



# 2014 **ANNUAL REPORT**

**ANTI-MONEY LAUNDERING COUNCIL**





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

## **MESSAGE**

The year 2014 was a good one for the Philippine economy despite challenges brought about by a series of natural disasters in the year that preceded it. The country was resilient and continued on its growth track. Sustaining this steady economic growth is the strong performance of its banking system, with public confidence in banks remaining intact.

A significant partner in maintaining this confidence is the Anti-Money Laundering Council (AMLC), as it has consistently delivered on its mandate of implementing Republic Act No. 9160, or the "Anti-Money Laundering Act of 2001" (AMLA), as amended by Republic Act Nos. 9194, 10167 and 10365, and Republic Act No. 10168, "The Terrorism Financing Prevention and Suppression Act of 2012."

In 2014, the President of the Philippines, through Memorandum Circular No. 64 dated 20 June 2014, designated the AMLC as the lead agency of the inter-agency Working Group enjoined to accomplish the objectives and completion of the Money Laundering and Terrorism Financing (ML/TF) National Risk Assessment (NRA) process in the Philippines. Through its Executive Director, the AMLC was empowered to issue operational guidelines and instructions to identify and evaluate the sources and methods of money laundering and terrorism financing, the weaknesses in the systems, and other vulnerabilities that have an impact, either direct or indirect, on the country conducting the assessment. The objective is for the assessment to be comprehensive and provide an overall picture of our country's ML/TF risks. Thus, the results of the national ML/TF risk assessment can be a valuable input

in the formulation or calibration of national Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) policies and action plans.

Another significant achievement of the AMLC in 2014 was its proposal to Congress that casinos be included in the purview of *covered persons* or *reporting entities* under the AMLA, as amended. The proposal aims to address a remaining strategic deficiency noted by the Financial Action Task Force's International Cooperation Review Group. The amendments were introduced under House Bill No. 3876 and Senate Bill No. 2106 to strengthen anti-money laundering efforts and to combat the financing of terrorism in the country. These proposed amendments attest to staunch political will and the AMLC's partnership with Congress to fulfill the country's (AML/CFT) action plan.

In 2014, the AMLC was again represented in the international fight in AML/CFT through the nomination and appointment of the Executive Director of its Secretariat as one of the Co-Chairs of the Financial Action Task Force International Cooperation Review Group-Asia-Pacific Regional Review Group (FATF ICRG-APRRG). The FATF ICRG-APRRG analyzes high-risk jurisdiction in the Asia-Pacific and recommends specific actions to address ML/TF risks emanating from these jurisdictions.

In presenting this 2014 Annual Report, I extend congratulations to the AMLC Secretariat and our national and global stakeholders in the fight against money laundering. With these partnerships in mind, truly, the AMLC is optimistic that it will continue to work toward the implementation of legislative, regulatory, and institutional reforms to improve the Philippine AML/CFT regime and strengthen compliance with international standards.

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**HON. TERESITA J. HERBOSA**

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

**MESSAGE**

Today's rapidly evolving global and domestic AML/CFT regime has posed unprecedented challenges and opportunities to our country's governance, security, and development.

Undoubtedly, both past and present events have shown how, with heightened awareness, our domestic regime had to build up the required capability and capacity to counter the gaps and challenges encountered along the path to complying with international standards.

Gauging by our past year's performance, we have worked toward establishing a local imprint to our AML/CFT regime imbued with state-level initiatives. Notably, good governance has been our core concern. Strategic imperatives have been operationally executed at the national level within the current *whole of nation* approach.

Within this structure, the state-level initiatives have been domestically carried out in the drive for effective governance across all sectors (both public and private) and externally integrated by the State with regional and international policy initiatives.

As part of the international coalition to combat both ML and TF, we have worked to broaden the practice of dealing with internal threats squarely and in isolation within our domestic confines. In its stead, our domestic initiatives have become the product of international initiatives, thus the comprehensive approach. In linking with the *whole of nation*, we have aligned with the real ML and TF challenges as seen in the external environment.



To this end, we have worked hard toward executing AML/CFT initiatives in a comprehensive way, as *analogously* executing multiple approaches with the optimum employment of all departments, agencies, and non-government actors.

With enhanced capability and capacity, I trust that our current to future AML/CFT regime response initiatives shall result to sustaining long-term public value by contributing to the national economic prosperity.

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**HON. EMMANUEL F. DOOC**

Member, Anti-Money Laundering Council  
Commissioner, Insurance Commission

#### **MESSAGE**

The AMLC remains committed to the preservation of the integrity of the financial system, and to the vigorous fight against the twin evils of money laundering and financing of terrorism, in accordance with internationally acceptable standards.

Since enactment of the AMLA in 2001, the AMLC has been instrumental in transforming the Philippines from a blacklisted into a cooperative state in the international financial community. In fact, the AMLC launched its national risk assessment in 2014, whose results may further improve the AMLC's future performance. This comes in the wake of the decision of the FATF to remove the Philippines from the list of vulnerable jurisdictions, based on the AMLC's achievements in policy-making, financial investigations, prosecutions, and freezing and forfeiture of suspected money launderers' assets.

Moreover, the AMLC has actively promoted inter-agency cooperation. Its unique mandate encompasses both criminal and financial activities, enabling it to contribute to the preservation of peace and order, and to the promotion of financial stability and economic growth, hand in hand with other government agencies.

Because the insurance industry is a key player in the financial system, we at the Insurance Commission (IC) remain firm in our cooperation with the AMLC, especially at a time when good governance has become a national buzzword. We are proud of the fact that, in an upward crescendo, insurance companies and others under the IC's jurisdiction are coming to a better understanding of their crucial role in preserving the financial system's integrity.



As we look forward to the coming year, the Filipino people can confidently face the future, knowing that the AMLC—my fellow members and I—will continue to put up a courageous fight, without fear or favor, toward a clean financial system.

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

Executive Director

Anti-Money Laundering Council Secretariat

### **MESSAGE**

The Government's efforts, through the AMLC, in combating money laundering and its predicate crimes and terrorism financing, have intensified through the years, and 2014 has been a very challenging year for the AMLC and its Secretariat.

The AMLC has been very vigorous in pursuing its mandate under the AMLA, as amended, and the Terrorism Financing Prevention and Suppression Law of 2012, as it has filed more money laundering cases than the previous years.

In 2014, the AMLC conducted 32 bank inquiries, of which 28 were done through court orders granted by the Court of Appeals. This is 22 more than the bank inquiries conducted in 2013.

Also in 2014, the AMLC filed nine petitions for the issuance of freeze order against monetary instruments or properties that are in any way related to predicate crimes or money laundering offense, which is more than the six petitions filed in 2013.

The AMLC has also conquered the international AML/CFT arena through the appointment of the Philippines as a Co-Chair of the FATF ICRG-APRRG during the June 2014 FATF Plenary. It is an indication that the country's standing in the global fight against money laundering and terrorist financing is recognized in the international community, particularly in the Asia-Pacific Region. While the Philippines has just recently exited the ICRG process, its being appointed to a key leadership role reflects the country's credibility and its ability to co-lead in the worldwide campaign against money laundering and terrorist financing.



Moving forward, the Council and its partners need a stronger and more focused strategy to address the growing challenges associated with money laundering and terrorist financing. On 20 June 2014, an inter-agency working group, led by the AMLC, was created to undertake a National Risk Assessment (NRA) study for the purpose of developing a risk-based AML/CFT strategy to facilitate allocation of available resources in the most effective way to control, mitigate, and eliminate the identified risks. While the study is still on-going, high points have been reached. We look forward to the presentation of the results in the near future.

Indeed, 2014 saw the AMLC as a stronger and more effective financial intelligence unit. With the continuous support of our partners, the outlook for the country's AML/CFT regime remains bright despite the challenges ahead.

# 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 a regular FIU, it has other functions, such as 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. Toward this goal, the AMLC shall, without fear or favor, investigate and cause the prosecution of money laundering offenses.

## **Mission**

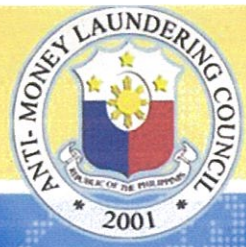
- ④ To protect and preserve the integrity and confidentiality of bank accounts.
- ④ To ensure that the Philippines shall not be used as a money laundering site for the proceeds of any unlawful activity.
- ④ To extend cooperation in transnational investigation and prosecution of persons involved in money 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 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 GOCCs; 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.

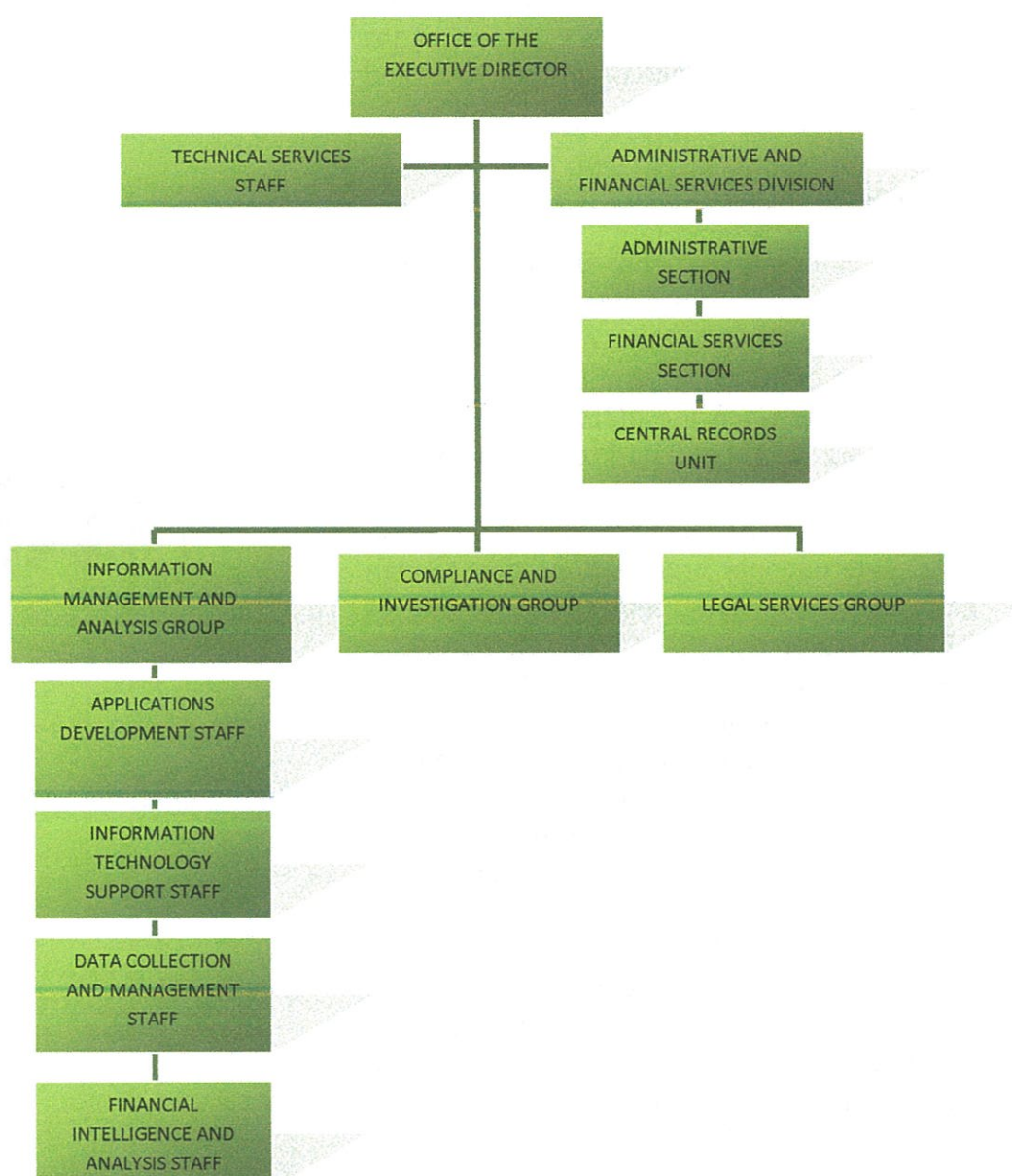


## THE AMLC SECRETARIAT

The “Anti-Money Laundering Act of 2001” (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 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 organizational units in the AMLC Secretariat that support the Anti-Money Laundering Council (AMLC) in the discharge of its functions:





## Office of the Executive Director (OED)

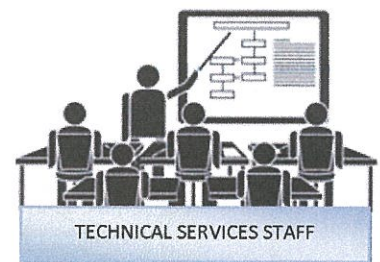
- supervises and controls the operations and functions of the AMLC Secretariat;
- ensures the proper execution/implementation of the policies, rules, and regulations of the AMLC, as stated in the AMLA, as amended, and its RIRRs, and in the TF Suppression Act and its IRRs;
- enforces decisions made by the AMLC and recommends actions thereto; and
- ensures coordination with counterpart Financial Intelligence Units (FIUs) and other relevant foreign and domestic agencies or organizations and represents the AMLC in domestic and international *fora*.



