Center, 28 Upper McKinley Road, McKinley Town Center, Fort Bonifacio, Taguig City;
3. Briefing on the Civil Aviation Authority of the Philippines (CAAP), 7 June 2012, Conference Room, Ground Floor, CAAP, MIA Road corner Ninoy Aquino Avenue, Pasay City;
4. Briefing on the Intelligence Service Armed Forces of the Philippines (ISAFP), 31 July 2012, Camp Aguinaldo, Quezon City;
5. Briefing on the Department of Foreign Affairs, 22 August 2012, CMOAS Conference Room, 2<sup>nd</sup> Floor, DFA Building, Roxas Boulevard, Pasay City; and
6. Briefing on the Cooperative Development Authority, 27 September 2012, New Horizon Hotel, No. 778 Boni Avenue corner EDSA, Mandaluyong City.

On 5 December 2012, the NALECC awarded the Sub-Committee on AML/CFT a Certificate of Recognition at the PNP Multi-Purpose Center, National Headquarters, Camp Crame, Quezon City. In the last seven 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 in the field of AML/CFT and in undertaking invaluable law enforcement programs and projects that contribute to the enhancement of the NALECC objectives.

## **Financial Sector Liaison Committee (FSLC)**

The Financial Sector Liaison Committee (FSLC) is composed of representatives from the AMLC, the Supervising Authorities (Bangko Sentral ng Pilipinas, Securities and Exchange Commission and Insurance Commission), banking, securities and insurance industry associations and associations of compliance officers of covered institutions. The FSLC, which is chaired by the AMLC Secretariat's Executive Director, serves as an effective coordinating mechanism and contact point in initiating dialogue and consultation with covered institutions, particularly on issues concerning their compliance with the AMLA, as amended and its RIRRs.

The FSLC was created on 31 May 2004 and currently has forty-one (41) member-industry associations in the banking, securities, and insurance sectors.



## Memorandum of Agreement (MOA) with relevant government agencies

On 23 August 2012, the AMLC executed a Memorandum of Agreement (MOA) with the Philippine National Police – Anti-Kidnapping Group (PNP-AGK). Under the terms of the MOA, the AMLC and the PNP-AGK shall, in the spirit of cooperation and mutual interest, facilitate the investigation and prosecution of persons suspected of being involved in kidnapping for ransom and money laundering activities.

On the same date, the AMLC likewise executed a MOA with the Presidential Anti-Organized Crime Commission (PAOCC). Under the MOA, the AMLC shall, pursuant to its mandate under the AMLA, as amended, enlist the assistance of the PAOCC in the detection and investigation of money laundering activities and other violations of the AMLA, as amended, and prosecution of offenders. To this end, the PAOCC shall inform the AMLC of information regarding transactions and activities related to unlawful activities, whether or not transnational in nature.



Police Chief Superintendent Reginald D. Villasanta, Executive Director, PAOCC and Atty. Vicente S. Aquino, Executive Director, AMLC Secretariat at the



PSSUPT. Renato A. Gumban, Officer-in-Charge, PNP-AGK and Atty. Vicente S. Aquino, Executive Director, AMLC Secretariat at the MOA signing between the PNP-AGK and the AMLC.

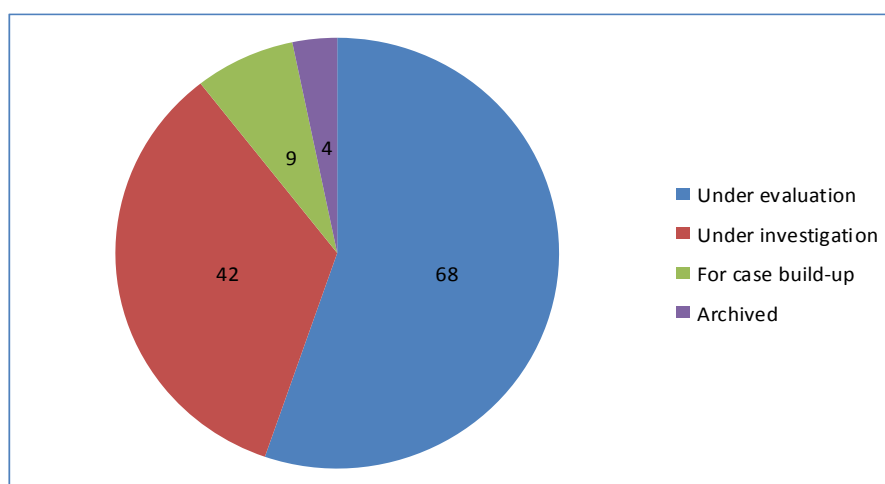
The agencies with which the AMLC has signed a MOA, as of 31 December 2012, are the following:

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);
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);
15. Philippine Deposit Insurance Company (PDIC);
16. Presidential Anti-Organized Crime Commission (PAOCC);
17. Bangko Sentral ng Pilipinas (BSP).

