



# ANNUAL REPORT AMLC

2013

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**HON. AMANDO M. TETANGCO, JR.**

Chairman, Anti-Money Laundering Council

Governor, Bangko Sentral ng Pilipinas

**MESSAGE**

The Philippines gained in 2013 a stronger and expanded mandate in its fight against money laundering and terrorist financing.

The 15th Congress passed on 6 February 2013 and President Benigno S. Aquino III approved on 15 February 2013 Republic Act No. 10365, the third revision to the anti-money laundering law, which significantly reinforced the powers of the Anti-Money Laundering Council (AMLC).

Among others, it broadened the definition of the crime of money laundering; brought natural persons within the country's anti-money laundering (AML) regime; expanded the definition of "covered institutions" to "covered persons"; allowed AMLC to investigate a wider range of offenses; and authorized AMLC to provide assistance to more local and international law enforcement agencies.

Indeed, the Philippine Government continues to find ways to escalate and intensify its campaign to stop money laundering and terrorist financing in accordance with global standards.

Also during the year, AMLC issued Resolution Nos. 10, 10-A, 10-B and 10-C, or what we call the Reso 10 series, to further improve data collection necessary in the investigation of money laundering and its predicate offenses. Among others, AMLC started using enhancements such as the Suspicious Transaction Reports (STRs) Attachment Checker. At

the same time, additional measures were taken to ensure that the analysis of STRs and its profiling are conducted according to levels of priority.

For AMLC, 2013 was also characterized by successful domestic and international collaborations. Among others, AMLC entered into a Memorandum of Agreement (MOA) with the Securities and Exchange Commission (SEC) to promote and encourage cooperation and coordination in the local fight against money laundering. AMLC also entered into a Memorandum of Understanding (MOU) with the Financial Intelligence Unit (FIU) of Greece. This raised AMLC's number of MOUs with other FIUs to 38 as of December 2013.

AMLC continued to help in the global efforts to counter money laundering by taking appropriate action on 134 requests for assistance from other FIUs during the year.

The collective efforts of Government agencies - including AMLC, the Bangko Sentral ng Pilipinas, the Insurance Commission and the Securities and Exchange Commission - spared the country from being blacklisted with jurisdictions that pose a risk to the financial international system. In fact, the Financial Action Task Force (FATF), the global standard setting body for anti-money laundering and combating the financing of terrorism, has removed the Philippines from the list subject to its monitoring process.

In this connection, I commend the AMLC Secretariat for its success in assisting AMLC fulfill its mission and undertaking anti-money laundering operations.

I also thank the other two members of the AMLC – The Chairperson of the Securities and Exchange Commission and the Commissioner of the Insurance Commission – for their cooperation, vigilance and firm resolve in helping lead our country's fight against money laundering and terrorist financing.

We look forward to working and collaborating more closely with other government agencies and FIUs in keeping our country safe from criminal elements who through money laundering and terrorist financing seek to undermine peace and the rule of law in the Philippines.

A handwritten signature in black ink, consisting of a stylized first name followed by a surname and a long horizontal line extending to the right.





**HON. TERESITA J. HERBOSA**

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

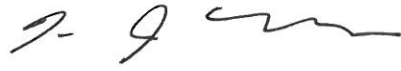
**MESSAGE**

Much has changed over the last twenty-five years when the field of anti-money laundering was first introduced globally with the founding of the Financial Action Task Force (FATF) in 1989. Some of the changes include the broadening of the coverage of anti-money laundering (AML) efforts to combat the financing of terrorism (CFT) and the shift from rules-based to a risk-based approach with respect to compliance by covered persons to AML rules and regulations.

The Philippines has joined the international community in making the fight against money laundering and terrorism financing a priority. The AMLC continues to stand firm in its commitment to ensure that our country shall not be used as a money laundering haven for proceeds of any unlawful activity.

This year, the AMLC achieved another milestone when Republic Act No. 10365 was signed into law on 15 February 2013 and took effect on 7 March 2013. By virtue of the said amendment, predicate crimes to money laundering increased which now include illegal recruitment and human trafficking, among others. This new legislation made our AML/CFT regime even stronger and prompted the FATF to remove the Philippines from the list of vulnerable jurisdictions. The removal of the Philippines from this list would reassure that the Philippines have sound AML/CFT policies in place to help sustain financial stability and economic growth.

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 terrorism financing

A handwritten signature in black ink, consisting of a stylized 'J' followed by a series of loops and a horizontal line.



**HON. EMMANUEL F. DOOC**

Member, Anti-Money Laundering Council

Commissioner, Insurance Commission

#### **MESSAGE**

The AMLC has again risen to the occasion in achieving all its endeavors amidst the various devastating natural calamities, socio-political conflicts, controversial cases and challenges in 2013.

Despite these domestic circumstances, the AMLC continues to fulfill its mandate enshrined in Republic Act 9160, or the Anti-Money Laundering Act of 2001. In close coordination with various agencies and institutions, the AMLC has remained committed to its tasks to conduct investigation and to successfully initiate and pursue cases against perpetrators of anti-money laundering/combating the financing of terrorism (AML/CFT) violations.

Our AML/CFT team has also remained steadfast in further enhancing our capabilities and roles as public servants. I know that a rapidly changing society like this, which is driven by higher levels of technological advancements, will afford criminals and terrorists new opportunities for exploiting, disrupting and harming society. But I am confident that our AML/CFT team will be ready to face the daunting task of staying abreast with the many innovations and changes in the country.



Allow me to express my deepest appreciation and gratitude to the other members of the AMLC team for their dedication, perseverance and unwavering support on our given mandate, for being a vital game-changer in Philippine society. Their persistence and passion will immensely contribute in bringing about the much needed transformation in the Philippine landscape – a real and genuine progressive nation steeped in pride, honor, discipline and dignity, attainable only through political stability, social justice and a sustainable economic growth.

A handwritten signature in black ink, appearing to be 'Ernesto', with a long horizontal stroke extending to the right.



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

Executive Director

Anti-Money Laundering Council Secretariat



### **MESSAGE**

Truly, the year 2013 marked a significant milestone in the country's AML/CFT Regime. After a relentless campaign to address the deficiencies in its AML/CFT regime which have been identified some four years ago, the Philippines finally got a thumbs up from the Financial Action Task Force (FATF), the global watchdog on combating money laundering and terrorist financing, and got out of the list of monitored jurisdictions under the FATF's on-going global AML/CFT compliance process. This feat was brought about by the passage in the same year of the third amendatory law to the AMLA, Republic Act No. 10365, which spared the Philippines from being blacklisted by the FATF and becoming a subject of countermeasures by the international community. Having gone through a lot of challenges, the Philippines' AML/CFT regime's graduation to "compliant" standing was indeed a sweet victory.

The enactment of Republic Act No. 10365 demonstrated how joint and collective efforts could surmount great challenges and produce immense benefit for the country. The combined force of the Congress and the Office of the President, the firm resolve of the AMLC Chairman and Members, and the unyielding support of the other government agencies altogether made it possible for the Philippines to contend with international pressures and meet the requirements for global recognition of being a "compliant" jurisdiction.

Despite our modest gains in improving our AML/CFT regime, this is no time to rest on our laurels. To be sure, there is much more to be done. Things are fast changing and international standards are being upgraded constantly. We have to continue our endeavor in not just making the Philippines fully compliant with international standards, but in making the country truly hostile to launderers and terrorist financiers. It is, thus, hoped that this considerable accomplishment in 2013 will bring the Philippine government to greater heights in its efforts to build a truly robust anti-money laundering system and pave the way to stamping out the twin evils of money laundering and terrorist financing in the country.

On a personal note, the year 2013 was equally significant to me as I assumed the role of the Head of the AMLC Secretariat in March of that year. The year afforded me greater opportunity -- and greater responsibility -- of leading a very dynamic team in implementing the government and Council's policies against money laundering and terrorist financing. And with all the support that I have been receiving from the Council, the Secretariat, partner agencies and the private sector, I have no regret taking on such great task.

A handwritten signature in blue ink, appearing to be 'Javier', written in a cursive style.



# THE ANTI-MONEY LAUNDERING COUNCIL

## General Information and Organization

In line with the policy of the State to protect the integrity and confidentiality of bank accounts and to ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity, the **Anti-Money Laundering Council (AMLC)** was created pursuant to Republic Act No. 9160, otherwise known as the “Anti-Money Laundering Act of 2001” (AMLA).

The AMLC’s main 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).

The AMLC is the Philippines’ Financial Intelligence Unit (FIU) similar to the Financial Crimes Enforcement Network (FinCEN) of the United States, the Financial Transaction and Reports Analysis Centre (FINTRAC) of Canada, and the Australian Transaction Reports and Analysis Center (AUSTRAC) of Australia. The AMLC is often referred to as a “hybrid-type” of FIU because unlike other FIUs, it has both investigative and prosecutorial powers.

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.



SEC Chairperson  
Member



BSP Governor  
Chairman






Insurance Commissioner  
Member

## **Vision**

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

## **Functions**

Under the AMLA, as amended, and its Revised Implementing Rules and Regulations (RIRRs), the AMLC is empowered to:

- (1) require and receive covered or suspicious transaction reports from covered persons;
- (2) issue orders addressed to the appropriate Supervising Authority or the covered persons 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 instruments used in or intended for use in any unlawful activity as defined in Section 3(h) of the AMLA, as amended;
  - 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 through the Office of the Solicitor General;
- (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, as amended;
- (7) formulate and implement such measures as may be inherent, necessary, implied, incidental and justified under the AMLA, as amended, 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, as amended. 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, as amended. The AMLC is authorized under Sections 7(8) and 13(b) and (d) of the AMLA, as amended, 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 the national interest of the Philippines;
- (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 divulge to the AMLC all information that may, in any way, facilitate the resolute prevention, investigation and prosecution of money laundering offenses and other violations of the AMLA, as amended, 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 (Php500,000.00) within fifteen (15) days from the date of registration of the transaction, in a form to be prescribed by the AMLC. 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, as amended, and other relevant laws and regulations; and
- (13) impose administrative sanctions pursuant to Rule 14.a.4 of the RIRRs for the violation of laws, rules, regulations, orders and resolutions issued pursuant thereto, as may be determined by the AMLC.

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

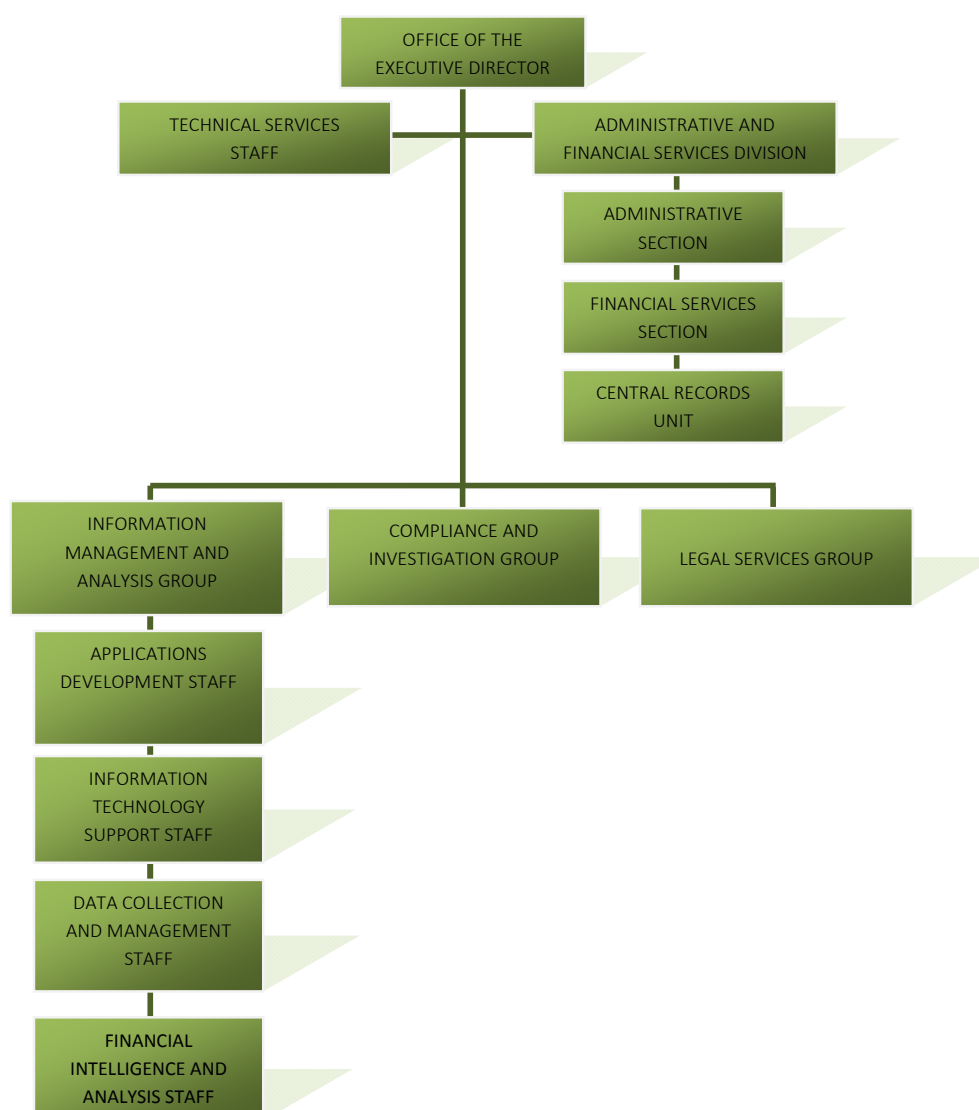
- (1) investigate financing of terrorism either upon its own initiative or upon request of the Anti-Terrorism Council (ATC);
- (2) prosecute terrorism financing activities and other violations of the TF Suppression Act;
- (3) enlist the assistance of any branch, department, agency or instrumentality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

## THE AMLC SECRETARIAT

The AMLA, as amended, specifically provided for the creation of the AMLC Secretariat to assist the Council in fulfilling its vision and mission and in undertaking any or all of its anti-money laundering operations.

Headed by an Executive Director who has a term of five (5) years and must be a member of the Philippine Bar, this team of talented and dedicated professionals endeavors to better perform the functions of the AMLC each working day.