OFFICE OF THE  
EXECUTIVE DIRECTOR

## 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 gathers, researches, and studies all documentary requirements, materials, data, and information related to Technical Assistance and Training received or provided by the AMLC; and





- 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 sub-groups, namely: the Applications Development Staff, Information Technology Support Staff, Data Collection and Management Staff, and 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 AMLC 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 acts 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 CTRs/STRs, money laundering activities and other violations of the AMLA, as amended, terrorism financing (TF) 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 by other jurisdictions and international organizations for assistance;
- gathers evidence required in the filing of petitions for freeze orders, applications for bank inquiries, 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; and
- 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 RIRRs; and
- 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 AMLC Secretariat

### **Administrative Section**

- handles personnel management and manages supply, property, and personnel records

### **Financial Services Section**

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

### **Central Records Unit**

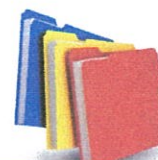
- updates and maintains an accurate inventory of all the record holdings of the AMLC Secretariat and maintains an electronic database or duplicate copies of all documents received by the AMLC Secretariat

ADMINISTRATIVE AND  
FINANCIAL SERVICES DIVISION

ADMINISTRATIVE SECTION



FINANCIAL SERVICES SECTION



CENTRAL RECORDS UNIT

B B  
U U  
D D  
G G  
E E  
T T

## **Profile**

Human resources are often referred to as the greatest asset of an organization and some even refer to it as the intellectual capital of an institution. It is the 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 who consistently drive the FIU to realize its full potential.

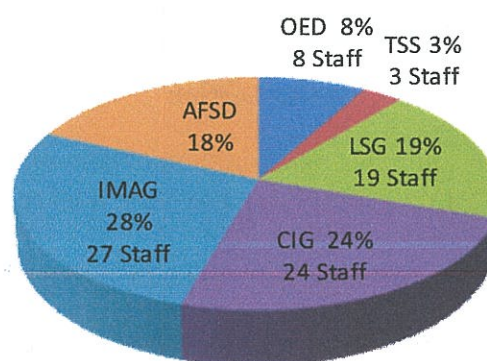


Officers and personnel with different experiences and educational backgrounds were recruited by the AMLC Secretariat to strengthen the capacity of the AMLC to investigate and prosecute money laundering and terrorism financing cases.

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

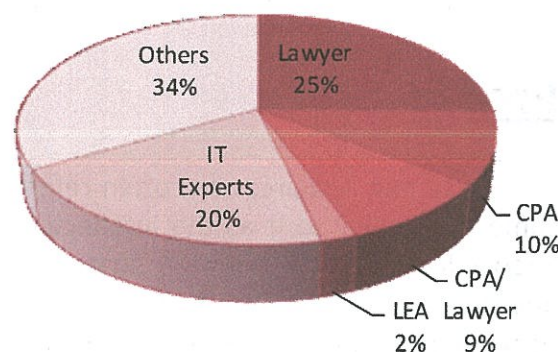
As of 31 December 2014, the total number of *plantilla* positions in the AMLC Secretariat is 109, out of which 99 positions are filled. The IMAG comprises the biggest number of personnel, 27 employed officers and staff, followed by the CIG, with 24 personnel. On the other hand, the LSG and the AFSD have 19 and 18 personnel, respectively. The OED and TSS have eight and three personnel, respectively.

**Figure 1. Personnel Profile**



Most AMLC Secretariat personnel are licensed professionals and experts in their field. Out of the 99 personnel, 34 are members of the Philippine Bar, nine of whom are also Certified Public Accountants (CPAs). In addition, there are 10 CPAs, one forensic accountant, 20 IT experts, and two financial investigators who were former police officers.

**Figure 2. Professional Background**





## **Capacity-Building Trainings and Seminars**

The AMLC is committed to the continuing expansion of knowledge and development of the Secretariat personnel. Every year, the competencies of both officers and staff are developed and strengthened through participation in various international and domestic trainings and seminars. In 2014, 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, and even as advisory panel members/assessors of several AML/CFT regimes in different jurisdictions. Below is the complete list of these trainings/conferences:

1. Egmont Committee and Working Group Meetings	17 - 19 February 2014 Budapest, Hungary
2. ADB SIDC Regulator Capacity Building Initiative Training Program	27 February 2014 Kuala Lumpur, Malaysia
3. 4th Annual Regional Asset Forfeiture Conference	Yogyakarta, Indonesia 7 - 9 May 2014
4. Egmont Group's Strategic Analysis Course (EG-SAC)	19 - 23 May 2014 Kuala Lumpur, Malaysia
5. Asia/Pacific Group on Money Laundering (APG) Pre-Mutual Evaluation and National Risk Assessment Workshop	28 - 30 May 2014 Seoul, Korea
6. 22nd Egmont Group Plenary	1 - 6 June 2014 Lima, Peru
7. 17th APG Annual Meeting and Forum on Technical Assistance and Training (TA & T)	14 - 18 July 2014 Macau, China
8. International Law Enforcement Academy's (ILEA) Fraud and Public Corruption Investigations Course	14 - 18 July 2014 Bangkok, Thailand
9. Financial Crimes Detection Workshop	14 - 18 July 2014 Washington D.C., USA
10. Anti-Money Laundering/Terrorist Financing Course	21 - 25 July 2014 Washington D.C., USA
11. APG Assessors Training Workshop	18 - 22 August 2014 Seoul, Korea
12. 2nd Project Anti-Transnational Financial Crime (ATFC) Working Group Meeting	20 - 21 August 2014 Bangkok, Thailand
13. Counterterrorism Financial Investigation Course	24 - 28 August 2014 Kuala Lumpur, Malaysia



14. AML/CFT Frameworks	1 - 5 September 2014 Singapore
15. Financial Action Task Force-International Cooperation Review Group's (FATF ICRG) Asia/Pacific Regional Review Group (APRRG) On-Site Visit	1 - 2 September 2014 Phnom Penh, Cambodia
16. APRRG Face-to-Face Meeting	3 - 5 September 2014 Siem Reap, Cambodia
17. 2nd Annual AML and Compliance Asia 2014	17 September 2014 Singapore
18. ILEA's Financial Investigation Course	29 September - 3 October 2014 Bangkok, Thailand
19. FATF Plenary and ICRG Meetings	19 - 24 October 2014 Paris, France
20. Counterterrorism Fusion Center Development Training	27 - 31 October 2014
21. Asia Region Law Enforcement Management Program 36	2 - 22 November 2014 Ho Chi Minh, Vietnam
22. FATF/APG Joint Experts' Meeting on Typologies	24 - 28 November 2014 Bangkok, Thailand

## **Budget**

In 2014, the total approved budget of the AMLC amounted to Thirty-Eight Million Eight Hundred Five Thousand Pesos (Php38,805,000.00), which is composed of the following:

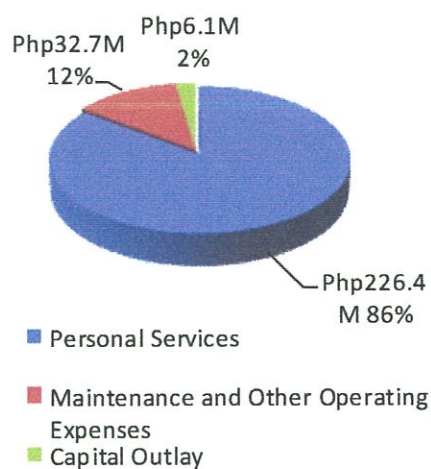
Maintenance and Other Operating Expenses (MOOE's)	- Php 32.671 million
Capital Outlay	- 6.134 million

The bulk of the MOOE budget was allotted for Travelling Expenses; Repair and Maintenance (R/M); and Confidential, Intelligence, Extraordinary, and Miscellaneous Expenses (CIEME), consisting of 18%, 17%, and 13% 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 investigations.

Meanwhile, the AMLC's total budget allotted for Personal Service expenses amounted to Two Hundred Twenty-Six Million Three Seventy-Eight Thousand Seventeen Pesos and Twenty-Five Centavos (Php226,378,017.25). This budget was provided by the BSP because all members of the AMLC Secretariat are full-time permanent employees of the BSP pursuant to Section 8 of the AMLA, as amended.

**Figure 3. AMLC's 2014 Total Budget**





## COLLECTION AND ANALYSIS OF COVERED AND SUSPICIOUS TRANSACTION REPORTS

In order to effectively implement the power of the Anti-Money Laundering Council (AMLC) to require all covered persons to submit covered transaction reports (CTRs) and suspicious transaction reports (STRs), the AMLC issued Resolution Nos.10-A(filing of reports by covered persons(CPs) other than banks, regardless of the mode of payment) and 10-C (policies on the data collection system for uniform implementation by covered persons), Series of 2013.

The AMLC also revised the Reporting Procedure, which now requires priorregistration of the CP'sCompliance Officers and alternate representatives with the AMLC to be able to submit CTRs and STRs. In support of the Reporting Procedure, the BangkoSentralngPilipinas (BSP) issued on 18 November 2013 Memorandum No. M-2013-051, which requires all non-stock savings and loan associations (NSSLAs), pawnshops, foreign exchange dealers, money changers, and remittance agents to register with AMLC for reporting purposes.

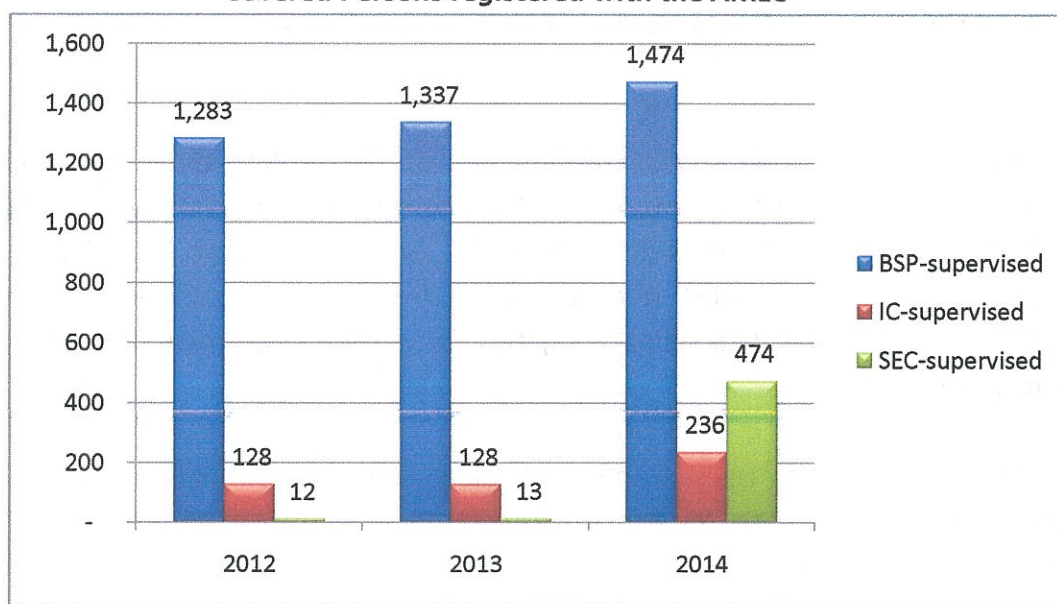
As of 31 December 2014, the AMLC recorded a 47.77% increase in the number of registered CPs compared to the 2013 data. SEC-registeredCPs account for the bulk of the increase, with a 3,546%rise from the 2013 numbers. The table and figure below show the statistics of the registered CPs per Supervising Authority from 2012 to 2014.

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

Supervising Authority	As of December 2012	As of December 2013	As of December 2014
BSP	1,283	1,337	1,474
IC	128	128	236
SEC	12	13	474
<b>TOTAL</b>	<b>1,423</b>	<b>1,478</b>	<b>2,184</b>



**Figure 4**  
**Covered Persons registered with the AMLC**



Despite the increase in the registration of CPs, the AMLC observed a decrease in the number of CTRs submitted by the BSP- and IC-supervised CPs for the period 2012 to 2014. This is due to the implementation of AMLC Resolution No. 10, Series of 2013 on the deferred reporting of no-/low-risk covered transactions. On the other hand, a notable increase in the number of CTRs was recorded for SEC-supervised CPs. See Table 2 for the number of CTRs/STRs reported to AMLC per Supervisory Authority.