## Requests for Mutual Assistance

In 2012, the AMLC received one hundred twenty-three (123) requests for assistance from domestic law enforcement agencies (LEAs) and other government agencies and the AMLC took appropriate action on these requests. As of 31 December 2012, nine (9) requests were the subject of case build-up for the filing of petitions for freeze order, bank inquiry and/or civil forfeiture, forty-two (42) requests were under investigation, four (4) requests were archived and sixty-eight (68) were under evaluation.

**Figure 7. Requests for Assistance from Domestic LEAs, 2012**



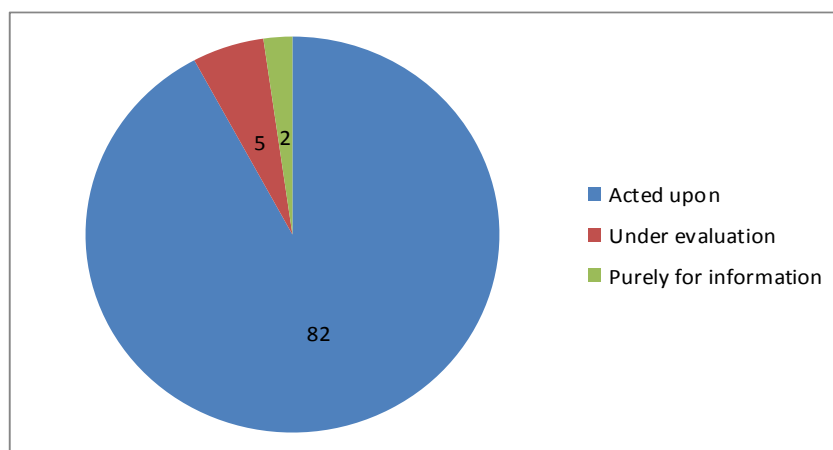
Meanwhile, the AMLC made two hundred eighteen (218) requests for assistance to domestic law enforcement and other government agencies.

## International Cooperation

### Requests for assistance

In 2012, the AMLC received eighty nine (89) requests from other FIUs and international bodies. The AMLC took appropriate action on eighty-two (82) of these requests. As of 31 December 2012, five (5) requests were under investigation while two (2) were referrals merely for information and did not require any action. Meanwhile, the AMLC made one hundred twenty-four (124) requests for assistance.

***Figure 8. International Requests for Assistance, 2012***



### AMLC Resolutions against Terrorists and Terrorist-Related Groups

In 2012, the AMLC issued a total of fourteen (14) resolutions based on the advisories being issued by the United Nation Security Council (UNSC) on the inclusion in or deletion from the UNSC 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.

Additionally, the AMLC issued two (2) resolutions directing all covered institutions as defined under the TF Suppression Act of 2012 and relevant government agencies to freeze and preserve without delay property or funds maintained or registered with, possessed or controlled by them, if any, belonging to any persons, organizations, associations or groups of persons named in the Al-Qaida Sanctions List (Resolution TF-01, series of 2012) and in the Taliban 1988 Sanctions List (Resolution TF-02, series of 2012). Under the same Resolutions, all covered institutions, relevant government agencies and all other persons and entities are notified and informed of the prohibition under Section 8 of the TF Suppression Act of 2012 against dealing with the property or funds of, or making available property or funds, or financial services or other related services to any of the persons, organizations, associations or groups of persons named in the Al Qaida Sanctions List and the Taliban 1988 Sanctions List. These resolutions were published in a newspaper of general circulation and posted in the AMLC website.

## Memorandum of Understanding (MOU) with other FIUs

A total of eight (8) MOUs were entered into by the AMLC with other FIUs in 2012.

In the margins of the Egmont Working Group and Committee Meetings held on 30 January – 3 February 2012 in Manila, Philippines, the AMLC executed MOUs with Cellule De Renseignement Financier, the FIU of Luxembourg and with the Belgian Financial Intelligence Processing Unit, the FIU of Belgium.