There are six (6) organizational units in the Secretariat that support the Council in the discharge of its functions:



## Office of the Executive Director (OED)

- supervises and controls the operations and functions of the Secretariat
- ensures the proper execution/implementation of the policies, rules and regulations of the AMLC, as stated in the AMLA, as amended
- enforces decisions made by the AMLC and recommends actions thereto
- ensures coordination with counterpart FIUs and other relevant foreign and domestic agencies or organizations and represents the AMLC in domestic and international *fora*



## Technical Services Staff (TSS)

- handles international and domestic money laundering and terrorism financing issues and concerns such as, but not limited to, negotiation of Memoranda of Understanding or Agreement between the AMLC and other FIUs or agencies; matters related to the Asia Pacific Group (APG) on Money Laundering, Egmont Group, Financial Action Task Force (FATF) and other international organizations and foreign government or law enforcement agencies (LEAs); matters related to the AMLC's membership in the National Law Enforcement Coordinating Committee (NALECC) and its chairmanship in the NALECC's Sub-Committee on Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT); and coordination of the Financial Sector Liaison Committee
- conducts and develops training programs on AML/CFT and gather, research and study all documentary requirements, materials, data and information related to Technical Assistance and Training received or provided by the AMLC.
- conducts data gathering, studies, research and planning that will aid the AMLC in drafting AML/CFT policies and guidelines



## **Information Management and Analysis Group (IMAG)**

- takes charge of the management and application of information technology (IT) for the electronic submission and conducts tactical and strategic analysis of covered and suspicious transaction reports (CTRs and STRs)

IMAG is composed of four (4) sub-groups, namely: the Applications Development Staff, Information Technology Support Staff, Data Collection and Management Staff, and the Financial Intelligence and Analysis Staff.

### ***Applications Development Staff***

- formulates, develops, implements, reviews, and maintains the IT policies, plans, systems, modules, programs, and projects for the Council and the Secretariat.

### ***Information Technology Support Staff***

- manages the performance, administration, preventive maintenance and utilization of data center and network infrastructure of AMLC's IT software and databases and act as technical support on communication systems and/or hardware problems of end-users and covered persons.

### ***Data Collection and Management Staff***

- collects, processes, validates, disposes and archives all documents submitted to the AMLC and the Secretariat involving CTRs/STRs, including the management of data security and data quality assurance.



INFORMATION MANAGEMENT AND  
ANALYSIS GROUP



APPLICATIONS  
DEVELOPMENT STAFF



IT SUPPORT STAFF



DATA COLLECTION AND  
MANAGEMENT STAFF



### ***Financial Intelligence and Analysis Staff***

- provides proactive analysis of financial intelligence, typologies development, review of data elements and current developments on money laundering activities and provides intelligence analysis coordination and support to the AMLC Secretariat investigators on CTRs/STRs received; international and domestic agencies regarding financial intelligence data; and other external agency data sources.



FINANCIAL INTELLIGENCE



### **Compliance and Investigation Group (CIG)**

- investigates suspicious transactions, covered transactions deemed suspicious, money laundering activities and other violations of the AMLA, as amended, terrorism financing activities and other violations of the TF Suppression Act, as well as cases referred by law enforcement and other agencies of the government and requests of other jurisdictions and international organizations for assistance
- gathers evidence for the purpose of establishing probable cause required in the filing of petitions for freeze orders, applications for bank inquiry, civil forfeiture cases and criminal complaints for money laundering
- testifies in court in cases filed by the AMLC and in cases of unlawful activities filed by concerned LEAs
- conducts administrative investigation on compliance issues involving covered persons which were noted by Supervising Authorities in the regular or special examination



COMPLIANCE AND  
INVESTIGATION GROUP

## Legal Services Group (LSG)

- evaluates the findings and recommendations of the CIG and drafts AMLC Resolutions containing specific actions of the Council relative thereto
- coordinates with other government agencies in relation to the evaluation and prosecution of cases relative to the violations of the AMLA, as amended 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
- drafts amendments to the AMLA and/or its implementing rules and regulations
- prepares legal opinion interpreting the AMLA and its implementing rules and regulations
- acts as resource person on the AMLA and other relevant laws and rules, as may be necessary.



LEGAL SERVICES GROUP

## Administrative and Financial Services Division (AFSD)

- takes charge of the administrative and financial service requirements of the Secretariat.

### **Administrative Section**

- responsible for personnel management and for the supply, property and personnel records management.

### **Financial Services Section**

- prepares the AMLC annual budget and responsible for all the financial service requirements of the AMLC Secretariat.

### **Central Records Unit**

- updates and maintains an accurate inventory list of all the record holdings of the AMLC Secretariat and maintains an electronic database or duplicate copies of all documents received by the Secretariat.

ADMINISTRATIVE AND  
FINANCIAL SERVICES DIVISION

ADMINISTRATIVE SECTION



FINANCIAL SERVICES SECTION



CENTRAL RECORDS UNIT

## **Profile**

Human resources are often referred to as the greatest assets of an organization and some even referred to it as to comprise the intellectual capital of an institution. It is with people's skills, knowledge and commitment that define, or even differentiate, an organization from another. The same is true with the AMLC Secretariat, whose personnel come from diverse backgrounds and consistently drive the FIU to realize its full potentials.

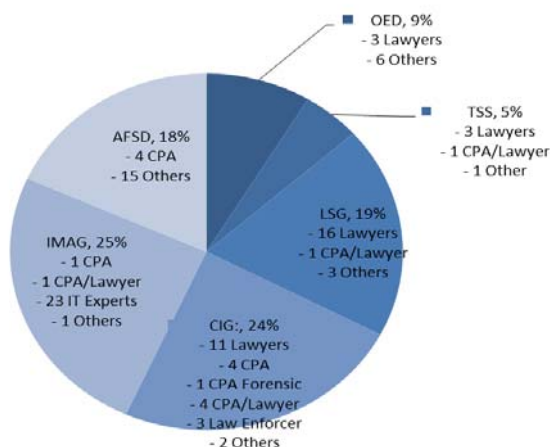
At the end of 2013, the Secretariat had one hundred four (104) personnel. It is not just the quantity or number of personnel that the AMLC Secretariat has, but rather the competencies, potentials, and most importantly, the experience that these personnel bring.

Officers and personnel with different experience and educational backgrounds were recruited by the Secretariat to strengthen the capacity of the AMLC to investigate and prosecute money laundering and terrorism financing cases.

Most of the AMLC Secretariat personnel, especially the financial investigators, had law enforcement background from the National Bureau of Investigation (NBI), the Philippine National Police (PNP), and the Philippine Drug Enforcement Agency (PDEA), while other officers and staff had regulatory experience from the BSP, IC and SEC. On the other hand, the lawyers from the Legal Services Group had extensive litigation experience from the Public Attorney's Office, the Office of the Solicitor General (OSG), and other private law firms.

As of 31 December 2013, the total number of *plantilla* positions in the AMLC Secretariat is one hundred nine (109) and out of which one hundred four (104) positions were filled. The IMAG comprises the biggest number of personnel with twenty-nine (29) employed officers and staff, while the CIG has the second largest number of staff consisting of twenty-six (26) personnel. On the other hand, both the LSG and the AFSD each have twenty (20) personnel under their organizational units. The OED and TSS have a total of nine (9) and five (5) personnel, respectively.

**Figure 1. Personnel Information  
As of 31 December 2013**



Most AMLC Secretariat personnel are licensed professionals and experts in their field. Out of the one hundred four (104) personnel, forty (40) are members of the Philippine bar and seven (7) of them are also certified public accountants (CPA). In addition, there are nine (9) CPAs, one (1) forensic accountant, twenty-three (23) IT experts and three (3) financial investigators who were former police officers.

## **Capacity Building Trainings and Seminars**

The AMLC is committed to the continuing expansion of the knowledge and development of the AMLC Secretariat personnel. Every year, the competencies of both officers and staff are developed and strengthened through participation in the various international and domestic trainings and seminars. In 2013, the AMLC Secretariat personnel had several opportunities to further increase their knowledge and develop their skills in combating money laundering and terrorism financing.

A number of AMLC Secretariat personnel attended plenaries, *fora*, and conferences abroad not only as participants but also as resource speakers, subject matter experts or even as advisory panel members/assessors of several AML/CFT regimes in different jurisdictions. Below is the complete list of these trainings/conferences:

1. 1<sup>st</sup> Project Anti-Transnational Financial crime (ATFC) Working Group Meeting, 15 to 16 January 2013, Hong Kong;



2. Egmont Working Group and Committee Meetings, 20 to 23 January 2013, Ostend, Belgium;
3. Global Counter Terrorism Forum Meeting, 28 January to 1 February 2013, Medan, Indonesia
4. Country Visit to Malaysia relative to its Implementation of the UNCAC, 3 to 8 February 2013, Kuala Lumpur, Malaysia;
5. FATF Plenary and Working Group Meetings , 18 to 20 February 2013, Paris, France;
6. Expert Working Group Meeting on Preventing Terrorist Abuse of the Nonprofit Sector, 5 to 7 March 2013, New York, USA;
7. APG/IMF FATF Standards Workshop and National Risk Assessment Workshop, 25 to 29 March 2013, Singapore;
8. Annual AML/Financial Crime Conference, 22 to 23 April 2013, Bangkok, Thailand;
9. APG/ASEAN Regulatory/Supervisory Workshop, 22 to 24 April 2013, Kuala Lumpur, Malaysia;
10. Terrorism Financing Investigations Workshop, 20 to 24 May 2013, Semarang, Indonesia;
11. FATF Plenary and Working Group Meetings, 17 to 21 June 2013, Oslo, Norway;
12. 21<sup>st</sup> Egmont Group Plenary, 1 to 5 July 2013, Sun City, South Africa;
13. 16<sup>th</sup> APG Annual Meeting and Annual Forum on Technical Assistance and Training, 15 to 19 July 2013, Shanghai, China;
14. The Revised International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation, 11 to 17 August 2013, Singapore;
15. Cyber-Ark's 2013 Annual Customer Summit, 13 to 14 August 2013, Singapore;
16. APG Workshop on FATF Standards/Assessment Methodology, 28 to 30 August 2013, Seoul, Korea;
17. APEC Pathfinder Project on Combating Corruption and Illicit Trade Through a Dialogue, 23 to 25 September 2013, Bangkok, Thailand;





18. Joint APG/EAG Annual Typologies Meeting and Capacity Building Workshop, 23 to 27 September 2013, Ulaanbaatar, Mongolia;
19. Peer Review Group of the Organization for Economic Cooperation and Development Global Forum on Transparency and Exchange of Information for Tax Purposes, 1 to 4 October 2013, Paris, France;
20. 5<sup>th</sup> Session of the International Forum on Crime and Criminal Law in the Global Era, 26 to 28 October 2013, Beijing, China;
21. Deutsche Bundesbank's Seminar on Combating Money Laundering, 28 October to 1 November 2013, Frankfurt, Germany;
22. Workshop for the Implementation of the MECO-TECO Agreement on the Mutual Legal Assistance in Criminal Matters, 11 to 12 November 2013, Singapore;
23. 5<sup>th</sup> Session of the Conference of Parties to the United Nations Convention Against Corruption (UNCAC), 25 to 29 November 2013, Panama City;
24. UNCTED Regional Asset Freezing Workshop, 2 to 4 December 2013, Bangkok, Thailand; and
25. AML & Compliance Asia, 3 to 5 December 2013, Singapore.

## **Budget**

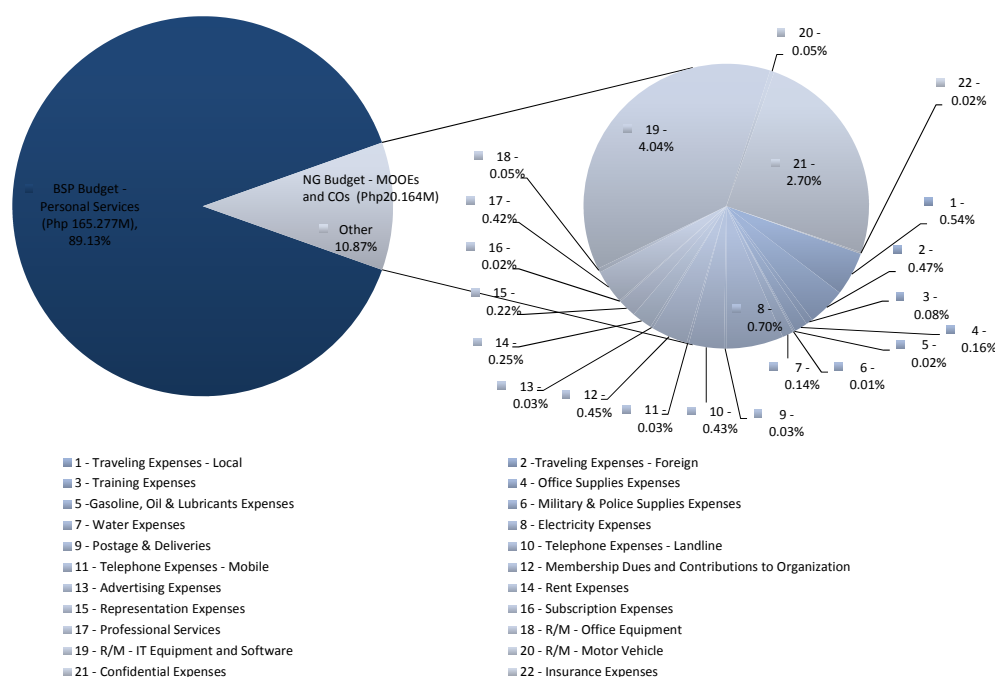
In 2013, the total approved budget for AMLC's Maintenance and Other Operating Expenses (MOOE) was in the amount of Twenty Million One Hundred Sixty Four Thousand Pesos (Php20,164,000.00). The bulk of the MOOE budget was allotted for Repair and Maintenance (R/M) and for Confidential, Intelligence, Extraordinary and Miscellaneous Expenses (CIEME), consisting of 24.76% and 31.32% of the entire budget, respectively.

Majority of the R/M budget was spent on the administration, preventive maintenance and utilization of IT Equipment and Software, while majority of the CIEME budget was expended for AMLC's confidential operations and/or investigations.

Meanwhile, AMLC's total budget allotted for Personal Service expenses amounted to PHP185,441,200.23. This budget was provided by the Bangko Sentral ng Pilipinas because all members of the AMLC Secretariat are full-time permanent employees of the BSP pursuant to Section 8 of the AMLA, as amended.