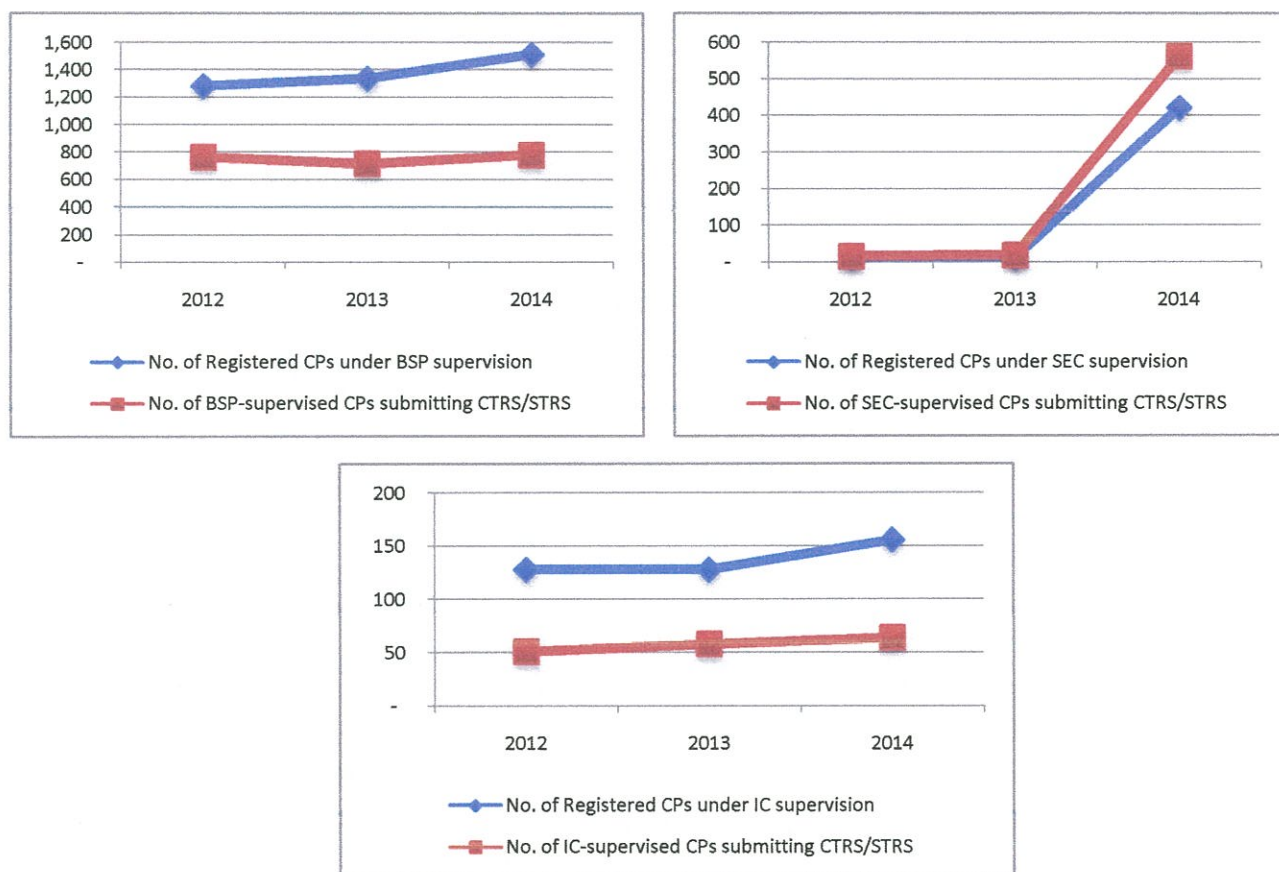
**Table 2**  
**Number of covered and suspicious transaction reports per Supervisory Authority**

Supervisory Authority	2012		2013		2014	
	CTR	STR	CTR	STR	CTR	STR
BSP	48,959,738	17,524	45,531,805	94,270	43,804,450	94,483
SEC	17,714	25	52,512	17	493,111	92
IC	84,534	162	90,539	263	84,258	364
Total	49,061,986	17,711	45,674,856	94,550	44,381,819	94,939



The relationship between the number of CPs registered with the AMLC reporting portal and the number of CPs which submitted CTRs and STRs for the years 2012 to 2014 are shown in the following figures:

**Figure 5**  
**Registered and reporting Covered Persons per Supervisory Authority**



From 2012 to 2014, the IMAG has profiled 207,202 STRs according to suspicious transaction indicator and/or unlawful activity or predicate crime involved. Out of the profiled STRs, 108,597 STRs were categorized as either Medium or High priority. These STRs were then forwarded to the CIG for further analysis and investigation. The remaining STRs were categorized as low priority and were stored in the database for future reference.



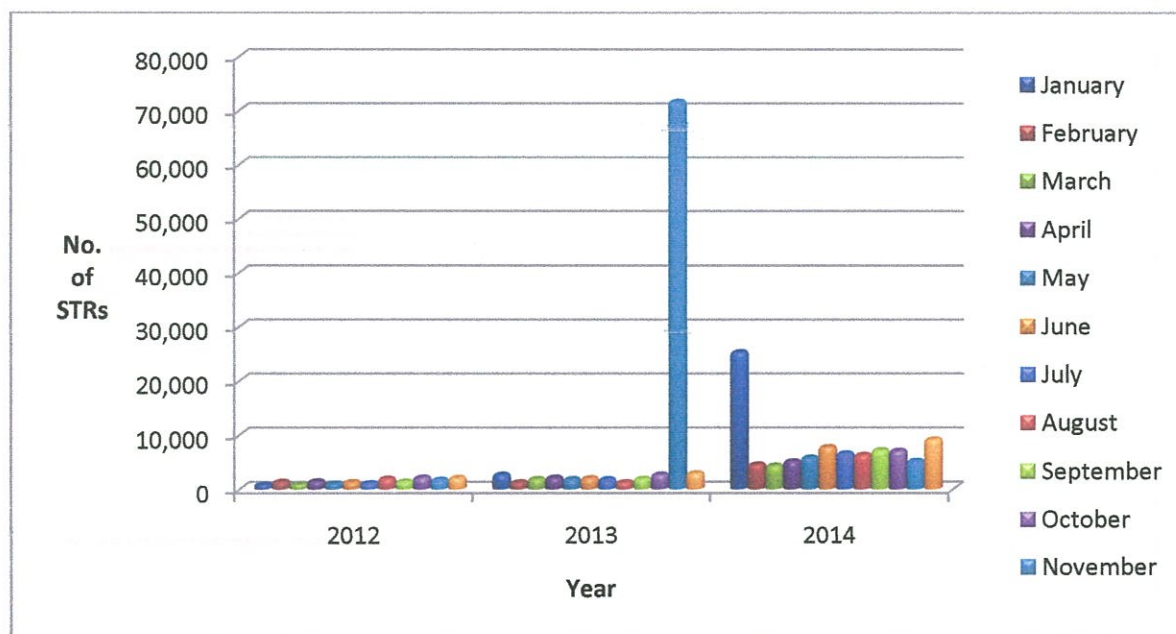
**Table 3**  
**Monthly suspicious transaction reports, 2012 - 2014**

Month	2012	2013	2014
January	866	2,704	25,352
February	1,424	1,302	4,609
March	866	1,914	4,380
April	1,505	2,171	5,159
May	1,052	1,887	5,873
June	1,362	2,059	7,799
July	1,136	1,869	6,627
August	1,986	1,312	6,366
September	1,426	1,937	7,199
October	2,183	2,733	7,113
November	1,797	71,705	5,259
December	2,107	2,957	9,203
<b>Total per Year</b>	<b>17,711</b>	<b>94,550</b>	<b>94,939</b>
<b>Total for the three-year period</b>	<b>207,202</b>		

In November 2013 and January 2014, the AMLC received the two highest numbers of reported STRs. Most of the STRs submitted in November 2013 were for *Fraudulent Practices and Other Violations of the Securities Regulation Code of 2000*, in relation to the pyramid scam in the Southern area of the Philippines, while STRs submitted in January 2014 were mostly for graft and corrupt practices, in relation to the *pork barrel scam* involving various entities and government officials. Noticeably in 2014, there was an increase in the monthly average of STRs as compared to 2012 and 2013.



**Figure 6**  
**Monthly trend of suspicious transaction reports, 2012-2014**



There is only a slight increase of 0.41% in the total STRs received in 2014 compared to those received in 2013, notwithstanding the huge STRs received in November 2013.

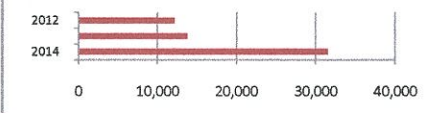
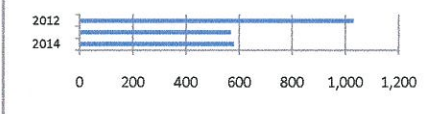
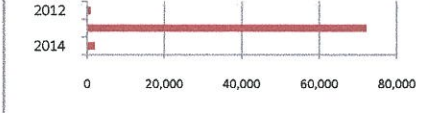
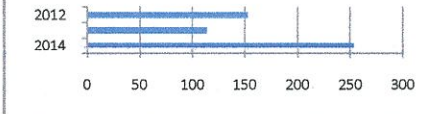
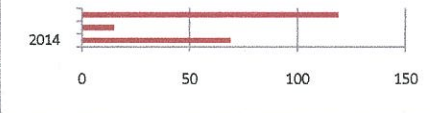
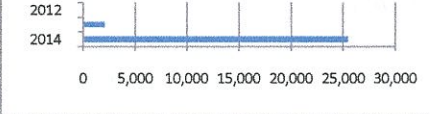
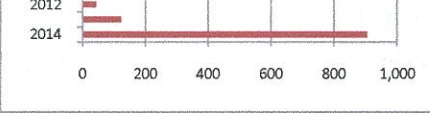
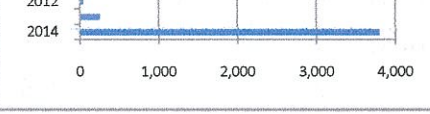
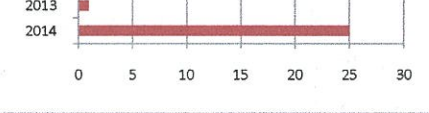
As of 31 December 2014, the AMLC received a total of 655 STRs which were related to the new unlawful activities or predicate crimes to money laundering, such as environmental crimes, human trafficking, and anti-child pornography, among others.

In 2014, most of the STRs received were still in relation to the pork barrel scam involving government officials and their staff, private entities, and identified individuals. There was a huge increase in the number of STRs related to the predicate crimes of Swindling/Fraud and Graft and Corrupt Practices, which registered 129.10% and 1,110.94% increases respectively, while a significant decline in the number of STRs on Fraudulent Practices and other violations of the Securities Regulation Code of 2000 was observed. This accounts for the marginal increase of 0.41% in the total number of STRs filed in 2014 compared to 2013.

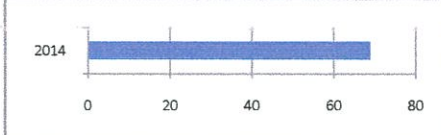
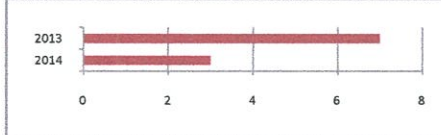
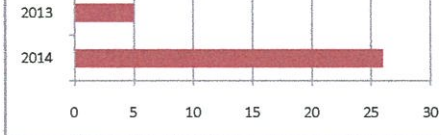
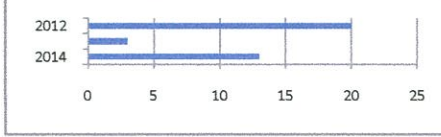
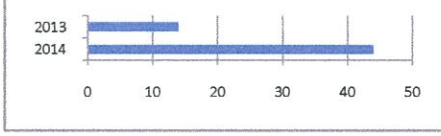
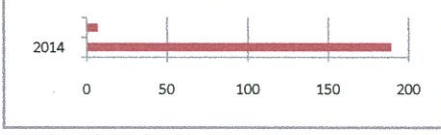
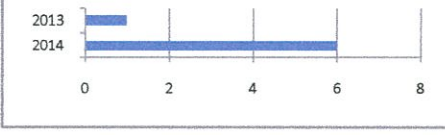
Notable increase was also observed for STRs filed under *Other Suspicious or Red Flag Indicators*. Subjects and accounts reported as STRs for transactions with no underlying legal or trade obligation were likewise perceived to be involved in the PDAF scam.