Atty. Aquino at the MOU signing between the AMLC and the CTIF-CFI, the FIU of Belgium (left) and between the AMLC and the FIU of Luxembourg (below).



Later, at the margins of the 20<sup>th</sup> Egmont Group Plenary in St. Petersburg in June 2012, the AMLC executed MOUs with the Special Investigation Commission (SIC), Republic of Lebanon, the Financial Information Unit, Bank of Mongolia, the National Bureau of Investigation, Finnish Financial Intelligence Unit of the Republic of Finland and the Federal Financial Monitoring Service, the FIU of the Russian Federation.



The members of the FIU-Malawi delegation with Atty. Aquino and officers of the AMLC Secretariat during the MOU signing between the AMLC and FIU-Malawi.

Another MOU was entered into by the AMLC in June 2012 during the study tour of the FIU of Malawi to the Philippines.

Lastly, in December 2012, the AMLC executed, through correspondence, an MOU with the Ministry of Finance, Financial Crimes Investigation Board (Masak) of the Republic of Turkey.

As of 31 December 2012, the AMLC has signed thirty-seven (37) MOUs with the FIUs of the following jurisdictions:

- |                              |  |
|------------------------------|--|
| 1. Korea;                    | 20. Bangladesh;                          |
| 2. Malaysia;                 | 21. Nigeria;                             |
| 3. Indonesia;                | 22. Portugal;                            |
| 4. Thailand;                 | 23. United Arab Emirates;                |
| 5. Palau;                    | 24. Sri Lanka                            |
| 6. Australia;                | 25. Macao Special Administrative Region; |
| 7. United States of America; | 26. San Marino;                          |
| 8. Taiwan;                   | 27. Papua New Guinea;                    |
| 9. Peru;                     | 28. Fiji;                                |
| 10. Sweden;                  | 29. Solomon Islands;                     |
| 11. Bermuda;                 | 30. Luxembourg;                          |
| 12. Cook Islands;            | 31. Belgium;                             |
| 13. Japan;                   | 32. Lebanon;                             |
| 14. Poland;                  | 33. Mongolia                             |
| 15. Ukraine;                 | 34. Finland;                             |
| 16. India;                   | 35. Russian Federation;                  |
| 17. Canada;                  | 36. Malawi; and                          |
| 18. Mexico;                  | 37. Turkey.                              |
| 19. Netherlands              |  |



## Study Tour

The FIU of Malawi (FIU-Malawi) requested a visit to the Philippines to learn from the experiences of the AMLC as a hybrid type FIU. This request was made in connection with the efforts of the FIU-Malawi to reconfigure their AML framework. In particular, the FIU-Malawi wanted to be familiar with and study the AMLC's governance structure and relationship with other relevant government agencies, the AML/CFT supervisory and analytical tools used for the mobile banking system and the system in place with respect to receipt and analysis of STRs, dissemination of information and prosecution of money laundering cases and other violations of the AMLA, as amended.

The study tour was held on 11 to 15 June 2012. The FIU-Malawi delegation was composed of Mr. Tom Kennie Malikebu, Acting Director, and Mrs. Merium Mable Sodala-Chithila, Senior Operations Analyst. During the tour, the AMLC conducted briefings on the AMLA, as amended, and its RIRRs, Financial Intelligence, Financial Investigation and Typologies, and on the Rules on Civil Forfeiture.

The FIU-Malawi also visited various law enforcement and other relevant government agencies for brief discussions on their respective roles in, and contribution to, the Philippines' AML/CFT Regime. Among the agencies visited by the FIU-Malawi were: the Anti-Money Laundering Specialist Group (AMLSG) and the Core IT Specialist Group, both under the Supervision and Examination Sector, BSP; the Securities and Exchange Commission (SEC); the Insurance Commission (IC); the Department of Justice (DOJ); the Office of the Solicitor General (OSG); the Criminal Investigation and Detection Group (CIDG); the Philippine Center on Transnational Crime (PCTC); the Philippine Drug Enforcement Agency (PDEA); the Philippine National Police – Anti-Kidnapping Group (PNP-AKG); the National Intelligence Coordinating Agency (NICA); and the Philippine National Police–Intelligence Group (PNP-IG).

The FIU-Malawi also visited Globe Telecom, Inc. for a briefing on the regulatory framework of the mobile banking system.



The members of the FIU-Malawi delegation with IC Commissioner Dooc and AMLC Secretariat Staff.

The members of the FIU-Malawi delegation with the Prosecutors of the Department of Justice.