The figure below shows the distribution of the AMLC's total budget for the year 2013.

**Figure 2. Distribution of AMLC's Total Budget of Php185.441M For FY 2013**



# **COLLECTION AND ANALYSIS OF COVERED AND SUSPICIOUS TRANSACTION REPORTS**

One of the main functions of the AMLC under the AMLA, as amended, is to require all covered persons to submit CTRs and STRs. The IMAG of the AMLC Secretariat is primarily responsible for the data collection and analysis of these CTRs and STRs.

In 2013, the AMLC Secretariat, through effective coordination with the members of the Financial Sector Liaison Committee Technical Working Group (FSLC TWG), facilitated the drafting and consequent approval by the AMLC of Resolution Nos. 10, 10-A, 10-B and 10-C, or commonly known as the Reso 10 Series. The Reso 10 Series, which pertains to the revisions on submission of CTR/STR, aims to improve the data collection strategy of the AMLC in order to obtain valuable information necessary in the investigation of money laundering and its predicate offenses.

The AMLC Secretariat has also employed systems enhancement such as STR Prioritization and Suspicious Transaction Report Attachment Checker (STRAC) to assist the IMAG personnel in the analysis of STRs. The STR Prioritization, a sub-module of the document tracking system (DTS), is a classification process which enables profiling of STRs according to its level of priority based on unlawful activity/suspicious circumstance. On the other hand, the STRAC, a server-based application, allows the covered person to upload files as attachments to the corresponding STR. The STRAC also processes these files and uploads a copy of the same in the DTS for the access of the Secretariat's financial analysts.

## **Collection of CTRs and STRs**

Under the provisions of the AMLA, as amended, covered persons are mandated to report to the AMLC all covered and suspicious transactions within five (5) working days from the occurrence of such transactions, unless the AMLC prescribes a longer period not to exceed fifteen (15) working days.<sup>1</sup>

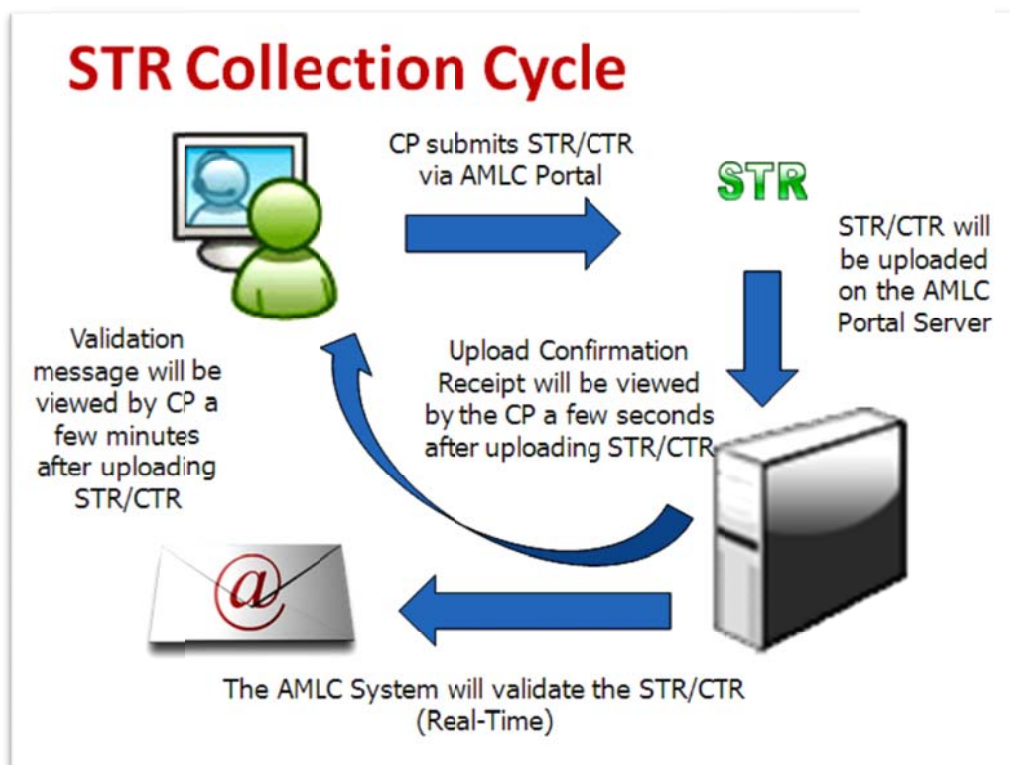
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<sup>1</sup>On 26 February 2014, the AMLC issued Resolution No. 11 which prescribed the reporting of covered transactions and suspicious transactions to the AMLC within ten (10) working days from occurrence thereof.

The RIRRs of the AMLA, as amended, provides that the CTRs and STRs should be submitted in the forms prescribed by the AMLC, in a secured manner or in electronic form. Covered persons should submit their CTRs and STRs in encrypted electronic form through the AMLC internet portal. However, in cases wherein the AMLC internet portal is offline, covered persons may submit the encrypted CTRs and STRs as email attachment through their respective duly authorized Compliance Officers or alternate representative.

The figure below shows how covered and suspicious transactions are being reported to the AMLC.

**Figure 3. Covered and Suspicious Transaction Reports Process**



As of 31 December 2013, a total of 1,478 covered persons (1,339 BSP-Supervised, 128 IC-Supervised and 5 SEC-Supervised) have registered with the AMLC. Of the 1,478 covered persons, only 52.8% or 781 submitted reports to AMLC. The 47.8%, which are mostly non-bank financial institutions, such as pawnshops, money changers, remittance agents, foreign exchange dealers and financing companies, either have no transactions exceeding the reporting threshold or they deferred the reporting of certain covered transactions pursuant to AMLC Resolution No. 292 (2003), which required the reporting of covered transactions only if the transactions were in cash.

Table 1 below shows the breakdown of the registered and reporting covered persons per Supervising Agency from 2011-2013. There is only a 3.8% increase in the number of registered reporting institutions in 2013 as compared to 1.0% in 2012 despite the AMLC Secretariat's information campaign on the registration of covered persons.

**Table 1. Number of Covered Persons registered with AMLC**

	As of 31 December 2011		As of 31 December 2012		As of 31 December 2013	
	AMLC REGISTERED	WITH CTRs/STRs	AMLC REGISTERED	WITH CTRs/STRs	AMLC REGISTERED	WITH CTRs/STRs
BSP	1,277	768	1,283	766	1,337	717
IC	128	51	128	51	128	58
SEC	12	4	12	4	13	6
<b>TOTAL</b>	<b>1,417</b>	<b>823</b>	<b>1,423</b>	<b>821</b>	<b>1,478</b>	<b>781</b>

Table 2 below shows the number of CTRs and STRs received from covered persons supervised by the BSP, SEC and the IC in 2013 compared to 2012.

**Table 2. Number of CTRs and STRs, 2013**

	BSP Supervised		SEC Supervised		IC Supervised		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>CTRs</b>	45,531,805	48,959,738	52,512	17,714	90,539	84,534	45,674,856	49,061,986
<b>STRs</b>	94,270	17,524	17	25	263	162	94,550	17,711



The CTRs received by the AMLC from the SEC-supervised covered persons increased by 200% from the 2012 level of 40% (17,714 CTRs). This is due to the implementation of AMLC Resolution No. 10-A (2013) which lifted AMLC Resolution No. 292 (2003) and required the reporting of non-cash covered transactions by covered persons under the SEC and IC supervision.

A breakdown of STRs and CTRs submitted per month is shown in **Table 3** below.

***Table 3. Number of CTRs and STRs submitted in 2013***

Month	CTRs	STRs
January	4,686,362	2,704
February	3,838,116	1,302
March	4,040,286	1,914
April	4,122,882	2,171
May	4,518,475	1,887
June	4,034,552	2,059
July	3,826,864	1,869
August	3,179,762	1,312
September	3,544,202	1,937
October	3,441,264	2,733
November	3,123,117	71,705
December	3,318,974	2,957
<b>YTD</b>	<b>45,674,856</b>	<b>94,550</b>

***Figure 4. CTRs Received per Month, 2013***

***Figure 5. STRs Received per Month, 2013***

On the number of STRs, there were **94,550** STRs reported in 2013, or **434%** increase from the **17,711** STRs reported in 2012.

A comparative table of STRs reported per month for 2012 and 2013 is shown below.

***Table 4. Summary of STRs per month***

<b>Month</b>	2012	2013
	<b>STRS</b>	<b>STRS</b>
January	866	2,704
February	1,425	1,302
March	866	1,914
April	1,505	2,171
May	1,052	1,887
June	1,362	2,059
July	1,136	1,869
August	1,986	1,312
September	1,426	1,937
October	2,183	2,733
November	1,797	71,705
December	2,107	2,957
<b>TOTAL</b>	<b>17,711</b>	<b>94,550</b>

The most number of STRs were submitted in January, October, November and December 2013. The bulk of the STRs submitted in January and November 2013 was classified under “Fraudulent Practices and Other Violations of the Securities Regulation Code of 2000” or in relation to the pyramid scams in the Southern Luzon area of the Philippines. Moreover, in the months of October, November and December, the AMLC recorded an increase in STRs classified as “Graft and Corrupt Practices” due to a public fund scam that was exposed in 2013.

## Analysis of CTRs and STRs

The Financial Intelligence Analysis Staff (FIAS) of the IMAG is responsible for analyzing the CTRs and STRs and providing the results of its analysis to the CIG. Results of financial investigations of the AMLC are also shared with other domestic and international law enforcement agencies in order to assist them in their investigation of predicate crimes or unlawful activities, money laundering and terrorism financing.

The FIAS received approximately 100 to 150 STRs per day in 2013. The STRs received were classified by the FIAS according to the unlawful activity/predicate crime or suspicious circumstances under which they were reported. On 26 February 2013, the FIAS amended the STR Classification and Prioritization and incorporated the additional unlawful activities specified in R.A. No. 10365.

The table below shows the summary of STRs categorized by unlawful activity and by suspicious transaction indicator (“red flags”) for 2013.

**Table 5. Summary of STRs Categorized by Unlawful Activity and by Suspicious Transaction Indicator, 2013**

Unlawful Activity			No. of STRs	
Swindling			13,743	12,133
Qualified theft			569	1,030
Fraudulent practices and other violations of the Securities Regulation Code of 2000 <sup>2</sup>			72,174	940
Plunder			114	153
Kidnapping for ransom			15	119
Graft and corrupt practices <sup>3</sup>			2,103	65
Drug trafficking and related offenses			123	44
Violations of the Electronic Commerce Act of 2000			254	44
Financing of terrorism			1	N/A
Felonies or offenses of a similar nature that are punishable under the penal laws of other countries			19	20
Unlawful Activity			No. of STRs	
Smuggling			92	18
Hijacking; destructive arson; murder			7	N/A

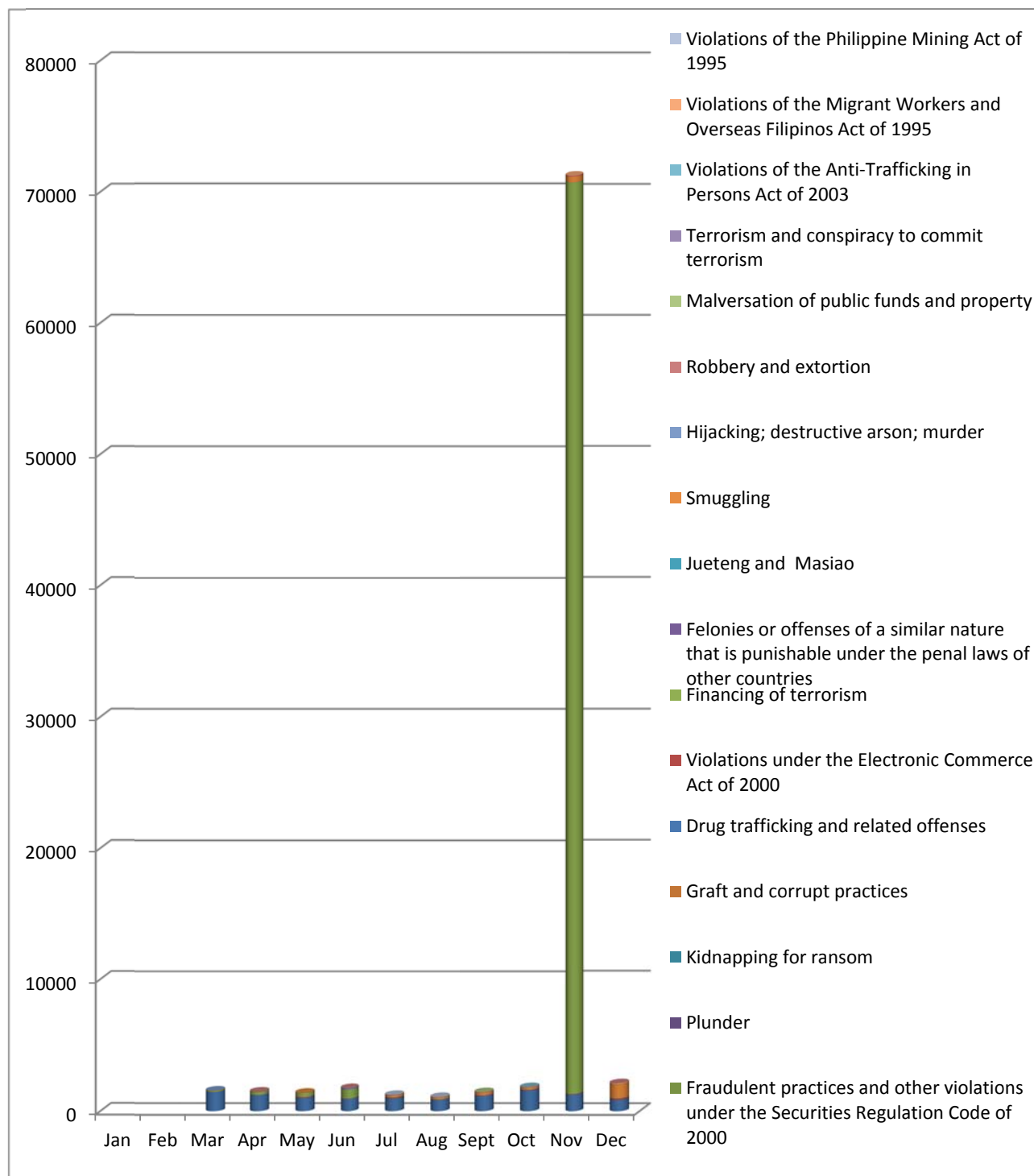
<sup>2</sup> Fraudulent Practices & Other Violations under the Securities Regulation Code of 2000 had the largest number of STRs in 2013. In the months of January and November of 2013, 99% of the 71,889 STRs submitted were in relation to the pyramid scam.