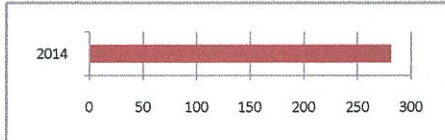
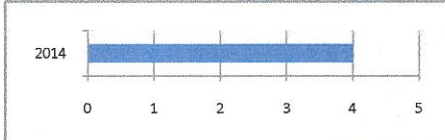
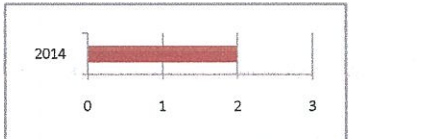
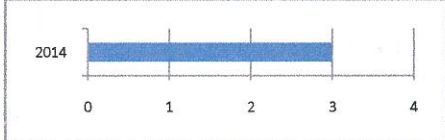
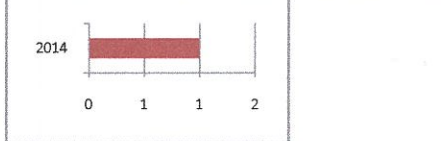
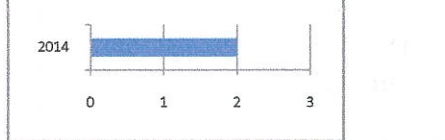
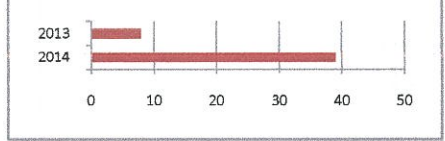
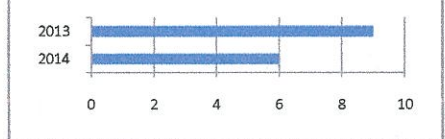
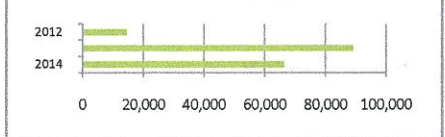


**Table 4**  
**Summary of suspicious transaction reports categorized by unlawful activity**  
**and by suspicious transaction indicators, 2012 - 2014**

Unlawful Activity	No. of STRs			
	2014	2013	2012	Trend
Swindling	31,485	13,743	12,133	
Qualified theft	580	569	1,030	
Fraudulent practices and other violations of the Securities Regulation Code of 2000	2,026	72,174	940	
Plunder	254	114	153	
Kidnapping for ransom	69	15	119	
Graft and corrupt practices	25,466	2,103	65	
Drug trafficking and related offenses	906	123	44	
Violations of the Electronic Commerce Act of 2000	3,799	254	44	
Financing of terrorism	25	1	N/A	



<b>Bribery and corruption of public officers</b>	69	N/A	N/A	
<b>Felonies or offenses of a similar nature that are punishable under the penal laws of other countries</b>	191	19	20	
<b>Smuggling</b>	888	92	18	
<b>Hijacking, destructive arson, murder</b>	3	7	N/A	
<b>Robbery and extortion</b>	53	11	7	
<b>Malversation of public funds and property</b>	26	5	N/A	
<b>Terrorism and conspiracy to commit terrorism</b>	13	3	20	
<b>Forgeries and counterfeiting</b>	2	N/A	N/A	
<b>Juetengandmasiao</b>	44	14	N/A	
<b>Violations of the Anti-Trafficking in Persons Act of 2003</b>	189	7	N/A	
<b>Violations of the Anti-Carnapping Act of 2002</b>	6	1	N/A	

Violations of the Anti-Child Pornography Act of 2009	281	N/A	N/A	
Violations of the Anti-Fencing Law	4	N/A	N/A	
Violations of the Intellectual Property Code of the Philippines	2	N/A	N/A	
Violations of the Decree Codifying the Laws on Illegal/Unlawful Possession, Manufacture, Dealing in, Acquisition or Disposition of Firearms, Ammunition or Explosives	3	N/A	N/A	
Violations of the National Caves and Cave Resources Management Protection Act	1	N/A	N/A	
Violations of the Revised Forestry Code of the Philippines	2	N/A	N/A	
Violations of the Migrant Workers and Overseas Filipinos Act of 1995	39	8	N/A	
Violations of the Philippine Mining Act of 1995	6	9	N/A	
SUB-TOTAL (STRs related to an unlawful activity)	66,432	89,272	14,593	



## COMPLIANCE, INVESTIGATION, AND ENFORCEMENT

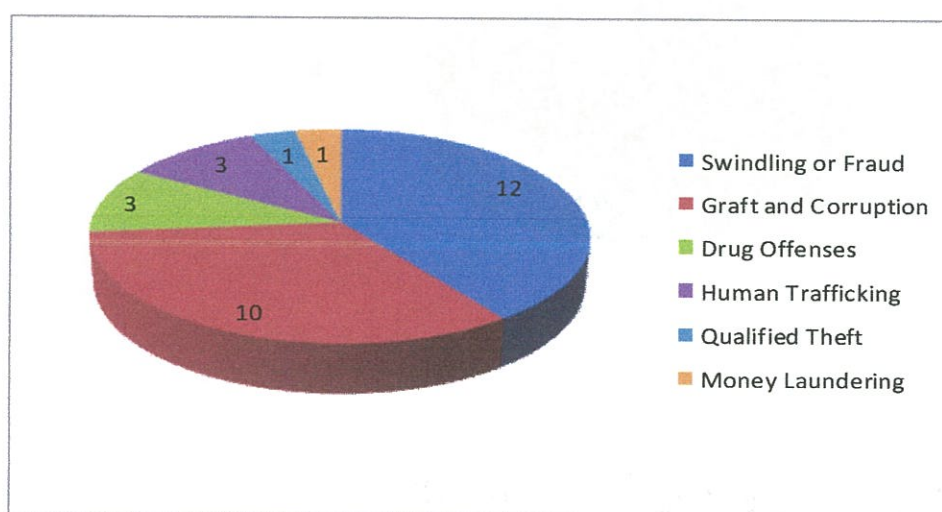
### Money Laundering Investigation

The Anti-Money Laundering Council (AMLC), in addition to the core functions of a financial intelligence unit (FIU) of receiving, analyzing, and disseminating financial information as a result of its analysis of reports derived from CTRs and STRs submitted by covered persons (CPs), is also authorized under the “Anti-Money Laundering Act of 2001” (AMLA), as amended, to: (i) conduct investigation of money laundering activities; (ii) ensure compliance of the covered persons with the AMLA; and (iii) enforce the AMLA.

In 2014, the AMLC conducted 30 bank inquiries, 27 of which were done through court orders issued by the Court of Appeals (CA), while three were through AMLC Resolutions.

Majority of money laundering cases being investigated by the AMLC stemmed from the predicate crimes of graft and corruption and related offenses, and swindling/fraud. The investigations conducted by predicate crimes are as follows:

**Figure 7**  
***Money laundering investigations and related predicate crimes***



### Compliance and Enforcement

Money laundering investigation is not limited to criminal investigation. It also includes administrative determination by the AMLC of CPs’ compliance with the AMLA, as amended, and its RIRRs.

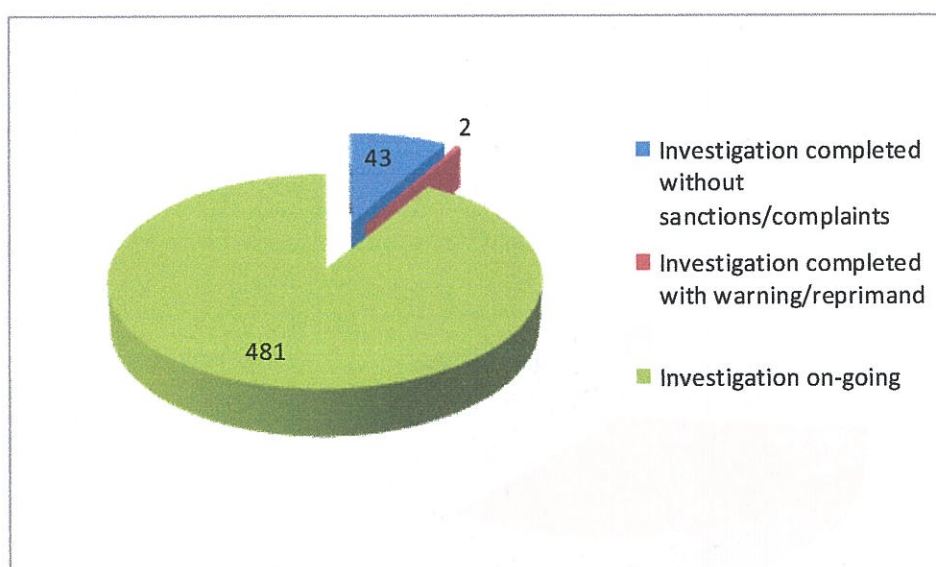


The Supervisory Authorities—the Bangko Sentral ng Pilipinas (BSP), the Securities and Exchange Commission (SEC), and the Insurance Commission (IC)—conduct examination of CPs and determine their compliance with the requirements of the AMLA, as amended, and its RIRRs, particularly on the three preventive measures, which are: customer due diligence, record-keeping, and submission of covered transaction reports (CTRs) and suspicious transaction reports (STRs) to the AMLC.

The AML findings of the Supervisory Authorities are then forwarded to the AMLC for administrative investigation.

In 2014, the BSP referred to the AMLC 526 cases concerning its AML findings on covered persons under its supervision/regulation, for evaluation and investigation. Out of the referrals, the AMLC completed the investigation of 45 referred cases. The AMLC issued a warning or reprimand in two cases while no sanctions were imposed on 43 cases.

**Figure 8**  
**Number and status of referrals received by the AMLC from the BSP**

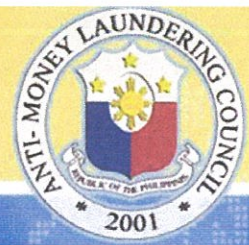


## Money Laundering Typologies

### 1. Large-scale corruption through the use of Non-Government Organizations (NGOs), dummy corporations, and foreign exchange dealers

This money laundering case is based on one of the biggest corruption cases in recent Philippine history. It stemmed from the complaints filed by the National Bureau of Investigation (NBI) for plunder, malversation, direct bribery, and graft and corrupt practices act before the Office of the Ombudsman relative to the use of the legislators' pork barrel





allocation. Had this case remained undetected, billions more would have been lost from the country's coffers through corruption.

The Priority Development Assistance Fund (PDAF), popularly called "pork barrel," is well entrenched in Philippine political history and is often used as a means to generate majority legislative support for the programs of the Executive. Since the 1920s, it is a lump-sum discretionary fund granted to each member of Congress for spending on priority development projects of the Philippine government, mostly on the local level, where every member of the House of Representatives usually receives an annual PDAF allocation of PhP70 million (approximately US\$1.5 million) while every Senator receives an annual allocation of PhP200 million (approximately US\$4.4 million).

The PDAF scam, also called the pork barrel scam, is the alleged misuse by several members of Congress of their PDAF. It involved the funding of agricultural "ghost projects" using the PDAF of participating lawmakers. These agricultural projects were primarily concocted by Ms. N and purportedly implemented through her companies, with the projects producing no tangible output. Funds would be processed through fake foundations and NGOs established under the wing of Ms. N's Group of Companies (holding company of Ms. N), with her employees—even a nanny—named as incorporators or directors. Each foundation or NGO served as an official recipient of a particular legislator's PDAF, and each organization had a number of bank accounts where the allotted PDAF would be deposited for the supposed implementation of these projects. The funds would then be withdrawn by Ms. N's employees and eventually be split among Ms. N, the lawmaker, the official of the implementing agencies responsible for facilitating the transfer of funds, and, for good measure, the local mayor or governor. Ms. N's Group of Companies offered a commission from 10 to 15% against funds released to local government units and recipient agencies of PDAF, while a legislator would receive a commission from 40 to 60% against the total value of his/her allotted PDAF.

Some of Ms. N's employees eventually became whistleblowers, exposing the scam and testifying against Ms. N. They alleged that the legislators who were complicit in the scam were usually paid in cash, through their Chiefs-of-Staff or other representatives.

As a result of the discovery of the perverse scheme of the lawmakers in connivance with equally debased private individuals, the public was outraged and protests ensued. Consequently, plunder and corruption charges were filed against Ms. N, her employees, officials of the implementing agencies and lawmakers, including three prominent legislators. Two of these legislators are well-known movie and TV actors while the third is a veteran legislator.

Financial investigation conducted by the AMLC showed, among others, that for one of the legislators, cash deposits were made to his various bank accounts and investments from 2006 to 2010 totaling more than PhP87.6 million (approximately US\$1.95 million) within 30 days from the dates the alleged commissions were received from his PDAF.