The members of the FIU-Malawi delegation with the officers of the PNP-AMG.



The members of the FIU-Malawi delegation with Solicitor General Francis H. Jardeleza and the members of the AML Task Force of the OSG.



## **AML Education and Public Information Program**

For the year 2012, the AMLC Secretariat conducted a total of one hundred eighty-three (183) seminars on various topics, including, the AMLA, as amended, its RIRRs, the Rule on Civil Forfeiture, Asset Preservation and Freeze, Investigation of Money Laundering and Terrorist Financing Offenses; BSP Circular 706 [Updated Anti-Money Laundering Rules and Regulations (UARRs)]; the Updates on the AMLA, as amended; and the Terrorism Financing Prevention and Suppression Act of 2012. Further, fifty-five (55) seminars on the AML Reporting Procedures, particularly on the electronic submission of CTRs and STRs, were conducted for the compliance officers of covered institutions.





## Milestones

### Hosting of the 2012 Egmont Working Groups and Committee Meeting

The Philippines hosted the 2012 Egmont Working Groups and Committee Meeting held on 30 January up to 3 February 2012 at the Shangri-La Makati Hotel, Manila, Philippines. The event was attended by two hundred forty (240) delegates from fifty-nine (59) Egmont Group member FIUs, three (3) observer FIUs and seven (7) International Organizations. The forum



brought together senior delegates from the legal, financial and law enforcement sectors representing various FIUs from around the world and provided an opportunity for the attendees to discuss the continued development and implementation of AML/CFT initiatives to combat the threat of money laundering and terrorism financing.

In the course of the five (5)-day event, the Egmont Committee (EC) met on two (2) days while the Working Groups (WG) consisting of the Operational Working Group, Outreach Working Group, Legal Working Group, IT Working Group, and Technical Working Group met on three (3) days. During this period, seven (7) Memoranda of Understanding (MOUs) were signed between Egmont members. These MOUs are intended to assist the signatory FIUs in international cooperation, particularly in information exchange.

The other highlights of the EC and WG meetings are posted online in the Egmont Group Bulletin webpage.

## Thanksgiving Celebration for the Successful Hosting of the 2012 Egmont Working Groups and Committee Meeting

In celebration of the successful hosting of the 2012 Egmont Working Groups and Committee Meeting in Manila, and as an appreciation for the efforts of the members of the Preparatory Committee, the AMLC Secretariat spearheaded a thanksgiving party on 23 May 2012.

The members of the Council, headed by Governor Amando M. Tetangco, Jr., BSP Governor and AMLC Chairman, joined the celebration with the BSP and AMLC Secretariat personnel who contributed to the success of the Egmont Meeting.

In his welcome remarks, Governor Tetangco acknowledged the various committees of the Preparatory Committee and noted how the guests of the Egmont Meeting and other multilateral institutions uniformly gave positive feedback on the hosting by the Philippines of such an important international event. Governor Tetangco proudly announced that the guests of the Egmont Meeting have communicated in words and deed how much they enjoyed their stay in the Philippines. He called on the members of the Preparatory Committee to continue doing their best in serving our country through the AMLC and its member institutions and reiterated our common goal to underscore our country's deep commitment to the global fight against money laundering and terrorism financing.



## Best Egmont Case Award (BECA)

The AMLC had the distinct honor of receiving from the Egmont Group Secretariat a Certificate of Recognition for its second place finish in the 2012 Best Egmont Case Award (BECA) competition held on 9 to 13 June 2012 in St. Petersburg, Russia.

The AMLC, along with the other one hundred thirty one (131) Egmont Member-Financial Intelligence Units, participated in the said competition in response to a letter from the Egmont Training Working Group Chair. The AMLC's official entry to the competition involved a Kidnapping for Ransom case in Zamboanga City and Basilan that occurred sometime in July 2011, wherein the victims were two (2) U.S. citizens, and a Filipino.



Rosfinmonitoring, the FIU of Russia, was awarded the first place for their entry involving a case of misappropriation of funds.

## AMLC Ranking in the Makati Business Club's (MBC) Outlook Survey, Second Semester 2012

The AMLC garnered its first appearance in the Makati Business Club (MBC) Executive Outlook Survey, ranking 12<sup>th</sup> in the survey. The MBC Survey was conducted beginning 19 June up to 23 July 2012. Out of the fifty-three (53) government offices and agencies, only thirty-six (36) received positive net satisfaction scores in the survey. The AMLC enjoyed a net satisfaction score of 54.5% from the respondents in the said survey.