<sup>3</sup> The 3117% increase in the number of STRs, classified under Graft and Corrupt Practices recorded relates to the large scale scam involving numerous government officials and their staff, and private entities.

<b>Robbery and Extortion</b>	11	7
<b>Jueteng &amp; Masaiao</b>	14	N/A
<b>Violations of the Anti-Carnapping Act of 2002</b>	1	N/A
<b>Malversation of public funds and property</b>	5	N/A
<b>Terrorism and conspiracy to commit terrorism</b>	3	20
<b>Violations of the Anti-Trafficking in Persons Act of 2003</b>	7	N/A
<b>Violations of the Migrant Workers and Overseas Filipinos Act of 1995</b>	8	N/A
<b>Violations of the Philippine Mining Act of 1995</b>	9	N/A
<b>SUB-TOTAL (STRs related to an unlawful activity)</b>	<b><u>89,272</u></b>	<b><u>14,593</u></b>
<b>Other “Red Flag” Indicators</b>		
<b>There is no underlying legal or trade obligation, purpose or economic justification</b>	1,491	1,265
<b>The client is not properly identified</b>	923	894
<b>Transaction is deviating from the profile of the client and/or client's past transactions with the covered institution</b>	52	390
<b>Structuring</b>	362	289
<b>The amount involved is not commensurate with the business or financial capacity of the client</b>	781	235
<b>The transaction is similar, analogous or identical to any of the foregoing</b>	2	33
<b>Sub-total (Other suspicious transactions)</b>	<b><u>3,611</u></b>	<b><u>17,699</u></b>
<b>The transaction is not a suspicious circumstance under sec 3(b-1) of the AMLA, as amended</b>	<b><u>1,667</u></b>	<b><u>12</u></b>
<b>TOTAL</b>	<b><u>94,550</u></b>	<b><u>17,711</u></b>

As shown in the figure below, “Swindling” is still the most common unlawful activity in 2013. In January and November 2013, the AMLC recorded a huge increase in the number of STRs classified under “Fraudulent Practices and Other Violations under the Securities Regulation Code of 2000”; while in December 2013, most of the reported STRs were classified under “Graft and Corrupt Practices”. This was attributed to the covered persons’ initiative to report all transactions concerning the subjects of investigation involved in the so-called pork barrel scam.

**Figure 6. Number of Unlawful Activities Reported in the STRs, 2013**





## COMPLIANCE, INVESTIGATION AND ENFORCEMENT

As the Philippines' FIU, the AMLC receives, analyzes and disseminates financial information derived from covered and suspicious transaction reports being submitted by covered persons. However, aside from the aforementioned core functions of an FIU, the AMLC is also authorized under the law to: (i) conduct investigation of money laundering activities; (ii) ensure compliance of the covered persons with the AMLA; and (iii) enforce the AMLA.

### Money Laundering Investigation

The year 2013 was a significant year for the AMLC as the enactment of R.A. No. 10365 and the issuance of AMLC Resolution Nos. 10 and 10-A (2013) exemplified the commitment of the Philippine Government to strengthen the anti-money laundering regime in the country. The said law and resolutions considerably reinforced the powers of the AMLC to investigate money laundering and terrorist financing cases through the introduction of the following innovations:

#### **Republic Act No. 10365**

- The expanded definition of the crime of money laundering criminalizes other acts of money laundering such as conversion, transfer, disposition, movement, transport, acquisition, possession, use, concealment or disguise of the proceeds of any unlawful activity.
- The expanded definition of "covered institutions", now called "covered persons" brought more natural and juridical persons into the purview of the Philippine AML regime, including several non-financial businesses and professions.
- The increase in the number of unlawful activities enables the AMLC to investigate and cause the freezing and eventual forfeiture of the proceeds of a wider range of unlawful activities or predicate offenses to money laundering.
- It consequently allows the AMLC to provide assistance to a greater number of local and international law enforcement agencies in their investigation of unlawful activities.

- The submission by the Land Registration Authority (LRA) and its Registries of Deeds of reports and related documents on real estate transactions in excess of PHP 500,000.00 augments the capability of the AMLC in tracking down real properties of money launderers and terrorist financiers.

### **AMLC Resolution No. 10 (2013)**

- The revised list of “no/low risk” covered transactions allows the AMLC to focus its resources and efforts on investigating transactions which are generally more susceptible to abuse for laundering proceeds of unlawful activities and for the financiers of terrorism.

### **AMLC Resolution No. 10-A (2013)**

- The requirement for all covered persons to file reports on covered transactions, regardless of the mode of payment used in the settlement thereof, enables the AMLC to readily determine the true nature, and/or underlying circumstance surrounding the issuance of checks or the debiting/crediting of accounts.

## **Compliance and Enforcement**

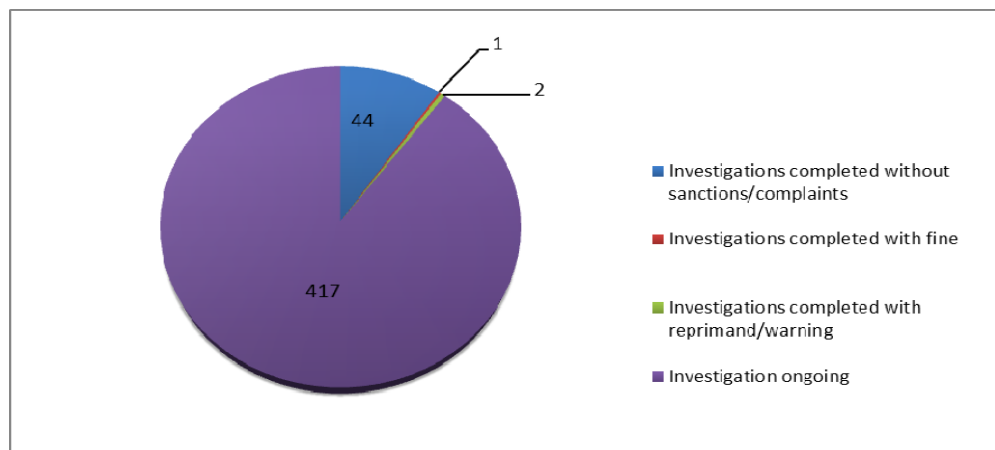
R.A. No. 10365 not only enhanced the investigation powers of the AMLC, it also reinforced its capabilities in the areas of compliance and enforcement by providing additional powers on the imposition of administrative sanctions.

Prior to the enactment of R.A. No. 10365, the AMLC could impose administrative sanctions based on Section 7(11) of the AMLA, as amended, and Rule 14.a.4 of the RIRRs. Section 14(f) of the AMLA, as amended, now provides a wider range of sanctions, including monetary penalties (i.e., not more than Php500,000.00), warning or reprimand, that may be imposed upon any covered person, its directors, officers, employees or any other person for violation of the AMLA, as amended, and its RIRRs, or for failure or refusal to comply with AMLC orders, resolutions and other issuances. The said provision also empowered the AMLC to set the parameters for the imposition of such administrative sanctions through the promulgation of rules on fines and penalties taking into consideration the attendant circumstances, such as the nature and gravity of the violation or irregularity.

The aforesaid provisions ensure more serious compliance by covered persons with the major requirements of the AMLA on customer identification, record-keeping and reporting of covered and suspicious transactions.

Relative thereto, the Bangko Sentral ng Pilipinas (BSP) may, in the course of a periodic or special examination, check the compliance of covered persons under its supervision with the requirements of the AMLA, as amended, and its RIRRs, and relevant BSP AML Regulations. BSP findings on AMLA violations, as contained in the Report of Examination (ROE), are referred to the AMLC for evaluation and investigation.

***Figure 7. Number and Status of ROEs received by AMLC from BSP in 2013***



In 2013, the AMLC received a total of four hundred sixty-four (464) cases referred by the BSP pertaining to AML findings/exceptions. Four hundred seventeen (417) administrative investigations on AML findings/exceptions are ongoing, forty-four (44) were completed without sanction, two (2) were completed with reprimand/warning as sanction, and one (1) was completed with fine.

## **Money Laundering Typologies**

### **1. Unlawful withdrawals and account pre-terminations**

GL was a marketing associate at UBank-Olongapo Branch. Her duties included opening and renewal of savings accounts, premium savings deposits, including money market placements, withdrawal and signing of manager's checks and other bank documents. She had access to UBank's computer systems, clients' accounts, and practically all bank documents of the branch.

Between 2002 and 2004, GL made numerous withdrawals from and/or pre-terminations of accounts belonging to different account holders without their knowledge or consent. She used the amounts withdrawn from these accounts for her own benefit and/or to fund the manager's checks for the payment of maturing accounts in order to cover her previous unlawful account pre-terminations.

GL authored at least three (3) anomalous transactions:

- a. In April 2002, GL withdrew about Php10.240 million from the money market (MM) placement of Mr. A without the latter's knowledge or consent. To make the withdrawal appear in the bank record as valid, she encoded in the bank's CASA system entries that it was the client who made the withdrawal. The placement matured in April 2003 and Mr. A wanted to withdraw. Since GL had earlier withdrawn the placement, she made unauthorized withdrawals from two (2) Premium Savings Deposit (PSD) accounts of Mr. B, another client of the bank, who also had no knowledge of such withdrawals. She processed the manager's check payable to Mr. A representing the proceeds of the latter's MM placement. In the regular course of a withdrawal from a PSD account, the manager's check to be issued is printed from the computer as soon as the transaction is encoded and the name of the account holder would appear thereon as the payee. However, GL did not print the manager's check from the computer, but instead, used a typewriter to print the entries on the check since the money to fund the check payable to Mr. A would come from Mr. B's PSD account;

- b. In November 2002, GL pre-terminated another MM placement of Mr. A in the amount of Php12.435 million. She used the proceeds as initial deposit via credit memo to a fictitious savings account which she made to appear to have been opened by Mr. A. She took full and absolute control of the said fictitious savings account. Whenever Mr. A made inquiries about his MM placement, GL would issue official receipts to make the client believe that his placement was intact. In April 2003, the PSD matured and Mr. A wanted to withdraw. Since the placement had earlier been withdrawn without Mr. A's knowledge, GL again made another withdrawal from the PSD account of Mr. B in order to fund the required payment. GL transferred the proceeds of the said withdrawal to a PSD account which she just opened under the name of Mr. A without the latter's knowledge or consent. The following day, GL pre-terminated this new PSD account and used its proceeds to fund the manager's check in the amount of Php12.439 million which she handed over to Mr. A as maturity payment for his MM placement; and
- c. From 4 to 25 August 2003, GL made several withdrawals in the total amount of Php11.073 million from yet another PSD account of Mr. A without the latter's knowledge or consent. GL would issue acknowledgement receipts to Mr. A to make the latter believe that his placement was intact. This PSD account matured in October 2003. Since the account was emptied, GL pre-terminated forty-four (44) PSD accounts belonging to other clients without their knowledge or consent, in the total amount of Php11.255 million. She used this whole amount to fund the manager's check which she delivered to Mr. A as payment for the maturity proceeds of his PSD account.

Immediately before the discovery of her illegal transactions, she went absent without official leave (AWOL) and left for the USA without proper turn-over of her responsibilities. Criminal cases for qualified theft were filed against her. In February 2009, she was extradited by the US Government in response to the Philippine's MLAT request.

GL committed money laundering by transacting the proceeds of the qualified theft (i.e., proceeds of her unauthorized pre-termination of the various money market placements of her clients) which she used for her own benefit as well as to fund the manager's checks issued to certain clients for the maturing MM placements.

In the decision of the court, GL was found guilty of violation of Section 4(a) of the AMLA, as amended; and sentenced to an indeterminate penalty of imprisonment of seven (7) years minimum to thirteen (13) years maximum and to pay a fine of Php34.099 million. The decision is pending appeal.

## 2. Government Fund Scam

Described as the “mother of all scams,” this case involves XYZ, a private individual, who established numerous foundations and non-government organizations (NGO) and misused these entities to serve as conduits to illegally siphon government funds for personal enrichment.

XYZ collaborated with identified lawmakers and agreed on a plan to misappropriate funds from a Special Government Fund (SGF) under the guise of implementing specific projects. Lawmakers would submit a list of projects to the Government Budget Division (GBD) for the issuance of the corresponding Special Order (SO). The list of projects indicated the Implementing Agency (IA), project cost, and designated NGO (among those established by XYZ) as recipient of the fund. Thereafter, the lawmaker would then endorse XYZ’s NGO to the IA to receive the fund and implement the project. Thereafter, the IA, without competitive public bidding would award the project and enter into a Memorandum of Agreement (MOA) with the said NGO for the supposed implementation of the project in violation of the government procurement law. Moreover, the MOA lacked provisions on control and management of funds and monitoring of project implementation. There were also indicators that the projects were anomalous, such as the recurring names of beneficiaries for several trainings, overpricing, ghost beneficiaries, or blatant non-delivery of the project by the NGO.

In exchange for selecting one of XYZ’s NGOs, the lawmaker received from XYZ “kickback” or “commission” of about 40% - 60% of the cash value of the project. Afterwards, the GBD would issue a Notice of Cash Allocation (NCA) to the IA. Upon receipt of the NCA, the IA would issue a check payable to the NGO, which in turn, would be deposited by XYZ or its employees and subsequently withdrawn upon clearing of the check.

Meanwhile, the “kickback” of the lawmaker would already be paid in advance by XYZ in two (2) tranches: first, upon submission of the list of projects to the GBD; and second, upon release of the SO. XYZ would also pay about 1% - 5% of the total project cost to the chief-of-staff or representative of the lawmaker for facilitating the required documentation of the project. Also, XYZ would pay 10% of the project cost to the head of the IA as “kickback” or “commission”. The actual cost of the overpriced supplies such as agricultural kits or training materials procured from a supplier enterprise, which is also owned by XYZ, was also deducted from the fund in some instances when there were actual deliveries of goods. Otherwise, the full remaining amount from the fund would be pocketed by XYZ for her own benefit and purpose.