During the same period, cash deposits totaling more than Php27.7 million (approximately US\$615 thousand) were also made to NCDR Corporation, a company owned and controlled by the Senator's wife, which apparently had no operations as it did not file financial statements with the Philippine Securities and Exchange Commission (SEC).

In relation to the funds received by Ms. N from the scam, investigation revealed that aside from the use of bank deposits, investments in variable-life insurance policies, prime real estate properties, and expensive motor vehicles, Ms. N also laundered the funds by using two money changers, LE Trading and F Enterprises, to remit more than US\$5.26 million to Country S in favor of two companies owned by her daughter and brother.

In August and November 2013, the CA granted the Petitions filed by the AMLC for the Issuance of Freeze Orders against the bank accounts, investments, real properties, and motor vehicles of Ms. N, her companies, and employees, as well as the legislators implicated in the scam. In February and June 2014, the AMLC filed Petitions for Civil Forfeiture before the Regional Trial Court (RTC) in Manila against the said properties. The said Petitions led to the issuance of Asset Preservation Orders to cover the following:

- a) peso funds and investments totaling more than Php155 million (approximately US\$3.4 million);
- b) dollar bank accounts totaling approximately US\$697 thousand;
- c) 47 real properties; and
- d) 16 motor vehicles.

In addition, AMLC Secretariat investigators were called as expert witnesses in proving the plunder and corruption cases filed against the three legislators involved in the PDAF scam.

## **2. Use of the Internet and dummy corporations for swindling/estafa**

This scheme involves the use of call centers operating in the Philippines for large-scale investment fraud perpetuated in Country X and the Philippines by BB, AA Financial Group Incorporated and LB Corporation (collectively referred to as "Birthright").

Sales calls were made to elderly victims residing in Country X to sell fraudulent certificates of deposits (CDs). These CDs were described as investment vehicles insured by the government of Country X. Victims are convinced to invest in the CDs and make payments through the issuance of personal checks. Thereafter, the victims receive by mail fraudulent monthly statements of account concerning their investments. None of the funds invested nor any of the promised interests have ever been returned or paid to the victims.

The operators of the call centers allegedly used false names and business addresses in brochures, business cards, and marketing materials sent to the victims. The operators also disguised their true location and names when making telephone calls to the victims by using



*Enchanted Drive* devices, which assign area codes and phone numbers pertaining to major cities of Country X. These devices are plugged into a USB port of a personal computer, enabling the user to place calls over the Internet. Based on investigation, while incoming calls to victims appeared to be coming from cities in Country X, the logs of the “Internet Protocol” (IP) addresses used by the” device showed that these calls were actually made from the Philippines.

After the victims had been convinced to invest in the fraudulent CDs, they were advised to write a personal check in the amount of the investment, and Birthright arranged for a courier to pick up the checks at the victims’ residences. These checks were then sent to four separate “virtual offices” and subsequently forwarded to an address in Muntinlupa City, Philippines.

It was noted that sometime in December 2011, BB opened a new front company known as “AA Financial Group Incorporated” and opened a new virtual office in Country X to receive the victims’ checks. All mails for AA Financial Group Incorporated were forwarded to an address in Biñan, Laguna, Philippines.

Based on the examination of the victims’ cancelled checks prior to September 2011, the vast majority of the funds collected by BB under the front company named “B Brokers” were deposited to an account in Universal Bank A in the Philippines.

It was also revealed that between September 2011 and January 2012, cancelled checks issued by the victims to AA Financial Group Incorporated, totaling approximately US\$615,000.00, were deposited into two accounts in Universal Bank B in the Philippines.

Using the front company name “LB Corporation,” BB allegedly collected more than US\$1.2 million from several elderly victims from May to June 2012. These funds were deposited by BB to Bank Z in Country X, and subsequently wire-transferred to two accounts in Universal Bank C in the Philippines.

The AMLC filed an *ex parte* Application for an Order allowing Bank Inquiry into the accounts used by BB in Universal Banks A, B, and C. The said Application was granted by the CA. Examination and inquiry into the subject bank accounts were conducted and the bank documents obtained were transmitted to the Embassy of Country X through the Philippine Department of Justice.

### **3. Casino gambling debt payment used to conceal laundering of proceeds from drug trafficking**

In August 2013, operatives of the Philippine National Police (PNP) arrested Mr. AC and five other individuals in Subic, Zambales, Philippines, which led to the confiscation/seizure of 433.236 kilograms of shabu (methamphetamine hydrochloride)



estimated to be worth Two Billion Pesos (Php2,000,000,000.00). The said operation was one of the biggest drug seizures in Philippine history.

In October 2013, the AMLC received a letter from the PNP requesting for financial investigation on the arrested persons together with a list of bank accounts that were allegedly used in drug activities of the group.

A report submitted to the AMLC indicates Mr. AC's arrest for drug trafficking as the cause for reporting and that he is also actively engaged in casino gambling.

Verification with the Department of Trade & Industry (DTI) showed that Mr. AC has two registered businesses, namely: A.S.C. Trading and GA Automotive Care Center. Certifications from the Business Permits and Licensing Office showed that A.S.C Trading had gross receipts of only One Hundred Eighty Thousand Pesos (Php180,000.00) and that it had been closed since January 2011, while GA Automotive Care Center was registered as a new business only in March 2013 with a capital of Fifty Thousand Pesos (Ph50,000) and with only one employee. Further verification with the SEC showed that Mr. AC did not appear as a stockholder, incorporator, or board member of any corporation registered in the Philippines

In spite of the small capitalization and meager declared income of Mr. AC's businesses, the AMLC Secretariat's financial investigation revealed that AC's bank transactions involved more than Four Hundred Million Pesos (Ph400,000,000.00). One bank account was found to have made more than 200 fund transfers amounting to more than One Hundred Million Pesos (Php100,000,000.00) to several individuals. The fund transfers were all made under the guise that they were payments for Mr. AC's gambling debts to the recipients of the transfer. However, no documents were presented to prove that Mr. AC owed large sums of money by virtue of his gambling activities.

Financial investigation also showed that Mr. AC's bank accounts received funds from Messrs. MST & CW, who have also been charged with drug trafficking. Apart from his bank accounts, Mr. AC also owned several prime real properties, a foreign currency trust account, and money placement worth millions of pesos.

In August 2014, the CA granted the Petition filed by the AMLC for the Issuance of a Freeze Order against the bank accounts, investments, real properties, and motor vehicles of Mr. AC and his cohorts.

#### **4. International Cooperation and Information Sharing**

##### **a. Execution of a Request for Documents via MLAT in relation to Human Trafficking (Cooperation between Jurisdictions)**

In January 2014, the Philippine Department of Justice (DOJ) endorsed to the AMLC Secretariat the request of Country U, pursuant to a Mutual Legal Assistance Treaty (MLAT), for information/documents from several banks in the Philippines in connection with the investigation being conducted by Country U law enforcement agencies against FN Fishers,



and its owner, FN, for alleged trafficking of persons for exploitation, slavery, servitude, and forced or compulsory labor, employment of an adult subject to immigration control, and money laundering.

FN Fishers employed a number of foreign nationals for its vessels by bringing them to Country U. Between April 2012 and November 2012, eight seamen escaped from FN Fishers vessels while six seamen were repatriated by Country U immigration officials. Some of these seamen appeared to be suffering from malnourishment and exhaustion. Information was obtained that other seamen risked their lives by jumping overboard to evade the conditions aboard the vessels of FN Fishers.

In December 2012, a number of search warrants were implemented on the business premises of FN Fishers and its associated companies, the premises occupied by the subjects and fishing vessels docked in Country U. Seventeen Asian nationals were rescued, some of whom were Filipino recruits who claimed that they were debt-bonded through a recruitment agency in the Philippines. They allegedly signed a contract with the Philippine Overseas Employment Agency (POEA) stipulating work hours from 40 to 48 hours per week. This contract was used to support their visa application with Country U. They were then issued a secondary contract, either upon arrival in or shortly before their departure for Country U. These contracts are often referred to as “adjustment of position and salary” documents and provide less favorable conditions and remuneration. The timing of the presentation of this secondary contract and prior debt bonding provided an element of duress to encourage compliance.

The seamen claimed that upon their arrival in Country U, their passports and seaman’s books were taken from them. They also narrated how they were poorly treated prior to being taken on board the vessels of FN Fishers. They were housed in cramped and dirty conditions, had limited access to water and sanitation facilities, fed inadequately and with expired food, and locked within the compound of the warehouse overnight.

The witnesses also collectively described appalling living conditions while at sea as they were subjected to repeated threats of violence, inadequate health and safety regime, physical injuries, and denial of medical treatment. They were also forced to operate machinery they were not qualified to handle. They were also forced to work in excess of 20 hours every day, were denied adequate rest, and were undernourished. Their salaries were also not paid.

FN Fishers directly transferred the salaries of the seamen to the bank accounts of three Philippine recruitment agencies, which would then deduct a certain sum before transferring the remaining amount into the seafarers’ accounts.

The AMLC filed an *ex parte* Application for an Order allowing Bank Inquiry into the bank accounts of the three Philippine recruitment agencies. The said Application was



granted by the CA and the AMLC conducted an examination and inquiry into the subject bank accounts. With the assistance of the DOJ, the bank documents obtained were delivered to Country U authorities, who personally travelled to the Philippines for the authentication of the documents in order to make sure that the said documents would be admissible as evidence in the trial courts in Country U.

**b. Execution of a Request for Documents via MLAT in relation to an International Boiler Room Operation (information exchanged between jurisdictions)**

In March 2014, the AMLC Secretariat received a request for information from the FIU of Country S in relation to Mr. RSF and his companies, which were under investigation for soliciting investors in Country S by means of false or fraudulent representations and promises. The money solicited was thereafter wired to his account in the Philippines. The AMLC Secretariat, through an e-mail sent in May 2014, provided the FIU of Country S with the results of its initial investigation and database search, for intelligence purposes only. In May 2014, the AMLC Secretariat sent another e-mail to the FIU of Country S, containing additional information on entities founded by Mr. RSF.

Investigation revealed that Mr. RSF employed telemarketers in several locations in the Philippines and Country S to conduct “cold calls” on potential investors and solicit funds for Mr. RSF’s companies in the Philippines, including SBS Corporation (SBSC), TGE Group (TGEG), and TB Electric (TBE) (collectively referred to as the “Companies”). Mr. RSF and his telemarketers told the investors that the companies would go public, the shares would be traded on a stock exchange, and investors would make a lot of money. There were also promotional materials which indicated that TGEG “owns the global patent rights” for an invention that will turn garbage into electricity and touted TGEG as a “forever stock,” like Coca-Cola, Apple, FedEx and Wal-mart.

Mr. GJ, who worked with Mr. RSF from 2009 to 2010 and who oversaw a branch of TGEG in Country S, opened a TGEG bank account with a universal bank in Country S in May 2009. This TGEG account was where investors wired and deposited funds for the stocks, which were then later wired to several accounts of Mr. RSF in the Philippine banks.

Due to the unfulfilled promises, numerous investors complained to the Country S law enforcement authorities about losing their investments to Mr. RSF’s companies since the purchased stocks were worthless. Sources estimate that Mr. RSF raised as much as \$50 million from investors.

In July 2014, the DOJ endorsed to the AMLC Secretariat the request for assistance of Country S, pursuant to an MLAT. In particular, Country S authorities requested assistance in seeking bank records from the Philippines to identify all the perpetrators of the scheme and to trace the proceeds of the fraudulent activity.





In October 2014, the AMLC issued a Resolution authorizing, among others, the AMLC Secretariat, through the Office of the Solicitor General, to file an *ex parte* Application for the issuance of an order allowing inquiry of certain bank accounts of Mr. RSF and the entities founded by him. In November 2014, the CA issued a Resolution granting the AMLC the authority to conduct an inquiry into and/or examination of the various bank accounts. Examination and inquiry into the subject bank accounts were conducted and the bank documents obtained were transmitted to the Embassy of Country S through the DOJ in January 2015.



## PROSECUTION OF MONEY LAUNDERING AND RELATED CASES

Under the “Anti-Money Laundering Act of 2001,” as amended (AMLA), the Anti-Money Laundering Council (AMLC) is authorized to institute civil forfeiture proceedings and all other remedial proceedings through the Office of the Solicitor General, and to cause the filing of complaints with the Department of Justice (DOJ) or the Office of the Ombudsman (OMB), as the case may be, for the prosecution of money laundering offenses.

In 2014, the AMLC filed the following cases:

Applications for an Order allowing Bank Inquiry	28
Petitions for the Issuance of Freeze Order	9
Petitions for Civil Forfeiture	8
Criminal information for money laundering	1
<b>Total</b>	<b>46</b>

There were 13 supplemental applications included in the aforesaid 28 applications for an Order allowing Bank Inquiry filed before the Court of Appeals (CA). There were also three supplemental petitions included in the nine petitions for the issuance of a Freeze Order.