The result of the MBC Outlook Survey reflects the perception of the members of the business sector on the performance and delivery of services of the different government offices and agencies covering the period from July 2011 to June 2012.



**MAKATI BUSINESS CLUB EXECUTIVE OUTLOOK SURVEY**  
Second Semester 2012

**PERCEPTION OF GOVERNMENT PERFORMANCE: YEAR TWO UNDER PNOY'S ADMINISTRATION**

*How business rated the performance of government offices, agencies, and services  
over the previous 12 months (July 2011 to June 2012)  
(In % of respondents)*

July 2011 Rank	July 2012 Rank	Government Agency	July 2011 Net Score	Satisfied	Not Satisfied	July 2012 Net Score
1	1	Bangko Sentral ng Pilipinas	77.0	96.4	1.8	94.6
2	2	Department of Finance	67.6	90.9	9.1	81.8
32	2	Department of Tourism	(13.5)	89.1	7.3	81.8
7	4	Department of Budget and Management	44.6	83.6	12.7	70.9
8	5	Securities and Exchange Commission	40.5	81.8	12.7	69.1
n.a.	6	Philippine Economic Zone Authority	n.a.	81.8	14.5	67.3
3	7	Department of Trade and Industry	59.5	81.8	16.4	65.4
9	8	Office of the Vice President	37.8	76.4	18.2	58.2
6	9	Department of Education	45.9	78.2	21.8	56.4
23	10	Department of Labor and Employment	5.4	74.5	18.2	56.3
4	11	Department of Foreign Affairs	52.7	76.4	21.8	54.6
n.a.	12	Anti-Money Laundering Council	n.a.	72.7	18.2	54.5
n.a.	13	Board of Investments	n.a.	74.5	23.6	50.9
5	14	Department of Health	50.0	70.9	21.8	49.1
12	14	Commission on Higher Education	29.7	69.1	20.0	49.1
16	14	Office of the President	18.9	69.1	20.0	49.1
21	14	Senate	8.1	74.5	25.4	49.1
17	18	Department of Agriculture	14.9	69.1	21.8	47.3
44	18	Ombudsman	(51.4)	70.9	23.6	47.3
n.a.	20	Technical Education and Skills Development Authority	n.a.	63.6	20.0	43.6
17	21	Bureau of Internal Revenue	14.9	69.1	29.1	40.0
13	22	National Economic and Development Authority	27.0	65.4	27.3	38.1
11	22	Department of Social Welfare and Development	35.1	65.4	27.3	38.1
22	24	Department of Energy	6.8	67.3	30.9	36.4
30	25	Armed Forces of the Philippines	(12.2)	63.6	27.3	36.3
9	26	Department of Justice	37.8	63.6	32.7	30.9
20	27	Department of Public Works and Highways	10.8	65.4	34.6	30.8
14	28	Department of National Defense	24.3	60.0	30.9	29.1
19	29	Department of Science and Technology	12.2	60.0	32.7	27.3
26	30	Civil Service Commission	0.0	54.5	30.9	23.6
24	31	Commission on Audit	4.1	50.9	32.7	18.2
25	32	National Competitiveness Council	1.4	50.9	40.0	10.9
n.a.	32	Presidential Communications Group	n.a.	49.1	38.2	10.9
n.a.	34	Commission on Appointments	n.a.	49.1	40.0	9.1
15	35	Commission on Human Rights	20.3	45.4	41.8	3.6
27	36	Housing and Urban Development Coordinating Council	(10.8)	43.6	41.8	1.8
39	37	Department of Agrarian Reform	(29.7)	45.4	45.4	0.0
27	37	Department of Interior and Local Government	(10.8)	47.3	47.3	0.0
36	37	House of Representatives	(23.0)	49.1	49.1	0.0
43	40	Sandiganbayan	(44.6)	43.6	45.4	(1.8)
35	41	Climate Change Commission	(21.6)	40.0	45.4	(5.4)
n.a.	42	Legislative Executive Development Advisory Council	n.a.	38.2	43.6	(5.4)
36	43	Metro Manila Development Authority	(23.0)	43.6	52.7	(9.1)
27	44	Department of Transportation and Communications	(10.8)	41.8	54.5	(12.7)
32	45	Commission on Elections	(13.5)	36.4	52.7	(16.3)
30	46	Department of Environment and Natural Resources	(12.2)	36.4	54.5	(18.1)
40	47	Bureau of Customs	(33.8)	38.2	56.4	(18.2)
n.a.	48	Public-Private Partnership Center	n.a.	34.5	58.2	(23.7)
41	49	Philippine National Police	(35.1)	32.7	61.8	(29.1)
38	49	Garbage Collection	(25.7)	32.7	61.8	(29.1)
34	51	Supreme Court	(20.3)	27.3	69.1	(41.8)
45	52	Traffic Management	(64.9)	25.4	70.9	(45.5)
42	53	Appeals and Lower Court System	(41.9)	18.2	72.7	(54.5)