At least eight (8) lawmakers were charged with plunder in conspiracy with XYZ and officials of the IAs for accumulating more than Php50 million in a series of transactions over



time through misappropriation, conversion, misuse, and malversation of the cash value of the project cost allocated from their SGF amounting to a total of about Php837 million.

### **3. Kidnapping for Ransom/Illegal Drugs**

On 23 January 2013, JSS was abducted by unidentified armed men, while his driver, JVP, was shot and killed. Upon learning of the incident, MCS, the wife of JSS, immediately reported and sought help from NSS, a police officer and brother of JSS.

On even date, MCS received a text message from the kidnappers using her husband's (JSS) mobile phone, informing her that JSS is in their custody. MCS also reported the kidnapping incident to the Government Anti-Kidnapping Authority (GAKA). In the afternoon of that day, MCS received a phone call from the kidnappers demanding payment of ransom in the sum of Php40 million for the release of her husband. Negotiations ensued and the ransom was finally reduced to Php.890 million.

The following day, MCS received another call from the kidnappers making a follow-up on the ransom money. After confirmation of the availability of the money, MCS was instructed to deposit the money in PBO bank account number 123456 in the name of MLV. MCS deposited the ransom money, but her husband was not released and was killed instead.

Upon request of the GAKA, the AMLC conducted financial investigation on PBO bank account number 123456. Initial investigation revealed that MLV is the registered owner of BLG Foreign Exchange with business address in the City of Manila. Investigation results also confirmed that MLV is indeed the account holder of PBO account number 123456 and that the ransom money in the amount of Php.890 million was credited in the said bank account.

Upon a petition filed, the Court of Appeals issued a freeze order against the said bank account and related accounts. Thereafter, PBO enforced the freeze order against PBO account number 123456 and related accounts identified by the PBO, which included bank accounts in the name of BLG Foreign Exchange. PBO also enforced the freeze order against other bank accounts maintained in the name of MCL, who was identified and determined by the PBO to be the same person as MLV.

Meanwhile, the Government Drug Authority (GDA), in a series of referral letters, requested the AMLC to conduct financial investigation on specified bank accounts in the name of MLV and BLG Foreign Exchange, among others, who are suspected to have been involved in illegal drugs operations. The GDA, in its referral letters, was also able to identify PBO account number 123456, among others, in the name of MLV which was already then the subject of a freeze order. MLV and BLG Foreign Exchange were both identified by GDA based on several bank transaction slips recovered by the GDA agents during their buy-bust

operations. From the initial findings of the GDA, said bank accounts were used as conduits to facilitate payment of illegal drugs.

Accordingly, the AMLC conducted financial investigation and discovered the existence of other bank accounts in the name of MLV and BLG Foreign Exchange. Upon another petition filed, the Court of Appeals issued a freeze order against the newly-discovered bank accounts in the name of MLV and BLG Foreign Exchange, among others.

All of the funds in these accounts are now the subject of a pending Petition for Civil Forfeiture.

#### **4. Pyramid Scam**

JCR enticed the victims in investing in his “company” by means of promises of guaranteed and secured payment of high-yielding interest every two (2) months. Said “company” is the XYZ Auto Option Corporation (XYZ, for brevity), a member of the ABC Group of Companies (ABC-GC), which is owned by JCR’s family. Upon instruction of JCR or his agents, investors were required to deposit their investments to designated bank accounts with a promise of exorbitant interest payouts ranging from 85% -150% of the total amount of investment in two (2) months. The enticement also provided that XYZ was expanding its business from trading of used and brand new cars to the sale of petroleum products. In addition, XYZ aggressively marketed itself, thereby allowing it to reach not only local investors but foreign investors as well. JCR and his agents enticed mostly their relatives and friends to invest in this high-yielding return of investments.

The company at first makes good of its promised return of investment and the return of the principal as well. This circumstance further enticed other investors to make new or additional investments. The victims invested a total of Php120 million in cash with XYZ.

On maturity dates, the promised returns were not paid. JCR could not be located and the XYZ ceased operations. It was at this time when the investors discovered upon verification with the Securities and Exchange Commission (SEC) that XYZ and ABC-GC were not registered as corporate entities.

When this scam came out of media, the AMLC was then investigating another case that also involved a similar scheme. Meanwhile, the AMLC received suspicious transaction reports relative to individuals identified as agents of JCR in XYZ. With these circumstances, the AMLC conducted a financial investigation. After the initial investigation of the fraud, the Department of Justice recommended the filing of criminal information against JCR and nine



(9) other cohorts for *estafa*. Several bank accounts maintained in the name of JCR and his cohorts were also identified and suspected to have been used as conduits to facilitate deposit of investments and payment of returns of interest or principal.

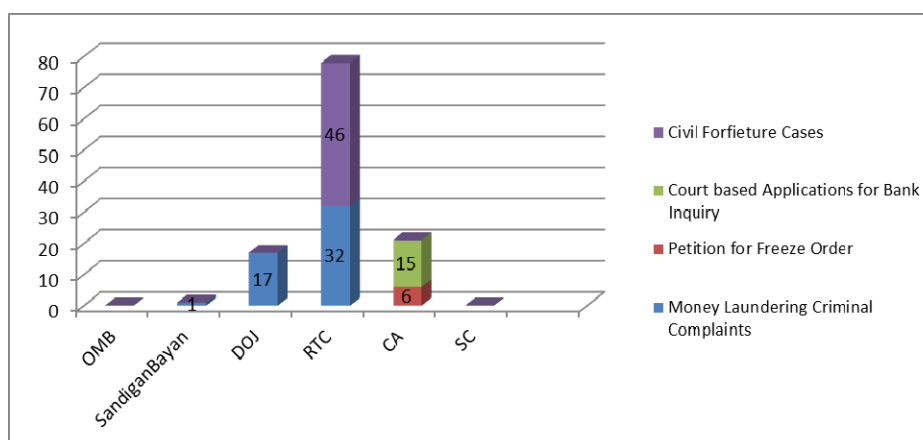
The funds in the bank accounts are the subject of a pending Petition for Civil Forfeiture.

## PROSECUTION OF MONEY LAUNDERING AND RELATED CASES

Under the AMLA, as amended, the AMLC is authorized to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General and 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.

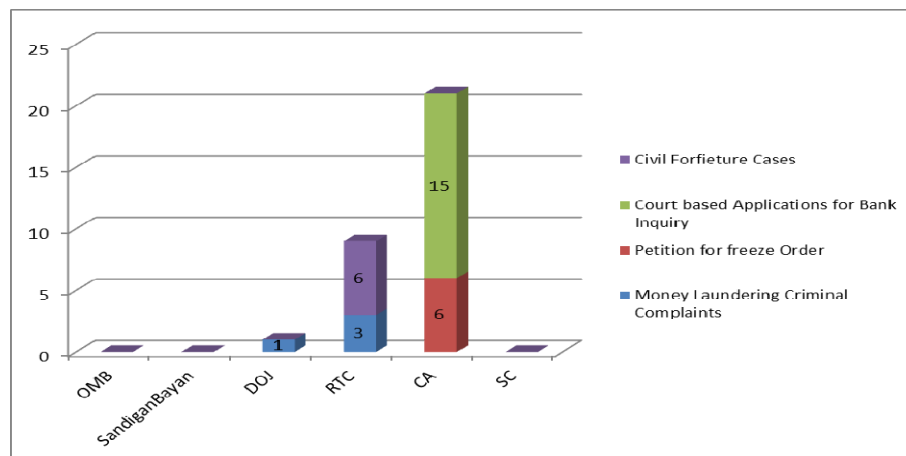
Year 2013 ended with AMLC having a total of fifty (50) money laundering (ML) cases pending before the DOJ (17), the Sandiganbayan (1) and the Regional Trial Court (32). Also pending as of end of 2013 were forty-six (46) civil forfeiture cases before the RTC, six (6) petitions for freeze order before the CA and three (3) applications for bank inquiry before the RTC.

**Figure 8. Active/Pending Cases as of 31 December 2013**



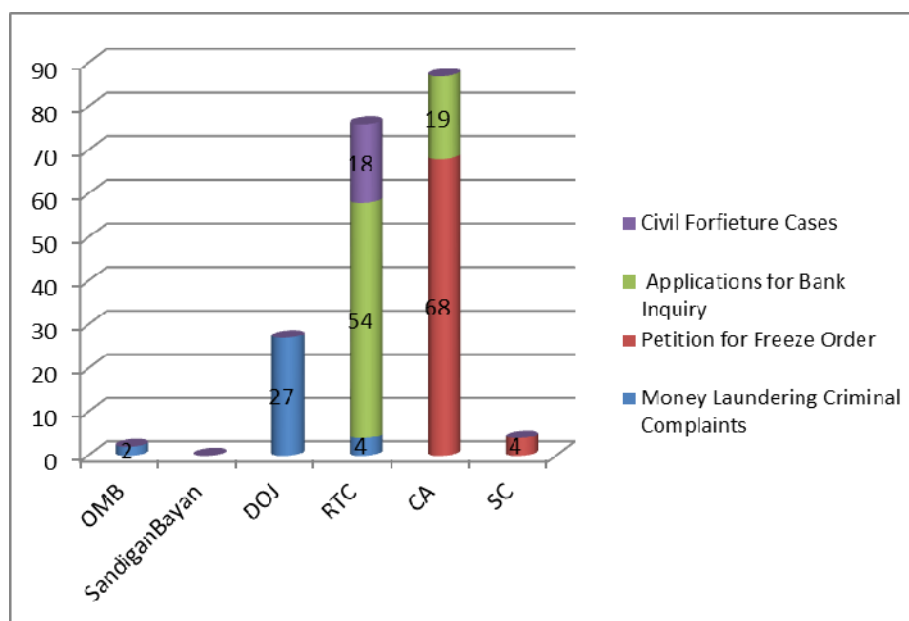
There were a total of thirty-one (31) cases filed in 2013: fifteen (15) applications for bank inquiry; six (6) petitions for freeze order; six (6) petitions for civil forfeiture; three (3) criminal informations for money laundering; and one (1) criminal complaint before the DOJ.

**Figure 9. Filed Cases, 2013**



Among the decided cases as of 31 December 2013, seventy-three (73)<sup>1</sup> were applications for bank inquiry; seventy-two (72)<sup>2</sup> were petitions for freeze order; eighteen (18) were petitions for civil forfeiture; twenty-seven (27) were criminal complaints before the DOJ; and four (4) were criminal cases before the RTC.

**Figure 10. Resolved Cases as of 31 December 2013**



<sup>1</sup> Fifty-four (54) applications for bank inquiry were granted by the RTC and nineteen (19) were granted by CA.

<sup>2</sup> Sixty-eight (68) petitions for freeze were granted by CA and four (4) were granted by the Supreme Court.

## Application for Bank Inquiry

Bank inquiry is one of the investigative tools used by the AMLC in gathering evidence which may be used for prosecuting both money laundering and its predicate crimes. It is indispensable in following money trails as relevant documents provide the AMLC investigators with potential leads in their investigation.

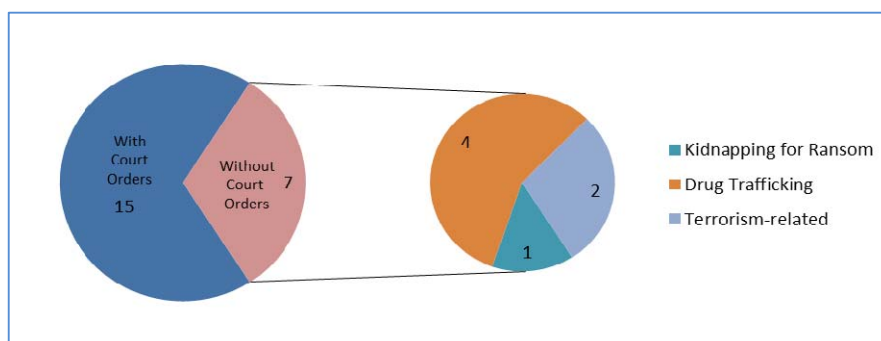
At present, the AMLC may inquire into or examine any particular deposits or investment by virtue of an order of the Court of Appeals upon an *ex parte* application in cases of violations of the AMLA, as amended. In cases where the predicate offense involves kidnapping for ransom (KFR), drug-related cases, terrorism-related cases, hijacking, destructive arson, and murder, a court order is not necessary.

The current inquiry process was brought about by R.A. No. 10167, which amended Section 11 of the AMLA. The amendment now allows the filing of *ex parte* application for bank inquiry thereby abrogating the Supreme Court ruling in *Republic vs. Eugenio* (G.R. No. 174629, 14 February 2008) that required “notice and hearing” in applications for bank inquiry.

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

In 2013, there were a total of twenty-two (22) bank inquiries conducted by the AMLC, fifteen (15) of which were court-based inquiries and seven (7) were made pursuant to AMLC Resolutions.

**Figure 11. Number of Bank Inquiries Conducted in 2013**



Out of the seven (7) bank inquiries conducted by virtue of an AMLC resolution, four (4) were kidnapping-for-ransom cases, two (2) were drug trafficking cases, and one (1) was terrorism-related case.



## **Petition for Freeze**

Under Section 10 of the AMLA, as amended by R.A. No. 10365, the Court of Appeals is mandated to act on the petition for freeze order within twenty-four (24) hours from its filing. Pursuant thereto, the Court of Appeals may issue a freeze order which shall be effective immediately but not to exceed six (6) months depending upon the circumstances of the case. With this amendment, suspected money launderers will not be able to surreptitiously dispose of criminal proceeds pending completion of the investigation being conducted by the AMLC. In the case of terrorism financing, this amendment will ensure that funding for terrorism is immediately stopped in its tracks.

The law prohibits any court, except the Supreme Court, from issuing a temporary restraining order or a writ of preliminary injunction against any freeze order.

## **Petition for Civil Forfeiture**

Under Section 12 of the AMLA, as amended by R.A. No. 10365, the AMLC may seek the forfeiture of any assets the value of which is equal to the proceeds of an unlawful activity. This measure greatly enhances the asset recovery efforts of the AMLC by allowing it to forfeit any monetary instrument or property in the event that the assets deemed to be proceeds of an unlawful activity or a money laundering offense cannot be located, or has been substantially altered, destroyed, concealed, removed, converted, transferred, or is located outside the Philippines or commingled with other monetary instrument or property.