As of 31 December 2014, the following are the pending cases filed before the DOJ and the courts:

<b>A. Civil Cases</b>	
Applications for an Order allowing Bank Inquiry	8
Petitions for Issuance of Freeze Order	5
Petitions for Civil Forfeiture	53
<b>Total</b>	<b>66</b>
<b>B. Criminal Cases</b>	
Complaint for Money Laundering (DOJ)	15
Money Laundering (RTC)	31
Money Laundering (Sandiganbayan)	1
<b>Total</b>	<b>47</b>



## **Application for an Order Allowing 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 AMLC investigators with potential leads.

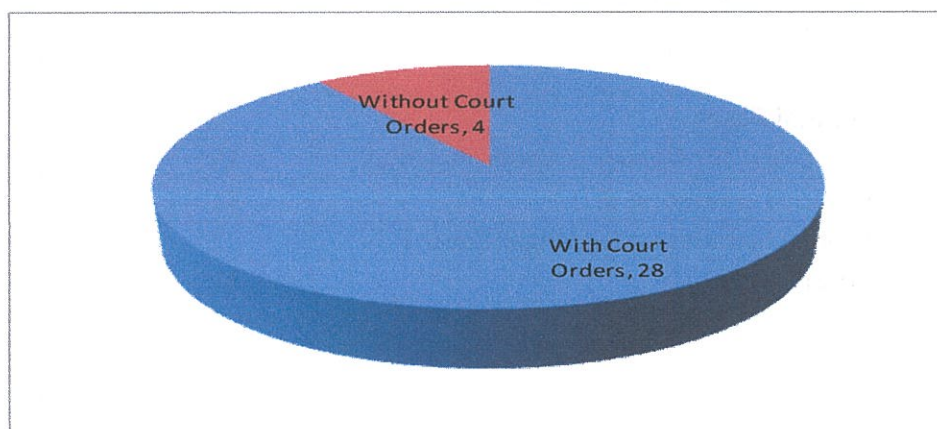
At present, the AMLC may inquire into or examine any particular deposit or investment by virtue of an order issued by the CA upon an *ex parte* application in cases of violations of the AMLA, as amended. Where the predicate offenses involve kidnapping for ransom, drug-related cases, terrorism-related cases, hijacking, destructive arson, and murder, no court order is necessary since an AMLC Resolution will suffice.

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 an *ex parte* application for an order allowing bank inquiry, thereby abrogating the Supreme Court ruling in *Republic vs. Eugenio* (G.R. No. 174629, 14 February 2008) requiring "notice and hearing" in applications for an order allowing bank inquiry.

Section 11 of the AMLA, as amended, also requires the CA to act on the application for an order allowing bank inquiry within 24 hours from filing.

In 2014, there were a total of 32 bank inquiries conducted by the AMLC, 28 of which were court-based inquiries, and four were made pursuant to AMLC Resolutions. These four bank inquiries made pursuant to AMLC Resolutions involve the predicate crime of drug trafficking.

**Figure 9**  
**Number of bank inquiries conducted in 2014**





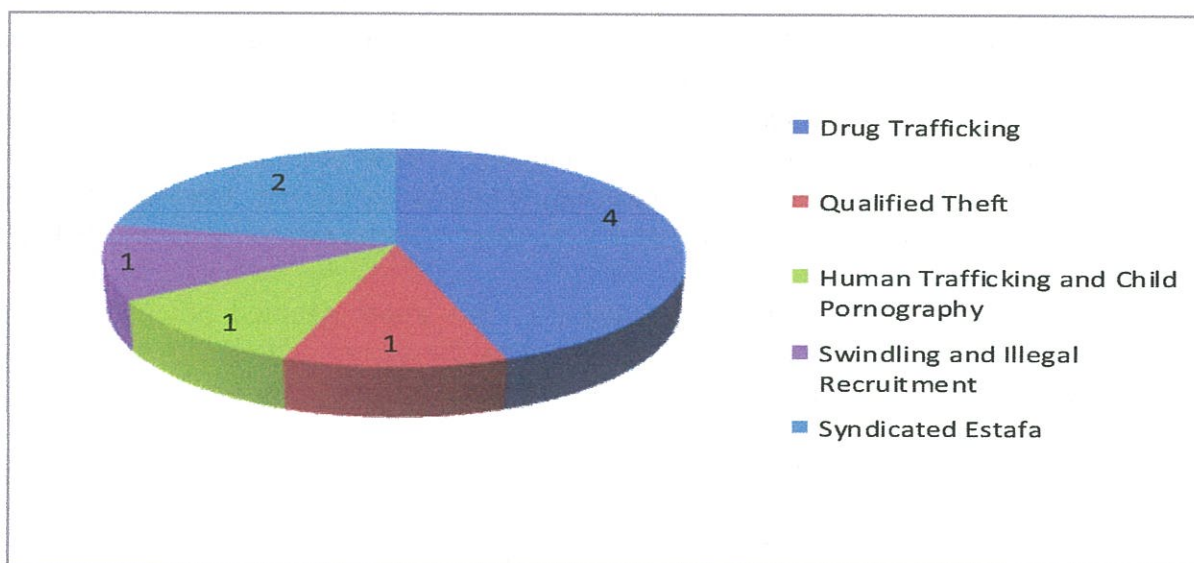
## Petition for the Issuance of Freeze Order

Under Section 10 of the AMLA, as amended by R.A. No. 10365, the CA is mandated to act on the petition for the issuance of freeze order within 24 hours from filing. Pursuant thereto, the Court of Appeals may issue a freeze order which shall be effective immediately and which shall not exceed six months depending on 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 AMLC's investigation. 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.

In 2014, the AMLC filed nine petitions for the issuance of freeze order involving various predicate crimes or unlawful activities, as follows:

**Figure 10**  
***Petitions for the issuance of Freeze Order filed in 2014***



As of 31 December 2014, the amount of funds subject of freeze orders is as follows:

**Table 5**  
**Amount subject of pending Freeze Orders**

Peso Cash and Other Monetary Instruments	Php	25,999,409.99
<b>Sub-total</b>		<b><u>25,999,409.99</u></b>
Foreign Currency Denominated Cash and Other Monetary Instruments (in Philippine Pesos)		
USD27,472.21		1,225,727.59
AUD284,565.02		<u>10,303,046.48</u>
<b>Sub-total</b>		<b><u>11,528,774.08</u></b>
<b>Total</b>	<b>Php</b>	<b><u><u>37,528,184.07</u></u></b>

## **Petition for Civil Forfeiture**

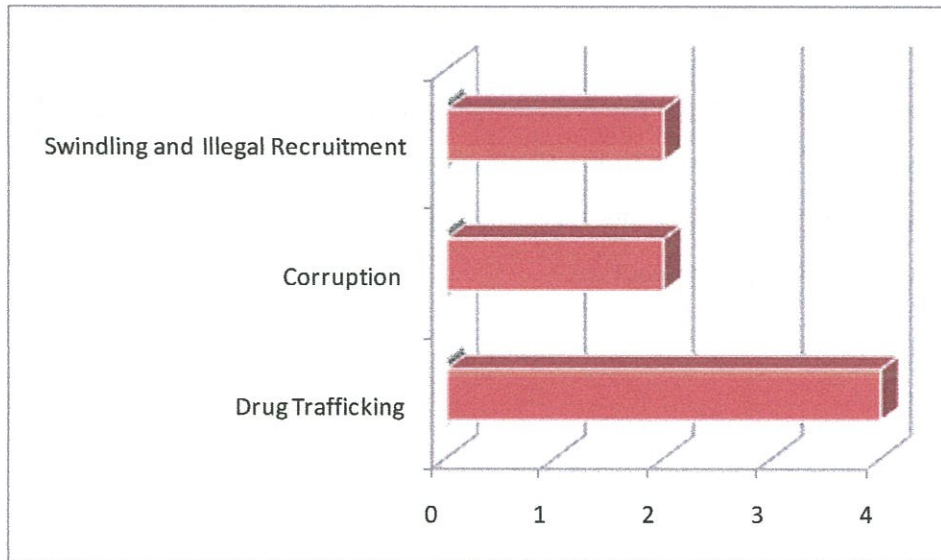
Under Section 12 of the AMLA, as amended by R.A. No. 10365, the AMLC may seek the forfeiture of any asset, the value of which is equal to the proceeds of an unlawful activity. This measure greatly enhances the asset recovery efforts of the AMLC by allowing it to forfeit any monetary instrument or property 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 will 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.



In 2014, the following petitions for civil forfeiture involving various predicate crimes were filed before the Regional Trial Court:



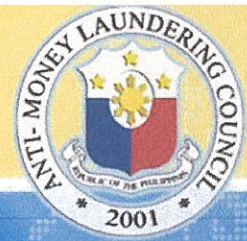
The tables below show relevant statistics on the civil forfeiture cases filed as of 31 December 2014:

**Table 6**  
**Amount subject of pending Civil Forfeiture cases**

	<u>Amount in Php</u>
Cash and other Monetary Instruments	Php 1,366,907,324.42
Value of Insurance Policies	138,016,323.25
Value of Shares of Stock	427,000.00
Estimated Value of Real Estate	354,025,424.33
Estimated Value of Motor Vehicles	122,139,000.00
<b>Total</b>	<b>Php 1,981,515,072.00</b>

As of 31 December 2014, a total of Php158.986 million had been forfeited by the AMLC. Out of this, Php92.521 million was turned over to the OMB, Php43.427 million was remitted to the National Treasury, and Php2.402 million was returned to the victims' families. Meanwhile, Php20.636 million is still pending execution.

**Table 7**



***Amount of criminal proceeds civilly forfeited  
(as of 31 December 2014)***

		<b>Amount</b>
<b>Forfeited and Remitted to the Phil. Government</b>	Php	43,427,042.38
<b>Forfeited and Turned Over to the Ombudsman</b>		92,521,864.38
<b>Forfeited and Returned to the Victims' Families</b>		2,401,568.50
<b>Forfeited but Pending Execution</b>		20,635,833.68
<b>TOTAL</b>	Php	<b><u>158,986,308.94</u></b>



## INTERNATIONAL AND DOMESTIC COOPERATION

The Anti-Money Laundering Council (AMLC) is continuously improving the cooperation mechanism of the Philippines' Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime. The AMLC maintained strong partnership with other financial intelligence units (FIUs), international bodies, domestic and international law enforcement agencies (LEAs), intelligence agencies, prosecution and judicial authorities, and other relevant domestic government agencies in combating money laundering, its predicate crimes, and terrorism financing.

The AMLC believes that strengthening the close coordination among and enhancing the capacity of the relevant stakeholders in the Philippines' AML/CFT regime would lead to a more effective implementation of the country's AML/CFT plans and strategies.

### International Cooperation



AMLC Secretariat Executive Director Atty. Julia Bacay-Abad (seated, second from right) acting as Co-Chair of the Asia-Pacific Regional Review Group together with Co-Chair YP Singh of India, Atty. Tricia T. Defante-Andres (seated, extreme left) of the AMLC Secretariat and David Shannon of the APG Secretariat (seated, middle). Standing are the representatives of the Cambodian Government participating in the on-site visit.

The Asia-Pacific Regional Review Group (APRRG) of the Financial Action Task Force's (FATF) International Cooperation Group conducted an on-site visit to Cambodia from 1 to 2 September 2014 in Phnom Penh and a Face-to-Face meeting with the other monitored jurisdictions from 3 to 5 September 2014 in Siem Reap, Cambodia.

The on-site visit to Cambodia was conducted to determine whether Cambodia has demonstrated progress in improving its AML/CFT regime. Its purpose is to confirm that the

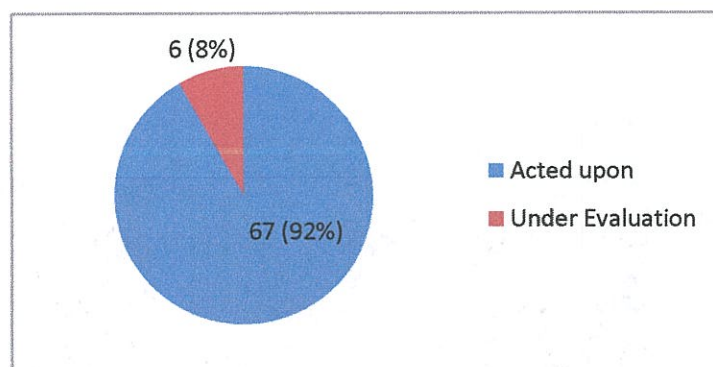


process of implementing the required reforms and actions to address the AML/CFT deficiencies identified by the FATF are underway and being sustained. On the other hand, the Face-to-Face meeting was held by the APRRG with other monitored jurisdictions, namely, Afghanistan, Lao PDR, Papua New Guinea, Indonesia, Myanmar, and Democratic People's Republic of Korea because of their remaining strategic AML/CFT deficiencies and to determine the progress made by these jurisdictions in addressing these issues.