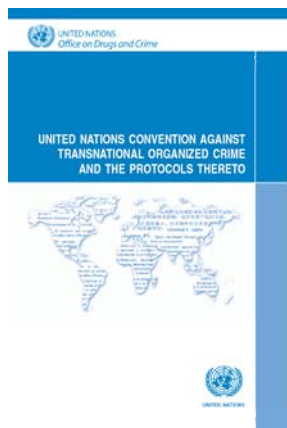
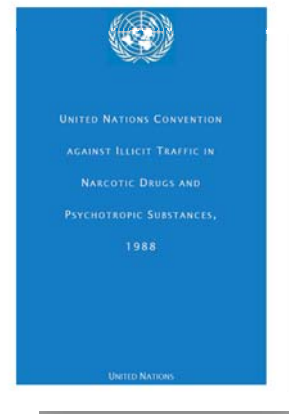
Totals may not add up to 100% due to rounding off or no response.

Number of respondent companies represented: 55 or 14.7% of 375 member companies excluding foreign embassies and offices

Survey period: 19 June to 23 July 2012

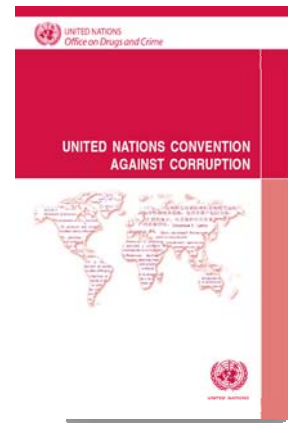
# United Nations Conventions Relevant to Anti-Money Laundering/ Countering the Financing of Terrorism Legislation

**1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention)**



**2000 United Nations Convention Against Transnational Organized Crime (the Palermo Convention)**

**2003 United Nations Convention Against Corruption (the Merida Convention)**

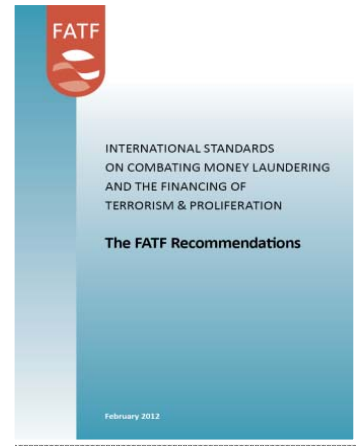


**1999 United Nations International Convention For the Suppression of the Financing of Terrorism**



## The Financial Action Task Force (FATF)\*

The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of G7 countries.\*\* The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system. The FATF is therefore a “policy-making body” which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.



The FATF issued the FATF Recommendations recognised as the international standards for combating money laundering, the financing of terrorism and proliferation of weapons of mass destruction. These form the basis for a co-ordinated response to threats to the integrity of the financial system and help ensure a level playing field. First issued in 1990, the FATF Recommendations were revised in 1996, 2001, 2003 and most recently in 2012 to ensure that these remain up to date and relevant, and they are intended to be of universal application.

The FATF monitors the progress of its members in implementing AML/CFT measures, reviews money laundering and terrorist financing techniques and



counter-measures, and promotes the adoption and implementation of appropriate measures globally. In collaboration with other international stakeholders, the FATF works to identify national-level vulnerabilities with the aim of protecting the international financial system from misuse.

The FATF's decision making body, the FATF Plenary, meets three times a year.

\* [www.fatf-gafi.org/pages/aboutus/](http://www.fatf-gafi.org/pages/aboutus/)

\*\*The G7 is a group consisting of the finance ministers of seven (7) industrialized nations: US, UK, France, Germany, Italy, Canada and Japan. The FATF currently has thirty-four (34) member-jurisdictions, two (2) regional organizations, eight (8) associate members and twenty-five (25) observers.

## Historical Background on the Philippines' AML/CFT challenges

- **14 February 2000** – The FATF set the 25 criteria to identify detrimental rules and practices which impede international cooperation in the fight against money laundering.
- **22 June 2000** – Twenty-six (26) jurisdictions were reviewed by the FATF. The Philippines, along with fifteen (15) other jurisdictions were identified to have serious problems.