With this amendment, the unavailability of the assets deemed proceeds of an unlawful activity or money laundering offense due to the aforementioned circumstances does not preclude the Government from pursuing the forfeiture case.

Meanwhile, 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” under Supreme Court Administrative Matter (AM) No. 05-11-04-SC remains unchanged.

The tables below show relevant statistics on the freeze order and civil forfeiture cases of the AMLC:

**Table 6. Amount Subject of Pending Freeze Orders  
(as of 31 December 2013)**

	<u>Amount in Php (in millions)</u>
Cash and Other Monetary Instruments	Php 287.048
Value of Insurance Policies	12.382
Value of Shares of Stock	-
Estimated Value of Real Estate	-
Estimated Value of Motor Vehicles	430
<b>Sub-total</b>	<b>Php 299.860</b>
	<u>Amount in Php (in millions)</u>
Foreign Denominations:	
US Dollar (USD1,016,659.43 @ Php 44.4140)	Php 45.154
Australian Dollar (AUD294,565.02 @ Php 39.4581)	Php 11.623
Euro (€102,486.26 @ Php 60.8161)	Php 6.233
<b>Sub-total</b>	<b>Php 63.010</b>
<b>TOTAL AMOUNT SUBJECT OF FREEZE ORDER</b>	<b>Php 362.870</b>

**Table 7. Amount Subject of Pending Civil Forfeiture Cases  
(as of 31 December 2013)**

	<u>Amount in Php (in millions)</u>
Cash and Other Monetary Instruments	Php 1,132.502
Value of Insurance Policies	115.539
Value of Shares of Stock	488
Estimated Value of Real Estate	182.704
Estimated Value of Motor Vehicles	105.967
<b>Sub-total</b>	<b>1,537.200</b>

	<u>Amount in Php (in millions)</u>	
<b>Foreign Denominations:</b>		
<b>US Dollar</b> (\$5,751,044.85 @ Php 44.4140)	Php 255.427	
<b>Hong Kong Dollar</b> (\$2,036,139.96 @ Php 5.7271)	11.661	
<b>Japanese Yen</b> (¥4,299,806.20 @ Php 0.4239)	1.823	
<b>Euro</b> (€7,299.18 @ Php 60.8161)	444	
<b>British Pound</b> (£6,661.88 @ Php 72.8967)	486	
<b>Chinese Yuan</b> (CHY3,016.76 @ Php 7.3114)	22	
<b>Australian Dollar</b> (\$177.62 @ Php 39.4581)	7	
<b>Swiss Franc</b> (F76.57 @ Php 49.5471)	4	
<b>Canadian Dollar</b> (\$664.14 @ Php 41.7229)	28	
<b>Sub-total</b>	<b>Php 269.902</b>	
<b>TOTAL AMOUNT SUBJECT OF CIVIL FORFEITURE</b>	<b>Php 1,807.102</b>	

The data above show that most of the assets frozen by the AMLC in 2013 include cash and monetary instruments as well as insurance policies. On the other hand, the bulk of the amount subject of pending civil forfeiture cases involves cash and monetary instruments and real properties.

As of 31 December 2013, a total of Php145.917 million had been forfeited by the AMLC in 2013, out of which, Php92.202 million was turned over to the Office of the Ombudsman; Php40.065 million was remitted to the National Treasury; and Php2.402 million was returned to the victims' families. Meanwhile, Php11.248 million is still pending execution.

**Table 8. Amount of Criminal Proceeds Civilly Forfeited  
(as of 31 December 2013)**

	<u>Amount in Php (in millions)</u>
Forfeited and Remitted to the Phil. Government	Php 40.065
Forfeited and Turned Over to the Ombudsman	92.202
Forfeited and Returned to the Victims' Families	2.402
Forfeited but Pending Execution	11.248
<b>TOTAL AMOUNT CIVILLY FORFEITED</b>	<b>Php 145.917</b>

## **DOMESTIC AND INTERNATIONAL COOPERATION**

Through the years, the AMLC has advanced its collaborative efforts with different financial intelligence units (FIUs), international bodies, domestic and international law enforcement agencies (LEAs), intelligence agencies, prosecution and judicial authorities and other relevant domestic government organizations to maintain an internationally compliant and effective AML/CFT regime. A key component of this endeavor is the continuous capacity building not only for the personnel of the AMLC Secretariat, but also for the personnel of the Supervising Authorities and other relevant government agencies.

The AMLC believes that strengthening the close coordination and enhancing the capacity and efficiency of the key players in the Philippines' AML/CFT Regime would lead to a more effective implementation of the country's AML/CFT plans and strategies.

### **Domestic Cooperation**

#### **National Law Enforcement Coordinating Committee (NALECC) and its Sub-Committee on AML/CFT**

Created on 11 September 1982, the NALECC serves as a venue for the coordination of all law enforcement activities to ensure a unified direction and a coordinated effort, particularly at the operational level, in the suppression of criminal activities throughout the country. It is under the supervision of the Office of the Director of Directorate for Operations of the Philippine National Police (PNP) which also heads the NALECC Secretariat.

NALECC serves as a forum for dialogue and coordination among LEAs and identifies priority areas for coordinated/joint law enforcement activities. As of 2013, the NALECC has fifty-nine (59) regular members and seventeen (17) Sub-Committees from the different government agencies with enforcement duties that are coordinating for the pursuit of common goals: peace and order, public safety and security.



All NALECC Sub-Committees maintain a coordinating center and are staffed by their respective secretariats that coordinate the day-to-day law enforcement activities of the various agencies. In order to strengthen the information sharing and domestic cooperation in the fight against money laundering and terrorism financing, the NALECC Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) was created on 15 August 2003. The NALECC Sub-Committee on AML/CFT is chaired by the Executive Director of the AMLC Secretariat and has twenty-nine (29) member agencies as of 31 December 2013.

In 2013, the Sub-Committee on AML/CFT approved unanimously the memberships of the Department of Social Welfare and Development (DSWD), PNP – Anti-Cybercrime Group (PNP-ACG) and the Department of Environment and Natural Resources (DENR) and endorsed the same to the NALECC for its information and notation.

On 29 May 2013, DWSD was admitted as member of the Sub-Committee on AML/CFT as it serves as the government's regulatory arm for non-governmental organizations and non-profit organizations. On the other hand, the PNP – ACG, the LEA primary responsible for the implementation of laws on cybercrimes, was admitted as member on 27 June 2013 pursuant to NALECC Resolution 001-2013 dated 14 March 2013.

Meanwhile, DENR, a regular member of the NALECC and the government agency primarily responsible for the conservation, management, development, and proper use of the country's environment and natural resources, and for the implementation of



environmentallaws, was welcomed in the Sub-Committee on 5 December 2013. Significantly, violations of the Revised Forestry Code, Philippine Mining Act of 1995, Wildlife Resources Conservation and Protection Act, and other environmental crimes were included among the predicate crimes to money laundering under R.A. No. 10365. Thus, there is a need for the DENR to be involved in the fight against money laundering and terrorism financing.

Year 2013 also proved fruitful for the member-agencies of the Sub-Committee which closely worked together in increasing AML/CFT awareness and in exchanging knowledge, expertise, and information with each other. This was made possible by the conduct of the following briefings and information sharing during its monthly meetings in 2013:

1. Briefing on R.A. No. 10365 (An Act Further Strengthening the Anti-Money Laundering Law, Amending for the Purpose Republic Act No. 9160, Otherwise Known as the “Anti-Money Laundering Act of 2001, as Amended”), 28 February 2013, NBI Building, Manila;
2. Briefing on the Updates on the Efforts to Combat Money Laundering and Terrorist Financing, 21 March 2013, NICA Compound, Quezon City;
3. Briefings entitled “Standards Bureau – The Regulatory Arm of the Department of Social Welfare and Development (DSWD)” and on the Presidential Anti-Organized Crime Commission (PAOCC), 25 April 2013, Camp Crame, Quezon City;
4. Briefings on the PNP – Anti-Cybercrime Group (ACG) and on the National Drug Situation, 29 May 2013, PDEA, Quezon City;
5. Briefing on the Philippine Center on Transnational Crime (PCTC), 27 June 2013, Camp Crame, Quezon City;
6. Briefings on the Philippine Postal Corporation (PPC) and the new AML/CFT Typologies, 25 July 2013, PPC Building, Manila;
7. Briefing on the New FATF Methodology, 5 September 2013, Port Area, Manila;
8. Briefing on the Department of Environment and Natural Resources (DENR), 24 October 2013, BSP Complex, Manila; and
9. Briefing on the PNP – Anti-Kidnapping Group (AKG) and Kidnapping-for-Ransom Situation in the Philippines, 5 December 2013, Camp Crame, Quezon City.



A Certificate of Appreciation was awarded to Deputy Governor Aquino during the Sub-Committee’s 100<sup>th</sup> Meeting.

The AML/CFT Sub-Committee celebrated its 100<sup>th</sup> Sub-Committee Meeting on 24 October 2013. During the said meeting, Atty. Vicente S. Aquino, Deputy Governor of BSP’s Resource Management Sector, was awarded a Certificate of Appreciation in recognition of his distinguished leadership as former Chairman of the Sub-Committee on AML/CFT from 15 August 2003 to 27 January



Deputy Governor Aquino delivered his inspirational message before the Sub-Committee's member-agencies during its 100<sup>th</sup> Meeting.

2013. The Sub-Committee's Secretariat presented an audio-visual presentation on the history, activities and accomplishments of the Sub-Committee on AML/CFT.

Likewise, Atty. Julia C. Bacay-Abad, Executive Director of the AMLC Secretariat and current Chairman of the Sub-Committee, awarded Certificates of Appreciation to the member-agencies for their continuous commitment, steadfast support and assistance to the Sub-Committee. Certificates of Appreciation were likewise given to the following former regular representatives of the member-agencies in

recognition of their valuable assistance and contribution to the Sub-Committee on AML/CFT in the fight against money laundering and terrorism financing:

1. Deputy Executive Secretary Alberto A. Bernardo, former representative of PAOCC;
2. Ms. Rowena C. Destura, former Head of the Sub-Committee on AML/CFT Secretariat;
3. Assistant Chief State Prosecutor Miguel F. Gudio, Jr., former DOJ representative;
4. Atty. Ma. Cristina P. Rilloraza, former DOJ representative;
5. Prosecution Attorney Benjamin R. Samson, former DOJ representative;
6. Prosecution Attorney Ria L. Sususco, former DOJ representative;
7. Atty. Chester Arturo D. Cinco, former IPOPHL representative;
8. Engr. Danilo O. Cuenca, former NTC representative;
9. Mr. Ronaldo DC Sabillo, former NICA representative;
10. PSupt. Danilo E. Gervacio (Ret.), former PCTC representative;
11. Dir. Gladys F. Rosales, former PDEA representative;
12. IA5 Edgardo T. Jubay, former PDEA representative;
13. PSupt. Esmeraldo P. Osia, Jr., former PNP AVSEGROUP representative;
14. PCI Vicente O. Amante, former PNP AVSEGROUP representative;
15. PSupt. Guillermo G. Danipog, Jr. (Ret.), former PNP IG representative; and
16. Atty. Elmira A. Alconaba, former SEC representative.



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(Top-Bottom): Singing of the Philippine National Anthem by the NALECC-SCAML/CFT representatives during the opening ceremonies; the regular representatives in discussion during the meeting; and AMLC Secretariat's Executive Director Bacay-Abad and Atty. Ruel Bumatay together with Deputy Governor Aquino, and DENR Assistant Secretary for Field Operations, ASec. Marcial C. Amaro, Jr.



The following regular representatives were also recognized for their dedication, service and commitment to the AML/CFT Sub-Committee on AML/CFT:

1. PP/Supt. Dante V. Dacanay, representative for Philippine Ports Authority;
2. Ms. Teresita S. Roque, representative for Bureau of Customs;
3. Atty. Niel A. Santillan, representative for Cooperative Development Authority; and
4. Atty. Minerva A. Sobrevida-Retanal, representative for National Bureau of Investigation.



(L-R): PP/Supt Dacanay, Atty. Santillan, and Atty. Sobrevida-Retanalas they received their Certificates of Recognition from Exec. Dir. Bacay-Abad during the Sub-Committee's 100<sup>th</sup> Meeting.

On 6 December 2013, the NALECC awarded the Sub-Committee on AML/CFT as the Best NALECC Sub-Committee (from 16 July 2012 to 15 July 2013) and the AMLC as the Best NALECC Member-Agency (from 16 July 2012 to 15 July 2013) for successfully conducting impact programs, projects and activities that contributed immensely to the attainment of the NALECC's goals and objectives. This has proven, time and again, the significant role and invaluable contribution of the AMLC in NALECC's role in formulating proactive law enforcement policies, providing inputs and recommendations, and enabling the passage of important legislations affecting the country's peace and order, economy and the environment.



Executive Director Bacay-Abad and Atty. Bumatay received the Plaques of Recognition from PNP Deputy Director General Leonardo Espina during the NALECC's 152<sup>nd</sup> Regular Meeting.

## Financial Sector Liaison Committee

The Financial Sector Liaison Committee (FSLC)<sup>\*</sup>, in coordination with the Anti-Money Laundering Council (AMLC), held a briefing session for its members on the Foreign Account Tax Compliance Act (FATCA) of the United States (US) on 10 April 2013 at the Visayas and Mindanao Rooms of the Executive Business Center, 5-Storey Building, BSP Complex, Malate, Manila. It was attended by personnel from the AMLC Secretariat, the BSP, SEC, IC, BIR, DFA and representatives of the various banking, securities and insurance industry associations.

Ms. Chinci C. Killfoil, Tax Attaché and Head, Treasury Department, United States Embassy in Beijing, China, was the resource speaker for the briefing. During the briefing, Ms. Killfoil highlighted the purpose and requirements of the FATCA, particularly on the registration and reporting requirements for financial institutions.



(L-R): Ms. Killfoil explained the salient features of the FATCA; representatives from the private sector raised their concerns on FATCA's reportorial requirements; and AMLC Secretariat gave Ms. Killfoil a token of appreciation for sharing her expertise on the FATCA.