## 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 2014, the AMLC received a total of 73 international requests for assistance.

**Figure 11**  
**International requests for assistance**



The figure above shows that out of the 73 international requests for assistance, 67 requests were already acted upon by the AMLC while six were still under evaluation. Of the 67 requests that were acted upon, 16 were acted upon within 30 days, 23 were acted upon within 31 to 60 days, and 22 were acted upon beyond 60 days.

Meanwhile, the AMLC made 11 international requests for assistance.



15 January 2014 - Detective Superintendent Jane Dickenson of Australian Federal Police (AFP) Manila awards the Plaque of Appreciation to AMLC Secretariat Executive Director Atty. Julia Bacay-Abad for the assistance and cooperation extended by the AMLC to the AFP Manila during her tenure as Senior Liaison Officer of AFP Manila. Also in the photo are Atty. Richard David C. Funk III, Deputy Director, Compliance and Investigation Group (left) and Detective Superintendent Paul Hopkins who replaces Ms. Dickenson.



The AMLC, in Resolution No. TF-03, Series of 2014, reiterates that the individuals mentioned therein are designated and covered by the freeze order under AMLC Resolution No. TF-02, Series of 2012. As a consequence of the designation, any person is prohibited from dealing with any of said individuals pursuant to Section 8 of Republic Act No. 10168, otherwise known as the "Terrorism Financing Prevention and Suppression Act."

## Memorandum of Understanding (MOU) with other Financial Intelligence Units (FIUs)

The AMLC continues to negotiate for the execution of MOUs with its counterpart FIUs. Under the proposed MOUs, the parties 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.

As of 31 December 2014, the AMLC signed a total of 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                              |



## Assistance of the AMLC to Securities and Exchange Commission's (SEC) Application for Membership to the International Organization of Securities Commissions (IOSCO)

On 15 January 2014, the AMLC Secretariat provided a briefing for representatives of the Asian Development Bank and the Securities and Exchange Commission of the United States to support the Philippine SEC's application for membership to the IOSCO. The AMLC Secretariat explained the information exchange mechanism between the AMLC and SEC pursuant to the MOA.



Standing (L-R): Commissioners Manuel B. Humberto Gaite and Antonieta F. Ibe of SEC, AMLC Secretariat Executive Director Atty. Julia Bacay-Abad and SEC Chair Teresita J. Herbosa

Seated (L-R): Ms. Erin McCartney and Mr. Z. Scott Birdwell, acting as consultants for the Asian Development Bank (ADB) and Mr. Sani Ismail of the ADB



Representatives from the Philippine SEC and the AMLC Secretariat participate in the consultation meeting.



## **Domestic Cooperation**

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

The NALECC is an inter-agency body which serves as the venue for dialogue and coordination among government agencies/entities engaged in the enforcement of general and special laws. The NALECC identifies the priority areas for coordinated/joint law enforcement activities. Concomitantly, member-agencies coordinate policies/procedures in order to facilitate cooperation and integration of efforts and ensure a unified direction in the suppression of unlawful activities.

NALECC has 59 regular members, with the Philippine National Police (PNP) as the Chair and the PNP Directorate for Operations as head of the NALECC Secretariat. The NALECC has 16 sub-committees from different government offices/agencies with enforcement duties. Each sub-committee maintains a coordinating center, staffed by a secretariat, which coordinates the day-to-day law enforcement activities of the various agencies.

Among the sub-committees of the NALECC is the Sub-Committee on Anti-Money Laundering/Combating the Financing of Terrorism (SCAML/CFT), which is chaired by the Executive Director of the AMLC Secretariat.

On 26 August 2014, the SCAML/CFT, in its Resolution No. 01-2014, admitted the Department of Trade & Industry (DTI) as member, thereby increasing sub-committee membership to 30. As the primary regulatory arm of the country's trade, industry, and investment activities, the DTI can foster close coordination among government agencies involved in the investigation and prosecution of pyramiding scams.

It is incumbent upon members of the sub-committee to keep abreast of current events and efforts undertaken by its members in combatting ML/TF. To increase AML/CFT awareness, the SCAML/CFT held various briefings on the following topics during its meetings:

1. Briefing by the Office for Transportation Security (OTS), 23 January 2014, OTS Training Room, Aurora Boulevard, Pasay City;
2. Briefing on the Procedure for the Issuance of Lookout Bulletin, 27 February 2014, PNP Intelligence Group Building, Camp Crame, Quezon City;



3. Briefing by the Criminal Investigation and Detection Group (CIDG) Operational Accomplishments, 26 March 2014, PNP CIDG Bldg., Camp Crame, Quezon City;
4. Briefing on the Philippine Treaty Practice by the Office of Legal Affairs, Department of Foreign Affairs, 22 April 2014, ATAP Room, PNP Training Service Bldg., Camp Crame, Quezon City;
5. Briefing on the National Risk Assessment, 22 April 2014, ATAP Room, PNP Training Service Bldg., Camp Crame, Quezon City;
6. Briefing by the PNP Anti-Cybercrime Group, 22 April 2014, ATAP Room, PNP Training Service Bldg., Camp Crame, Quezon City;
7. Briefing on the SEC by the Enforcement and Investor Protection Department of the SEC, 29 May 2014, Multipurpose Hall, 12th Floor, SEC Bldg., EDSA, Greenhills, Mandaluyong City;
8. Briefing on the Bangko Sentral ng Pilipinas (BSP) by the Anti-Money Laundering Specialist Group, 30 July 2014, Executive Business Center Lounge, 5th Floor, 5-Storey Bldg., BSP Complex, Malate, Manila;
9. Briefing on the PNP Highway Patrol Group, 26 August 2014, Ninoy Aquino International Airport (NAIA) Terminal 3 Training Room, NAIA Complex, Pasay City;
10. Briefing on the DTI, 26 August 2014, NAIA Terminal 3 Training Room, NAIA Complex, Pasay City;
11. Briefing on the Bureau of Customs (BOC), 25 September 2014, BOC-NAIA Conference Room, NAIA Complex, Pasay City;
12. Briefing on the Criminal Investigation and Detection Group's (CIDG) Operational Accomplishments, 29 October 2014, CIDG Headquarters, Camp Crame, Quezon City;
13. Briefing on Airport Operations and Recent Modus Operandi of Fraud at International Airports, 4 December 2014, Aloha Hotel, Manila;



Immigration Commissioner Siegfried Mison delivers the welcome remarks for the 111th Regular Meeting and Christmas Party of the Sub-Committee.



14. Briefing on Bureau of Immigration's (BI) Intelligence Operations, 04 December 2014, Aloha Hotel, Manila; and
15. Briefing on the Latest Trend on ATM and Credit Card Fraud, 4 December 2014, Aloha Hotel, Manila;

The said briefings increased information sharing and coordination between and among the sub-committees' member-agencies.

One particular issue that the sub-committee looked into is the Airport Security Program and Regulation of Private Airplanes.



On 22 September 2014, the sub-committee convened for a meeting to discuss the concerns raised by the PNP-Aviation Security Group (AVSEGROUP) regarding the difficulty in implementing security controls on private planes. It was agreed during the meeting that AMLC will ask international airports (NAIA, Clark, Mactan) to adopt a single point of departure and arrival for private airplanes; that CAAP will require operators or handlers of private airplanes to comply with CIQ requirements before a flight clearance is issued; and, that CAAP will furnish the BI and BOC copies of flight clearances issued to private airplanes.





## Memorandum of Agreement (MOA) with Relevant Government Agencies

On 14 April 2014, the AMLC executed a MOA with the Insurance Commission (IC). Under the terms of the MOA, the AMLC and the IC shall promote and encourage cooperation and coordination to effectively prevent, control, detect, and investigate any violation of laws that the IC is tasked to implement, which constitutes an unlawful activity under Section 3 of the AMLA, as amended, and money laundering activities arising therefrom.



Clockwise: Insurance Commissioner Atty. Emmanuel F. Dooc and AMLC Secretariat Executive Director Atty. Julia Bacay-Abad (on behalf of the AMLC) sign the MOA; Atty. Dooc and Atty. Bacay-Abad exchange copies of the signed MOA; Witnessing the signing of the MOA are Atty. Ruel M. Bumatay of the AMLC Secretariat, and Deputy Commissioner Dennis Funa and Atty Jorge Brania, both from the IC



On 8 July 2014, the AMLC also entered into a MOA with the Department of Finance. The MOA is intended to promote cooperation concerning smuggling and graft and corruption.

As of 31 December 2014, the AMLC has signed a total of 20 MOAs with different government agencies, 17 of which are for information exchange and one for legal assistance. Below is an updated list of the MOAs entered into by the AMLC with relevant law enforcement and government agencies:

1. Philippine National Police-Criminal Investigation and Detection Group (PNP-CIDG);
2. Department of Justice;
3. Philippine Center on Transnational Crime (PCTC);
4. Philippine Drug Enforcement Agency;
5. Office of the Ombudsman;
6. National Intelligence Coordinating Agency (NICA);
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 of the Armed Forces of the Philippines (ISAFP);
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 (PAOCC);
17. Securities and Exchange Commission;
18. Insurance Commission; and
19. Department of Finance

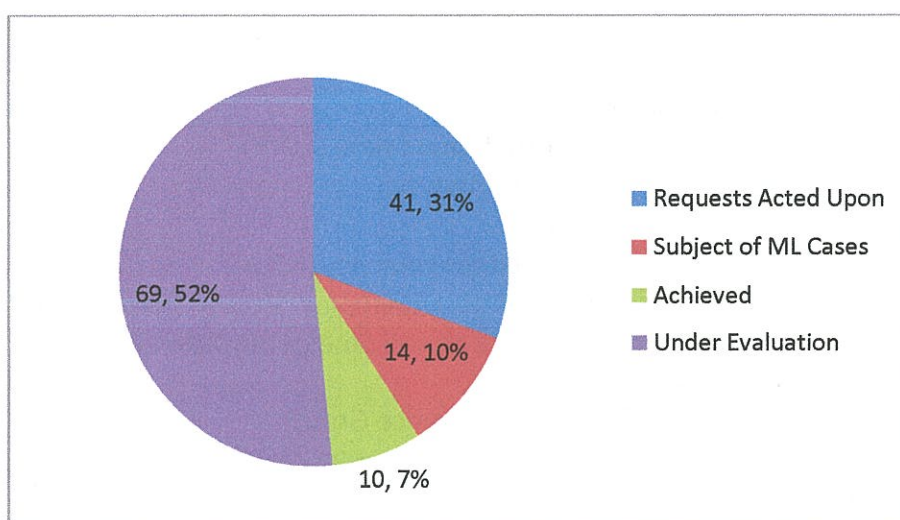
## Requests for Mutual Assistance

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 worked closely with the relevant law enforcement agencies to provide or request information on the basis of a MOA on Information Exchange.



In 2014, the AMLC received 134 requests for assistance from domestic LEAs and other government agencies. The AMLC took appropriate action on 41 of these requests while 69 were under evaluation. Fourteen requests for assistance were made subject of an investigation which later ripened into cases for bank inquiry, freeze order, and civil forfeiture, while 10 requests were archived.

**Figure 12**  
**Domestic requests for assistance in 2014**



On the other hand, the AMLC made 135 requests for assistance to domestic law enforcement and other government agencies. Most of these stemmed from various requests for information from other FIUs and international bodies and aimed to aid the AMLC in the conduct of its money laundering investigations.



## Technical Assistance and Training Received

### National Risk Assessment (NRA)

In line with the international standards on combating money laundering and terrorist financing, an inter-agency working group was created to conduct a National Risk Assessment (NRA) on the country's Money Laundering (ML) and Terrorist Financing (TF) risks and processes.

On 20 June 2014, the AMLC Secretariat conducted an NRA briefing for the members of the working group at the BSP Assembly Hall, BSP Complex, Malate, Manila.

The NRA is divided into nine sub-working groups (SWG), which are tasked to identify, assess, and understand the ML/TF risks in particular sectors:

1. Threat Assessment SWG;
2. National Vulnerability SWG;
3. Banking Sector Vulnerability SWG;
4. Securities Sector Vulnerability SWG;
5. Insurance Sector Vulnerability SWG;
6. Other Financial Institutions Vulnerability SWG;
7. Designated Non-Financial Businesses and Professions Vulnerability SWG;
8. Financial Inclusion Products Risk Assessment SWG; and
9. Non-Profit Organizations Vulnerability SWG



BSP Governor and AMLC Chairman Amando M. Tetangco, Jr. delivers his opening remarks at the NRA Workshop.