~ **Review** on the Philippines –

*“49. x x x. The country lacks a basic set of anti-money laundering regulations such as customer identification and record keeping. Bank records have been under excessive secrecy provisions. It does not have any specific legislation to criminalise money laundering per se. Furthermore, a suspicious transaction reporting system does not exist in the country.*

*“50. During the past few years, the government has been seeking unsuccessfully for the Congress to pass several anti-money laundering Bills. The Government of the Philippines urgently needs to enact an anti-money laundering Bill during the current session of the Congress (June 2000 to May 2001), to criminalise money laundering, require customer identification as well as record keeping, introduce suspicious transaction reporting system and relax the bank secrecy provisions.”*

- **22 June 2001** – FATF regarded as inadequate the progress made by the Philippines, in addressing the serious deficiencies identified in June 2000.

FATF Statement on Countermeasures –

The FATF suggested:

***“enhanced surveillance and reporting of financial transactions and other relevant actions involving these jurisdictions is now required, including the possibility of:***

***a. Stringent requirements for identifying clients and enhancement of advisories, including jurisdiction specific advisories, xxx;***

***b. Enhanced relevant reporting mechanisms x x x of financial transactions on the basis that financial transactions with such countries are more likely to be suspicious;***



c. In considering requests for approving the establishment in FATF member countries of subsidiaries or branches or representative offices of banks, taking into account the fact that the relevant bank is from an NCCT; and

d. Warning non-financial sector business that transactions with entities within the NCCTs might run the risk of money laundering.”

~ Countermeasures imposed by the US and Hong Kong:

1. The United States, through its Department of Treasury, issued Advisory 24 dated July 2000:

*“Thus, banks and other financial institutions operating in the United States should carefully consider, when dealing with transactions originating in or routed to or through the Philippines, or involving entities organized or domiciled, or persons maintaining accounts, in the Philippines, x x x. x x x All institutions are particularly advised to give enhanced scrutiny to transactions or banking relationships that do not involve established, and adequately identified and understood, commercial or investment enterprises.”*

2. The Hong Kong Monetary Authority, in its 3 August 2001 letter to all Hong Kong authorized institutions, advised that additional counter-measures should be applied to the Philippines effective 30 September 2001 unless the Philippines **“enacts significant legislation which address the identified money laundering concerns”**. Also, the Hong Kong Monetary authority in its letter dated 27 September 2001 reminded all Hong Kong authorized institutions to **“include relevant information where appropriate in their staff training programmes in respect of the prevention of money laundering, with special emphasis on the Philippines”**.

- **29 September 2001** – Republic Act No. 9160 (AMLA) was enacted by the Philippine Congress.
- **21 June 2002** – FATF welcomed the progress made by several jurisdictions including the Philippines but stated that **“until the deficiencies have been fully addressed and the necessary reforms have been sufficiently implemented, it believes that scrutiny of transactions with these jurisdictions x x x continues to be necessary and reaffirms its advice of June 2000 to apply x x x.”**

~ Review on the Philippines –

*“60. The Anti-Money Laundering Act (AMLA) of 2001 was enacted on 29 September 2001 and took effect 17 October 2001. x x x. Although the Philippines’ authorities interpret the regulations as requiring the reporting of all suspicious transactions, this nevertheless conflicts with the AMLA, which only requires reporting of high threshold suspicious transactions. A legislative measure is needed to address this issue.*

61. *The law allows the AMLC to access account information upon a court order, but a major loophole remains in that secrecy provisions still protect banking deposits made prior to 17 October 2001. Secrecy provisions also still restrict bank supervisors' access to account information. "*

- **14 February 2003** – FATF decides to impose counter-measures to the Philippines:

***"The FATF has taken step of recommending that its members impose additional counter-measures against the Philippines due to the failure of the Philippines to enact legislation to address the previously identified deficiencies in their anti-money laundering regimes. The FATF calls upon the Philippine Government to enact appropriate legislative amendments by 15 March 2003. Failure would lead to counter-measures to the Philippines as of that date. FATF will continue to monitor ongoing legislative development within that time."***