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

On 6 November 2013, the AMLC executed aMOA with the Securities and Exchange Commission (SEC). Under the terms of the MOA, the AMLC and the SEC shall promote and encourage cooperation and coordination to effectively prevent, control, detect and investigate any violation of laws thatthe SEC is tasked to implement, which constitutes anunlawful activity under Section 3 of the AMLA, as amended, and money laundering activities arising therefrom.

<sup>\*</sup> The 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's primary aim is to enhance the cooperation and coordination between the private sector and the government in an effort to combat money laundering and terrorism financing in the Philippines.



(Clockwise): Ma. Juanita E. Cueto, SEC Commissioner and Atty. Jose P. Aquino, Director of SEC's Enforcement and Investor Protection Department together with AMLC Members SEC Chairperson Herbosa and Commissioner Dooc, Deputy Governor Aquino and the AMLC Secretariat representatives posed for a group photo during the MOA signing; Commissioner Cueto and Director Aquino signed the MOA in behalf of the SEC, while Executive Director Bacay-Abad and Atty. Bumatay signed it in behalf of the AMLC; and Executive Director Bacay-Abad handed to Comm. Cueto the AMLC Secretariat's tokens for the SEC.

As of 31 December 2013, the AMLC has signed a total of eighteen (18) MOAs with different government agencies, seventeen (17) of which were for information exchange and one (1) was for legal assistance. Below is the complete list of the MOAs entered into by AMLC with relevant government law enforcement and government agencies:

1. Philippine National Police-Criminal Investigation and Detection Group;
2. Department of Justice;
3. Philippine Center on Transnational Crime;
4. Philippine Drug Enforcement Agency;
5. Office of the Ombudsman;
6. National Intelligence Coordinating Agency;
7. Philippine National Police-Anti-Kidnapping Group (formerly the Philippine National Police-Police Anti-Crime and Emergency Response);

8. Bureau of Customs;
9. Philippine National Police-Intelligence Group;
10. Intelligence Service Armed Forces of the Philippines;
11. National Bureau of Investigation;
12. Bureau of Internal Revenue;
13. Philippine National Police-Aviation Security Group;
14. Intellectual Property Office of the Philippines;
15. Philippine Deposit Insurance Company;
16. Presidential Anti-Organized Crime Commission;
17. Philippine National Police – Anti-Kidnapping Group; and
18. Securities and Exchange Commission.

## **Requests for Mutual Assistance**

The AMLC continues to maintain close coordination with law enforcement authorities, regulatory or supervisory authorities and other relevant competent authorities in the investigation and prosecution of money laundering, terrorism financing and predicate offenses. In numerous cases, parallel investigations on the predicate crimes and the money laundering aspects were conducted by the concerned LEA and the AMLC, respectively. The AMLC works closely with the relevant law enforcement agencies to provide or request information on the basis of a MOA on Information Exchange.

In 2013, the AMLC received 100 requests for assistance from domestic LEAs and other government agencies. The AMLC took appropriate action on thirty-eight (38) of these requests and forty-eight (48) were under evaluation. Thirteen (13) requests for assistance were made subject of investigation which ripened to cases for bank inquiry, freeze order and civil forfeiture, while one (1) request was archived for future reference.



***Figure 12. Domestic Requests for Assistance in 2013***

On the other hand, the AMLC made 3,256 requests for assistance to domestic law enforcement and other government agencies. Most of these requests stemmed from various requests for information from other FIUs and international bodies.

## **International Cooperation**

### **Requests for assistance**

The Philippines, through the AMLC, continues to participate in the efforts of the international community, particularly in taking prompt action on the various requests of other FIUs, international bodies and government agencies. In 2013, the AMLC received a total of one hundred thirty-four (134) international requests for assistance.

### ***Figure 13. International Requests for Assistance***

The figure above shows that out of the one hundred thirty-four (134) international requests for assistance and spontaneous disclosures, eighty-nine (89) requests were already acted upon by the AMLC, forty-two (42) were still under evaluation, and three (3) involved spontaneous disclosures.

Meanwhile, the AMLC made twenty-two (22) international requests for assistance.

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

As of 31 December 2013, the AMLC has issued one hundred fifty (150) Resolutions, eight (8) of which were issued in 2013. The Resolutions were issued directing all covered institutions to report to the AMLC any transactions and assets of designated terrorist individuals and organizations or persons/groups with links to terrorist organizations, i.e., Osama Bin Laden, Al-Qaeda, Jemaah Islamiyah, the Taliban, and other terrorist organizations designated by the UN Security Council, the United States and other foreign governments. In turn, the Supervising Authorities (the BSP, SEC and IC) have issued respective circulars on these matters directing covered institutions to file suspicious transaction reports on those individuals or entities.

## Memorandum of Understanding (MOU) with other FIUs

On 15 July 2013, the AMLC executed an MOU with the CFCI-Greece, the FIU of the Hellenic Republic of Greece. Under the provisions of the MOU, the AMLC and the CFCI-Greece shall cooperate, on the basis of reciprocity, to gather, develop and analyze information and documents in their possession concerning financial transactions suspected of being related to money laundering or criminal activities related to money laundering, terrorism financing and financing of other criminal activities related to terrorism.

Under the MOU, both Authorities (AMLC and CFCI) shall exchange spontaneously or upon request available financial intelligence that may be relevant to the investigation of the aforesaid financial transactions and the persons or companies involved, subject to the requirements of their respective national legislations.

As of 31 December 2013, the AMLC has signed a total of thirty-eight (38) 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                              |
| 18. Mexico                  | 37. Turkey                              |
| 19. Netherlands             | 38. Greece.                             |

## Study Visit of the Legal Execution Department (LED), Ministry of Justice of the Kingdom of Thailand



with AMLC  
[Name], Deputy  
[Name] team during  
[Name] speakers from  
the AMLA, as  
forfeiture.

On 19 August 2013, legal officers from the LED of the Ministry of Justice of Thailand, through the coordination of the Philippine Department of Justice, met with the AMLC Secretariat officers to discuss matters pertaining to the execution of civil case judgments falling within the Philippines' AML/CFT regime. Said meeting took place during the study visit of LED in the Philippines on 19 to 23 August 2013 under the auspices of the Association of South East Asian Nation (ASEAN) Law Ministers' Exchange of Study Visits Programme, which aimed to promote awareness and understanding of legal systems among ASEAN Member States.

The LED, which is the sole government authority in Thailand responsible in executing civil case judgments and administering bankruptcy and reorganization cases, exchanged views and information with the AMLC Secretariat on matters pertaining to asset freeze, recovery and forfeiture. The Thai delegation was

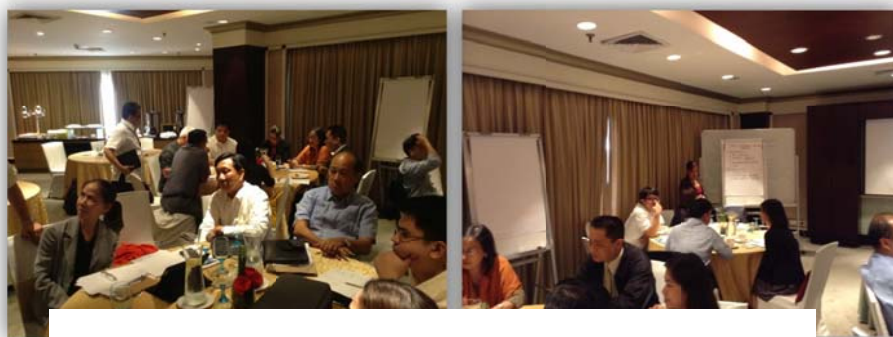
composed of four (4) legal officers, namely: Mrs. Pratoom Piyapisut, Mr. Woradul Chanyaman, Mr. Matee Archamas, and Miss Tita Tankanitlert.

## AUSTRAC's Risk Mitigation and Guidelines Workshop for DNFBPs



On 11-14 November 2013, the Australian Transaction Reports and Analysis Centre (AUSTRAC), Australia's AML/CFT financing regulator and specialist FIU, in coordination with the AMLC, conducted a training workshop entitled "Risk Mitigation and Guidelines Workshop for Designated Non-Financial Businesses and Professions (DNFBP)" for the AML regulators, relevant government agencies, and industry stakeholders from the DNFBP sector.

The training workshop, which was an Australian International Aid Development Agency (AusAID)-funded program, was aimed at providing the participants an understanding of the links between ML/TF and corruption, as well as the potential impact of corruption and TF issues in the Philippines. Further, the program was designed to strengthen domestic and regional cooperation between and among the AMLC, anti-terrorism financing and anti-corruption agencies, AML regulators and key stakeholders and to provide the participants with skills and knowledge on AML/CFT best practices. It was attended by the personnel from the AMLC Secretariat, BSP, IC, SEC, Office of the Ombudsman, Anti-Terrorism Council – Program Management Center, Integrated Bar of the Philippines, Philippine Institute of Certified Public Accountants, Philippine Amusement and Gaming Corporation, and Entertainment City Estate Management Inc.



The objectives of the AUSTRAC program were achieved through the various presentations, exercises, feedback and discussion facilitated by the AUSTRAC resource persons. Selected personnel from the AMLC Secretariat, ATC-PMC and OMB likewise contributed to achieving the goals of the program.

The workshop was held at the Dusit Thani Hotel, Makati, and was facilitated by AUSTRAC's Ms. Gai Lambourne, International Technical Advisor, Ms. Olivia Grey Rodgers, Senior Policy Officer, and Mr. John Laine, Compliance Subject Matter Expert.



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

In 2013, the AMLC Secretariat conducted a total of two hundred ninety-eight (298) seminars for various stakeholders, law enforcement agencies, the academe, private sector and other covered persons. The topics of these seminars included:

1. AMLA, as amended, and its RIRRs;
2. Terrorism Financing Prevention and Suppression Act of 2012;
3. Rule on Civil Forfeiture, Asset Preservation and Freeze;
4. Financial Investigation and ML/FT Typologies;
5. BSP Circular No. 706 (Updated AML Rules and Regulations);
6. AML Risk Rating System; and
7. Money Laundering and Terrorism Financing Prevention Program

On the other hand, fifty (50) seminars on the AML Reporting Procedures were conducted for the compliance officers of covered institutions wherein the procedures and guidance on the electronic submission of CTRs and STRs were discussed.



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Through these trainings/workshops, the AMLC ensures that its educational programs and training initiatives reach as many sectors as possible in order to strengthen the collaboration of the AMLC and the relevant stakeholders or agencies within the Philippines' AML/CFT regime and enhance more the abilities and competencies of the individuals working in the fight against money laundering and terrorism financing.



## Executive Course on AML/CFT for PAOCC

An Executive Course on AML/CFT was conducted by the AMLC Secretariat for the police officers and staff of the Presidential Anti-Organized Crime Commission (PAOCC) on 10-11 January 2013 at Camp Crame, Quezon City.



The executive course, in line with PAOCC's capacity building program for 2013, was conducted to keep its personnel abreast on emerging money laundering activities.

The PAOCC was reorganized to provide policy direction, supervision and support services to all operating units and agencies of the law enforcements sector in the fight against organized crime.

## Executive Course on AML/CFT for DOJ Prosecutors & OSG Lawyers



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The AMLC Secretariat organized a training course on AML/CFT for DOJ prosecutors and Office of the Solicitor General (OSG) lawyers involved in the prosecution of AML/CFT cases.

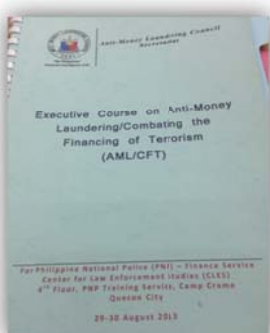
Resource speakers from the AMLC Secretariat discussed topics on the Anti-Money Laundering Act of 2001 (AMLA), as amended, and its Revised Implementing Rules and Regulations (RIRRs); R.A. No. 10168 (Terrorist Financing Prevention and Suppression Act of 2012); Asset Recovery and Forfeiture; and Financial Investigation relative to money laundering and terrorism financing.



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The training course was held on 28 June 2013, shortly after the on-site visit of the Financial Action Task Force-International Cooperation Review Group (FATF-ICRG) in May 2013. The training was conducted in response to the FATF-ICRG's comment that more trainings on the new provisions of the AMLA must be arranged for the prosecutors.

## Executive Course on AML/CFT for the Philippine National Police – Finance Service (PNP-FS)



On 29-30 August 2013, the AMLC Secretariat conducted an Executive Course on AML/CFT for the Police Commissioned Officers (PCOs) of the PNP – Financial Service (FS). Various AML/CFT topics and typologies were discussed and case studies and post-course knowledge assessment were given to the participants. The participants were all Police Commissioned Officers (PCOs) with the rank of Police Senior Inspectors to Senior Superintendents.

The Executive Course was in response to the request of the PNP-FS for a seminar on the AMLA, as amended, and other related laws. It was conducted at the PNP Training Service, Camp Crame, Quezon City.



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## Briefing on the AMLA, as amended, and its RIRRs for the DBM – Legal Service Personnel



On 9 September 2013, the AMLC Secretariat conducted a briefing on the AMLA, as amended, and its RIRRs for the Department of Budget and Management (DBM) – Legal Service. The said briefing, which is part of the DBM's annual capacity building activities, was held at the Luzon Room, Executive Business Center (EBC), BSP, Manila. After the briefing, the participants were given a tour of the BSP Money Museum, in coordination with the Corporate Affairs Office of the BSP.



## Seminar on AML/CFT and Briefing on Forensic Ballistics and on New Generation Currency and Anti-Counterfeit



A Seminar on AML/CFT and Briefing on Forensic Ballistics and on New Generation Currency and Anti-Counterfeit was conducted by the AMLC Secretariat on 17 October 2013 at the Visayas and Mindanao Rooms, Executive Business Center (EBC), BSP Complex, for the graduates of B.S. Criminology from the Holy Trinity University (HTU) and Western Philippines University (WPU) who took the criminology licensure examination in October 2013.



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The seminar was conducted in coordination with the Professional Criminologists Association of the Philippines (PCAP), Palawan Chapter and the Bangko Sentral ng Pilipinas. Since 2010, AMLC Secretariat has been conducting the aforesaid seminar/briefing to enhance criminology graduates' knowledge in the field of AML/CFT. Every year, around five (5) to ten (10) questions related to AML/CFT are being asked in the criminology licensure examination given by the Professional Regulation Commission.