The NRA process has three stages. The first stage, the Initial Assessment, involves the establishment of the SWGs and the NRA Secretariat, and the conduct of the Initial Workshop. The second stage consists of Data Collection, Analysis, and Drafting of the NRA Report. The third stage is the Finalization of the NRA Report. It is expected that the NRA Report will assist the different agencies in the prioritization and efficient allocation of resources in combating ML/TF risk areas.





In October 2014, the Philippines formally started its National Money Laundering and Terrorism Financing Risk Assessment (NRA).



Deputy Governor Vicente S. Aquino, then Officer-in-Charge of BSP and Acting Chairman of the AMLC, delivers his welcome remarks.

From 7 to 9 October 2014, a workshop was conducted by the World Bank to orient the Philippine authorities on the use of its NRA methodology.

As a continuing commitment to comply with Financial Action Task Force<sup>1</sup> (FATF) Recommendation 1 and other related Recommendations, a Technical Working Group (TWG) in the AMLC Secretariat was constituted to oversee the initial preparations for the national ML/TF Risk Assessment. The TWG coordinates with supervisory authorities, covered persons, law enforcement agencies, and other relevant agencies and entities.



Participants in the NRA Workshop together with the World Bank experts, Roberto Biel (seated, fourth from left), Stuart Yikona (seated, fifth from left), Natalia Mylenko (seated, fourth from right) and Nigel Bartlett (seated, third from right)

<sup>1</sup>The Financial Action Task Force (FATF) is an inter-governmental body which sets standards and promotes effective implementation of legal, regulatory, and operational measures for combating money laundering, terrorist financing, and other related threats to the integrity of the international financial system.



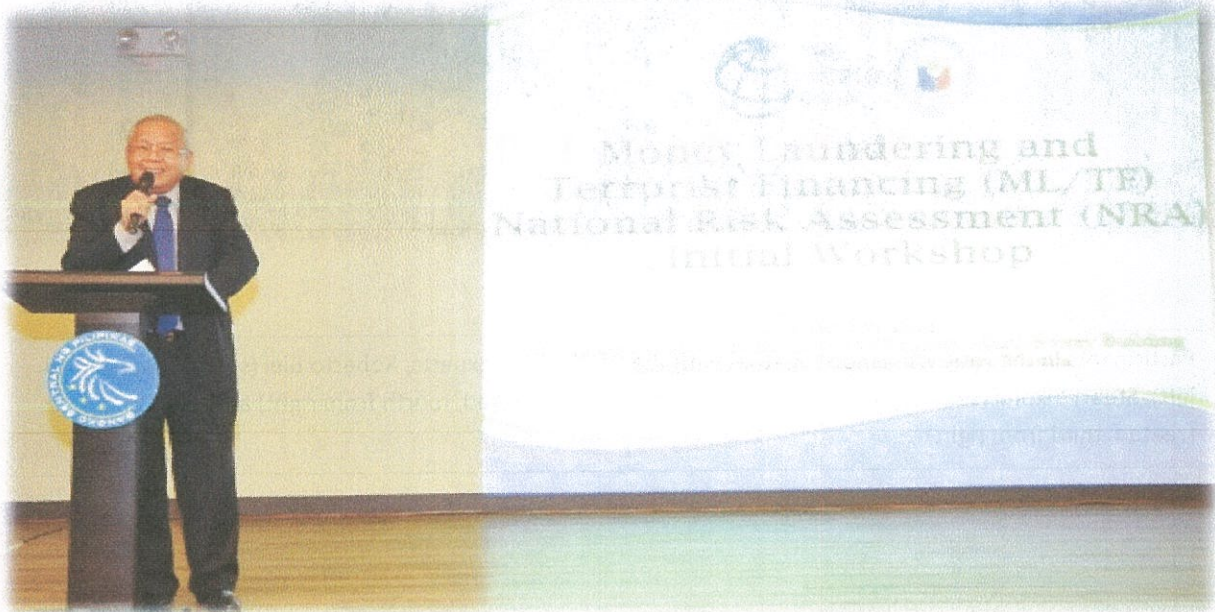
In order to show the commitment of the Philippines in this process, the AMLC sought the issuance by the President of a Memorandum Circular to enjoin the participation of government agencies. Thus, Executive Secretary Paquito N. Ochoa, Jr. issued Memorandum Circular No. 64 dated 20 June 2014, enjoining the heads of departments, agencies, offices, and instrumentalities named in Annex A of the said circular to extend support and active participation in the conduct of the NRA. The AMLC was designated as the lead agency for the conduct of the NRA.



AMLC Secretariat Executive Director Atty. Julia Bacay-Abad presents *The Philippines' View on the NRA and its Potential Contributions*.

*Right:* Atty. Florabelle Santos-Madrid, Deputy Director, Anti-Money Laundering Specialist Group of the BSP reports on the initial gaps identified by the Banking Sector Sub-Working Group

*Below:* AMLC member and Insurance Commissioner Atty. Emmanuel F. Dooc delivers the closing remarks.





## United Nations Office on Drugs and Crime's (UNODC) National Training Course on Counter-Financing of Terrorism



The National Training Course on Counter-Financing of Terrorism was organized by the AMLC in coordination with the UNODC. This is in response to the challenges in the implementation of Republic Act No. 10168, otherwise known as the "Terrorism Financing, Prevention and Suppression Act of 2012" and the development of standards and processes for the national designation of terrorists pursuant to UN Security Council Resolution (UNSCR) No. 1373, including procedures and processes to judiciously freeze terrorist funds under UNSCR Nos. 1267, 1988, and 1989.

The training was attended by representatives of the AMLC Secretariat, PNP-Intelligence Group, PNP-CIDG, ISAFP, PCTC, Anti-Terrorism Council-Program Management Center (ATC-PMC), NICA, and PAOCC.



## **Australian Transaction Reports and Analysis Centre's (AUSTRAC) Workshop on Corruption and Money Laundering Risk in the Non-Profit Organization (NPO) Sector**



AUSTRAC facilitators Gail Lambourne, Sue Davis, and Ilsa Christ, together with the participants and AMLC Secretariat staff

The AMLC, in coordination with the Australian Transaction Reports and analysis Centre (AUSTRAC), Australia's AML/CFT financing regulator and specialist FIU, conducted a training workshop entitled "Corruption and Money Laundering Risk in the Non-Profit Organization (NPO) Sector" from 13 to 15 May 2014 at the DusitThani Hotel, Makati City.

Among the objectives of the workshop are to identify and analyze corruption, ML/TF risks in the NPO sector, and ML/TF regulatory gaps on NPOs; to develop administrative regulatory measures in the identified gaps; and to foster better coordination among relevant government agencies and private sector/NPOs. It was attended by the officers from the AMLC Secretariat, IC, SEC, Office of the Ombudsman, Cooperative Development Authority, Department of Social Welfare and Development, Philippine Council for NGO Certification, and Caucus of Development NGO Certification (CODE-NGO).





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

In 2014, the AMLC Secretariat conducted a total of 263 lectures and 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.

The AMLC Secretariat also provided 65 briefings on the AMLC Reporting Procedures to covered persons.

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 to enhance the abilities and competencies of the individuals working in the fight against money laundering and terrorism financing.



## **Executive Course on AML/CFT for the Philippine National Police-Criminal Investigation and Detection Group (PNP-CIDG)**



From 30 June to 1 July 2014, the AMLC Secretariat conducted an Executive Course on AML/CFT for the Philippine National Police-Criminal Investigation and Detection Group (PNP-CIDG). Various AML/CFT topics and typologies were discussed, and case studies and post-course knowledge assessment were given to the participants.



The Executive Course was in response to the request of the PNP-CIDG for a seminar on the AMLA, as amended, and other related laws. It was conducted at the Bangko Sentral ng Pilipinas Institute (BSPI) Training Room, EDPC Bldg., BSP Complex, Malate, Manila.



## Executive Course on AML/CFT for the Philippine Drug Enforcement Agency (PDEA)

From 15 to 16 May 2014, the AMLC Secretariat conducted an Executive Course on AML/CFT for the agents of the Philippine Drug Enforcement Agency (PDEA). The objective of the course is to enable the participants to conduct financial investigation based on AML/CFT tools and techniques.

The said Executive Course, which is part of the PDEA's capacity-building activities, was held at the BSPI Training Room, EDPC Bldg., BSP Complex, Malate, Manila.



AMLC Secretariat Executive Director Atty. Julia C. Bacay-Abad and PDEA Director General Arturo G. Cacdac, Jr. deliver their respective welcome remarks during the Opening Program of the Executive Course.





## Gender Awareness and Development

In compliance with Executive Order No. 273 (Approving and Adopting the Philippine Plan for Gender-Responsive Development [PPGD 1995-2025]), the AMLC Secretariat conducted a series of seminars aimed at increasing the gender-sensitivity awareness of its officers and staff.

From 27 to 28 June and 4 to 5 July 2014, AMLC Secretariat officers attended two seminars, both entitled “Gender and Development (GAD) – Related Laws.” The learning outcomes of the seminars are to provide the participants with the basic concepts and framework in GAD and the salient features of major national laws on GAD, particularly the Magna Carta for Women, Reproductive Health and Violence Against Women, i.e., Anti-Violence Against Women, Anti-Sexual Harassment Law, and the Anti-Trafficking in Persons Act. The first seminar was conducted in Tagaytay City while the second seminar was held in Clark Pampanga.

From 26 to 27 November 2014, the AMLC Secretariat officers and staff attended another workshop on GAD entitled, “Gender Sensitivity and Gender Analysis Tools.” The workshop is intended to expose and sensitize the participants in gender issues and equip them with the basic know-how to address issues. The workshop was also expected to help the participants recognize and value gender perspective as an important variable in planning.





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



A seminar on AML/CFT and a 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.



Criminology graduates listening during the lecture on the updates on the AMLA, as amended.

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



## MILESTONES

### **AMLC awarded as One of the Outstanding Government Accounting Offices for FY 2013**

The Commission on Audit, in recognition of quality, timeliness, and accuracy of financial reports, has chosen the Administrative and Financial Services Division of the Anti-Money Laundering Council, as one of the Outstanding Accounting Offices for 2013.



The awarding rites were held during the opening ceremonies of the Association of Government Accountants of the Philippines Convention Seminar held on 21 October 2014 at Camp John Hay Trade and Cultural Center, Baguio City.



## 2014 RELEVANT AMLC RESOLUTIONS

**Reso. No. 2** - Requiring covered persons to strictly observe the requirements of Rule 10.d of the RIRRs when reporting Related Accounts by stating in the Returns the fact of such freezing and an explanation as to the grounds for the identification of the related accounts

**Reso. No. 11** - Prescribing the reporting of all covered and suspicious transactions to the AMLC within 10 working days from occurrence thereof

**Reso. No. 29** - Expressing AMLC's willingness to be the lead agency in the conduct of the National Risk Assessment

**Reso. No. 33** - Approving the Memorandum of Agreement between the AMLC and the IC

**Reso. No. 36** - Approving the Second Memorandum of Agreement between the AMLC and the SEC

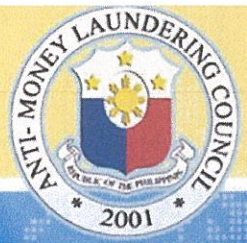
**Reso. No. 40** - Approving the proposed Memorandum of Agreement between the AMLC and the Department of Finance

**Reso. No. 43** - Allowing the Covered Persons to submit multiple suspicious transaction reports under one STR, subject to the observance of the following conditions:

- a. The suspicious transactions shall involve similar suspicious transaction indicator, and refer to the same accountholder and account number of the covered person;
- b. The submission of multiple suspicious transactions under one STR must only be used when there are at least 50 or more transactions to report;
- c. In the narrative field of the STR, the first line should contain the keyword; and
- d. The transaction details can either be included as part of the narrative or the details can be extracted as an Excel file and submitted to the AMLC as an STR attachment.

**Reso. No. 64** - Pursuant to the request of the APG Secretariat and in compliance with FATF Recommendation 19, all covered persons were directed to apply enhanced due diligence relative to the jurisdictions identified under the FATF Public Statement dated 27 June 2014 and to take into account the information relative to the jurisdictions mentioned in the FATF's Compliance Documents also dated 24 June 2014.





**Reso. No. 81** - Approving the revised AMLC Memorandum of Understanding template

**Reso. No. 106** - Creation of the Book Committee, who will undertake the publication of the AMLA, as amended, and the Terrorism Financing Prevention and Suppression Act with annotations

**Reso. No. 107** - Authority for the AMLC Secretariat to regularly update the notice posted in the website to reflect the updated directive of the Financial Action Task Force as contained in the Public Documents, in compliance with FATF Recommendation 19





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CY 2014**

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