- **7 March 2003** – Republic Act No. 9194 was signed into law.
- **13 March 2003** – ***"Members of the FATF decided not to apply any counter-measures to the Philippines in addition to Recommendations 21. However, the Philippines will remain on the list of non-cooperative countries and territories (NCCT) until it has implemented effectively its new anti-money laundering legislation."***
- **11 February 2005** - The FATF removed the Philippines from the NCCT list after the FATF Asia Pacific Review Group (APG) confirmed that the Philippines effectively implemented anti-money laundering measures.
- **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).
- **8 July 2009** – The Philippine Mutual Evaluation Report was adopted by the APG Plenary in Brisbane, Australia.
- **February 2010** – The FATF decided to include the Philippines in the International Cooperation Review Group (ICRG) pool of jurisdictions to be further reviewed and monitored with respect to updated AML/CFT international standards.
- **February 2010 to May 2010** – The FATF-ICRG's Asia/Pacific Regional Review Group (APRRG) conducted a *prima facie* review of the Philippine AML/CFT regime.

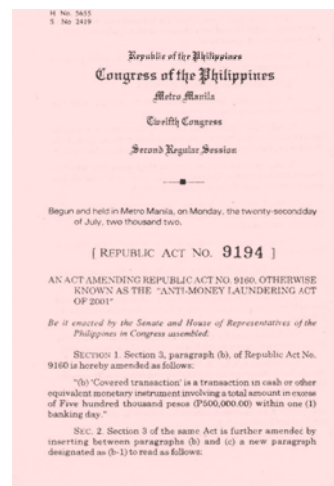
- **June to October 2010** – The Philippines underwent a targeted review by the ICRG of the FATF through its APRRG co-chaired by Malaysia and Australia and was placed in the FATF’s pool of vulnerable jurisdictions or the “grey” list.
- **15 September 2010** – A face-to-face meeting between the Philippines and the APRRG was held where an Action Plan was jointly developed to address the strategic deficiencies in the Philippines’ AML/CFT Regime. The Action Plan required, *inter alia*, the enactment of a law further amending the AMLA and another law criminalizing terrorism financing as a stand-alone offense.
- **September 2010 to February 2012** – The proposed bills further amending the AMLA and enacting the Terrorism Financing Suppression Act were filed and remained pending before the House of Representatives and the Senate.
- **16 February 2012** – The FATF decided to downgrade the Philippines from the “grey” list to the “dark-grey” list of vulnerable jurisdictions.
- **18 June 2012** – RA No. 10167, entitled “An Act to Further Strengthen the Anti-Money Laundering Law, Amending for the Purpose Sections 10 and 11 of Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended, and for Other Purposes” and RA No. 10168, entitled “An Act Defining the Crime of Financing of Terrorism, Providing Penalties Therefor and for Other Purposes” were signed into law.
- **22 June 2012** – The FATF upgraded the Philippines from the “dark-grey” list back to the “grey” list following the enactment of RA Nos. 10167 and 10168.

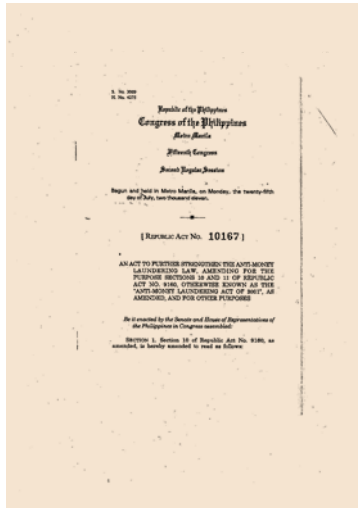
# Anti-Money Laundering/ Countering the Financing of Terrorism Legislation



**RA No. 9160** – The Anti-Money Laundering Act of 2001 took effect on 17 October 2001 to enable the country to participate in the global campaign against money laundering. It was the Philippines' response to the aim of the Financial Action Task Force (FATF) to have all countries adopt and implement anti-money laundering and combating the financing of terrorism measures.

**RA No. 9194** – An Act that amends the Anti-Money Laundering Act of 2001. It remedies the serious flaws noted in the law after just one year since its enactment. It took effect on 23 March 2003.





**RA No. 10167** – An Act further strengthening the Anti-Money Laundering Act of 2001. It was enacted to address some of the strategic deficiencies noted by the FATF’s International Cooperation Review Group (ICRG) in the Philippines’ AML/CFT Regime. It took effect on 6 July 2012.

**RA No. 10168** – The Terrorism Financing Prevention and Suppression Act of 2012 was enacted to criminalize terrorism financing and associated offenses. It includes terrorism financing as a predicate offense to money laundering. The law took effect on 5 July 2012.



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