## MILESTONES

### Enactment of Republic Act No. 10365

On 15 February 2013, His Excellency President Benigno S. Aquino III signed into law Republic Act (R.A.) No. 10365, otherwise known as *“An Act Further Strengthening the Anti-Money Laundering Law, Amending for the Purpose Republic Act No. 9160, Otherwise Known as the ‘Anti-Money Laundering Act of 2001’ as Amended”*. R.A. No. 10365 took effect on 7 March 2013, fifteen (15) days following its complete publication in two (2) newspapers of general circulation on 20 February 2013.

The essential features of the amendatory law are as follows:

- (a) Expansion of the definition of money laundering by including conversion, transfer, disposition, movement, transport, acquisition, possession, use, concealment or disguise of the proceeds of any unlawful activity as manner of committing the crime, in order to comply with FATF Recommendation No. 3<sup>1</sup> and the 2003 United Nations Convention Against Corruption (the Merida Convention), 1988 United Nations Convention Against Illicit Traffic in Narcotics Drugs and Psychotropic Substances (the Vienna Convention), and 2001 United Nations Convention Against Transnational Organized Crime (the Palermo Convention);
- (b) Expansion of the definition of “covered institutions”, which are now called “covered persons”, to include non-financial businesses and professions such as jewelry dealers in precious metals and precious stones, company service providers, as well as persons who provide any of the following services: management of client’s money, securities or assets; management of bank, savings or securities accounts; organization of contributions for the creation, operation or management of companies; and creation, operation or management of juridical persons or arrangements, and buying and selling business entities. The law, however, specifically exempts lawyers and accountants, acting as independent legal professionals, from the reporting requirement in relation to information concerning their clients or where disclosure of information would compromise client confidences or the attorney-client relationship;
- (c) Increase in the number of unlawful activities / predicate offenses to money laundering to include the following:

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<sup>1</sup> Formerly FATF Recommendation 1

1. Terrorism and conspiracy to commit terrorism as defined and penalized under Sections 3 and 4 of Republic Act No. 9372;
2. Financing of terrorism, dealing with property or funds of designated persons, attempt or conspiracy to commit terrorism financing and dealing with property or funds of designated persons, accomplice to terrorism financing offense, and accessory to terrorism financing offense defined and penalized under Republic Act No. 10168, otherwise known as the *"Terrorism Financing Prevention and Suppression Act of 2012"*;
3. Bribery under Articles 210, 211, 211-A of the Revised Penal Code, as amended, and Corruption of Public Officers under Article 212 of the Revised Penal Code, as amended;
4. Frauds and Illegal Exactions and Transactions under Articles 213, 214, 215, and 216 of the Revised Penal Code, as amended;
5. Malversation of Public Funds and Property under Articles 217 and 222 of the Revised Penal Code, as amended;
6. Forgeries and Counterfeiting under Articles 163, 166, 167, 168, 169, and 176 of the Revised Penal Code, as amended;
7. Violations of Sections 4 to 6 of Republic Act No. 9208, otherwise known as the Anti-Trafficking in Persons Act of 2003;
8. Violations of Sections 78 to 79 of Chapter IV of Presidential Decree No. 705, otherwise known as the *"Revised Forestry Code of the Philippines, as amended"*;
9. Violations of Sections 86 to 106 of Chapter VI of Republic Act No. 8550, otherwise known as the *"Philippine Fisheries Code of 1998"*;
10. Violations of Sections 101 to 107, and 110 of Republic Act No. 7942, otherwise known as the *"Philippine Mining Act of 1995"*;
11. Violations of Section 27 (c), (e), (f), (g) and (i) of Republic Act No. 9147, otherwise known as the *"Wildlife Resources Conservation and Protection Act"*;
12. Violation of Section 7(b) of Republic Act No. 9072, otherwise known as the *"National Caves and Cave Resources Management and Protection Act"*;
13. Violation of Republic Act No. 6539, otherwise known as the *"Anti-Carnapping Act of 2002, as amended"*;
14. Violations of Sections 1, 3 and 5 of Presidential Decree No. 1866, as amended, otherwise known as the *"Decree Codifying the Laws on Illegal/Unlawful Possession, Manufacture, Dealing in, Acquisition or Disposition of Firearms, Ammunition or Explosives"*;
15. Violation of Presidential Decree No. 1612, otherwise known as the *"Anti-Fencing Law of 1979"*;
16. Violation of Section 6 of Republic Act No. 8042, otherwise known as the *"Migrant Workers and Overseas Filipinos Act of 1995, as amended by Republic Act No. 10022"*;



17. Violation of Republic Act No. 8293, otherwise known as the *“Intellectual Property Code of the Philippines”*;
18. Violation of Section 4 of Republic Act No. 9995, otherwise known as the *“Anti-Photo and Video Voyeurism Act of 2009”*;
19. Violation of Section 4 of Republic Act No. 9775, otherwise known as the *“Anti-Child Pornography Act of 2009”*; and
20. Violations of Sections 5, 7, 8, 9, 10(c), (d) and (e), 11, 12 and 14 of Republic Act No. 7610, otherwise known as the *“Special Protection of Children Against Abuse, Exploitation and Discrimination”*.

- (d) Grant to the AMLC the authority to require the Land Registration Authority (LRA) and all its Registries of Deeds to submit reports on real estate transactions in excess of Php500,000.00 and related documents;
- (e) Introduction of forfeiture of assets of value equal to that of the proceeds of an unlawful activity; and
- (f) Imposition of monetary and criminal penalty on covered persons, its directors, officers or personnel, who knowingly participate in the commission of money laundering.

## Onsite Visit of the FATF-ICRG

On 2-3 May 2013, the FATF International Cooperation Review Group (ICRG) conducted an on-site visit in the Philippines in order to confirm that the process of implementing the required reforms and actions to address the country’s AML/CFT deficiencies is underway and is being sustained. The on-site visit was conducted as a result of the FATF’s decision made during its Plenary meeting on 18-22 February 2013 in Paris, France upon acknowledging the significant progress made by the Philippines in improving its AML/CFT regime.



Left-Right: The FATF-ICRG Team: Ms Elizabeth Liu, Ms Sabina Kook, Mr Rodger Scott, Mr Kazuki Naradate, and Mr Eliot Kennedy, during the plenary session of their onsite visit; room view of the plenary session; and AMLC Secretariat Executive Director Bacay-Abad as she answered questions from the FATF-ICRG team.

Briefing sessions for relevant agencies and sectors as well as preparatory meetings with various key stakeholders prior to the onsite visit were organized by the AMLC and the Secretariat. Said onsite visit of the FATF-ICRG was held at the Executive Business Center, BSP Complex, Manila, and was participated by the FATF-ICRG on-site team, the Chairman and the Members of the AMLC, high-level officials from the different branches of the Government, representatives from the private sector and the new covered persons, and the AMLC Secretariat personnel.



Clockwise: High-level officials from the government who participated during the FATF-ICRG onsite visit – DOJ Secretary Leila De Lima; DOF Secretary Cesar Purisima; House Speaker Feliciano Belmonte, Jr.; Senator Sergio Osmeña; and Deputy Executive Secretary for Legal Affairs Atty. Michael G. Aguinaldo.



L-R: Council Members with Exec. Director Bacay-Abad; BSP SES Deputy Governor Nestor A. Espenilla, Jr. in a conversation with IC Comm. Emmanuel Dooc; and Officers from the different Supervisory Authorities (BSP, SEC, and IC).



BSP RMS Deputy Governor Juan De Zuñiga representing AMLC Chairman and BSP Governor Amando M. Tetancgo, Jr. during the onsite visit.

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Counter-clockwise: Senior Deputy State Prosecutor Theodore M. Villanueva with DOJ prosecutors from the DOJ-AML Task Force; officers from PNP-CIDG and PDEA; guests-panelists from major Philippine universal banks; and officers/representatives from other government agencies and Non-Profit Organizations – Cooperative Development Authority (CDA), Department of Social Welfare and Development and Philippine Council for NGO Certification (PCNC).

The findings of the ICRG review team during the onsite visit were generally positive because of the invaluable support and cooperation of the various institutions represented during the visit. According to the review team, the Philippines had nearly addressed all its technical deficiencies in its Action Plan but further work needed to be done in the implementation of the rules and regulations for the DNFBP sector. A major deficiency, however, was noted by the ICRG review team relative to the non-inclusion of casinos in the Philippines AML/CFT system. The AMLC responded that this is being accorded with high priority and that there is strong political commitment to address the matter promptly.



The AMLC Secretariat team which organized and coordinated the two-day on-site visit and briefings session.



## Philippines' Removal from the Financial Action Task Force (FATF)'s List of Vulnerable Jurisdictions

During the FATF meetings in June 2013 held in Oslo, Norway, members of the FATF commended the Philippines for the significant progress it has accomplished in addressing its previously identified AML/CFT deficiencies by enacting the required legislative measures and in implementing the required procedures. In particular, the enactment of Republic Act No. 10168<sup>2</sup>, Republic Act No. 10167<sup>3</sup>, and Republic Act No. 10365<sup>4</sup> by the Philippine Congress was the basis for the decision of the FATF to remove the Philippines from the list of jurisdictions that are subject to FATF's monitoring process under its on-going global AML/CFT compliance process. This development spared the Philippines from being "blacklisted" and being the subject of possible countermeasures from other jurisdictions.

The FATF also encouraged the Philippines to continue working with the Asia/Pacific Group on Money Laundering (APG) for the implementation of the new legislative and regulatory reforms to improve the Philippines' AML/CFT system and strengthen compliance with international standards.

However, the FATF requested the APG to continue to apply enhanced monitoring to the Philippines until the casino sector is covered under the Philippines' AML/CFT regime. This singular remaining deficiency has been considered a high-risk for money laundering and terrorism financing since the Philippines' 2008 mutual evaluation.

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<sup>2</sup>"An Act Defining the Crime of Financing of Terrorism, Providing Penalties Therefor and for Other Purposes".

<sup>3</sup>"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".

<sup>4</sup>"An Act Further Strengthening the Anti-Money Laundering Law, Amending for the Purpose Republic Act No. 9160, Otherwise Known as the 'Anti-Money Laundering Act of 2001' as Amended".

## AMLC awarded as One of the Outstanding Government Accounting Offices for FY 2012

The AMLC Secretariat's Administrative and Financial Services Division (AFSD), which serves as the Accounting Office of the Council, was awarded as one of the 2012 Outstanding Government Accounting Offices by the Association of Government Accountants of the Philippines (AGAP), Inc. during its 2013 Convention-Seminar on 14 to 17 October 2013.



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The award was in recognition of the quality, timeliness and accuracy of the AMLC's FY 2012 financial reports. The awarding was held on 14 October 2013 in Bacolod City, with Senator Grace Poe-Llamanzares as guest speaker.

# **2013 RELEVANT AMLC RESOLUTIONS AND CIRCULARS AND MEMORANDA OF THE BANGKO SENTRAL NG PILIPINAS IN RELATION TO AML**

## **AMLC**

### **Resolution No. 10**

On 24 January 2013, the AMLC issued Resolution No. 10, expanding the list of “no/low risk” covered transactions and enjoining all covered institutions to defer reporting such covered transactions to the AMLC. Resolution No. 10, series of 2013, superseded Resolution No. 58, series of 2005, which deferred the reporting of certain “non-cash, no/low risk” covered transactions. It also superseded Resolution No. 24, series of 2009, which deferred the reporting of transactions between banks and government agencies.

### **Resolution No. 10-A**

The AMLC issued Resolution No. 10-A, series of 2013, requiring all covered institutions to file reports on covered transactions, regardless of the mode of payment used in the settlement thereof, including transactions in checks, fund transfers, and/or the debiting or crediting of accounts, except those transactions covered under Resolution No. 10, on “no risk/low risk” covered transactions. This enabled the AMLC to know the true nature, and/or the circumstances surrounding the issuance of checks or the debiting/crediting of accounts.

### **Resolution No. 10-B**

Resolution No. 10-B, series of 2013, was issued by the AMLC, exempting the presenting bank from filing an STR relative to its receipt of a spurious check from a depository bank that has no clearing facilities. This amended Resolution No. 10, series of 2007, which reminded all depository, presenting, or drawee banks, through which a fraudulent or spurious check passes, to file the corresponding STR pursuant to Section 9(c) of R.A. No. 9160, as amended. The FSLC-TWG recommended this amendment since the presenting bank is not privy to the transaction between the depository bank and its client.



## **Resolution No. 10-C**

The AMLC issued Resolution No. 10-C, series of 2013, adopting the enumerated policies in the data collection system for uniform implementation by all covered institutions and the approval of the Guidelines on the Reporting of Covered and Suspicious Transactions and the revised AMLC Reporting Procedure.

## **BSP**

### **Memorandum No. M-2013-052**

On 22 November 2013, the BSP issued Memorandum No. M-2013-052, informing all covered institutions of the temporary relaxation of the implementation of Know Your Customer Requirement, allowing the non-presentation of identification document in processing transactions of victims of super typhoon Yolanda, subject to the observance of the conditions and guidelines mentioned therein.

### **Circular No. 792, series of 2013**

Circular No. 792, pursuant to Monetary Board Resolution No. 246 dated 07 February 2013, amends the provisions of the Manual of Regulations for Banks and the Manual of Regulations for Non-Bank Financial Institutions on valid identification cards for financial transactions.

### **Memorandum No. M-2013-051**

On 18 November 2013, the BSP issued Memorandum, No. M-2013-051, informing all BSP covered institutions, particularly all non-stock savings and loan associations, pawnshops, foreign exchange dealers, money changers and remittance agents, of the need to register with the AMLC for username, password and institution code assignment, as required by Section X807.4 of Circular No. 706, as well as to report all covered and suspicious transactions within ten (10) working days from occurrence thereof.



## **Memorandum No. M-2013-020**

On 09 May 2013, the BSP issued Memorandum No. M-2013-020, reminding all Pawnshops to strictly comply with and implement in all transactions, the provisions of the Manual of Regulations for Non-Bank Financial Institutions – Pawnshop “P” Regulations (MORNBFI-P) on acceptance of pawn items and Know your Pawner Policy, specifically Subsection 4301P.1 and 7301P.3 thereof.



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