

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

Third Regular Session

House Bill No. **6565**

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Feliciano Belmonte Jr.

INTRODUCED BY HON. FELICIANO BELMONTE JR., HON. NEPTALI M. GONZALES II
AND HON. DANILO E. SUAREZ

EXPLANATORY NOTE

The Philippines is a member of the Asia/Pacific Group on Money Laundering (APG), which is a regionally focused international organization consisting of forty one (41) members and a number of international and regional observers including the United Nations, International Monetary Fund, Financial Action Task Force (FATF), Asian Development Bank and World Bank. The APG is an associate member of the FATF and all APG members commit to effectively implement the FATF's international standards for anti-money laundering and combating the financing of terrorism, referred to as the 40+9 Recommendations.

The FATF was established in 1989 by G-7 nations. The FATF is an international governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing. The Task Force is therefore a "policy-making body" which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas.

The *Anti-Money Laundering Act of 2001 (R.A. 9160, as amended by R.A. 9194)* was enacted following the FATF's blacklisting of the Philippines in June 2000. To be blacklisted means that the Philippines is perceived to be "non-cooperative in the global fight against money laundering and terrorist financing. In 2003, an amendment was made to the AMLA through the passage of R.A. 9194. In 2004, the FATF raised its international standards by revising its recommendations (at present, there are 40 recommendations on money laundering and 9 special recommendations on territorial financing ("FATF 40 plus9").

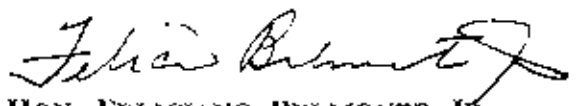
This bill serves to reinforce our country's Anti-Money Laundering legislative measures. It ultimately addresses the noted deficiencies in the Philippines' legal framework with regard to anti-money laundering, by making our state fully compliant with the international standards set forth not only by the FATF, but also directives laid down under the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (the Vienna Convention), the 2001 United Nations Convention Against Transnational Organized Crime (the Palermo Convention), the 2003 United Nations Convention Against Corruption (the Merida Convention), and other international standards in combating money laundering.

There is indeed an urgency to put more teeth to the country's anti-money laundering law, not only to make the Philippines compliant with international standards, but to protect the country's financial integrity and economic development.

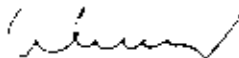
In view of the foregoing, the immediate enactment of this measure is earnestly sought.



HON. NEPTALI M. GONZALES II



HON. FELICIANO BELMONTE JR.



HON. DANILO E. SUAREZ

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BY REPRESENTATIVES BELMONTE (F.), GONZALES (N.) AND SUAREZ

**AN ACT FURTHER STRENGTHENING THE ANTI-MONEY
LAUNDERING LAW, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 9160, OTHERWISE KNOWN AS THE "ANTI-
MONEY LAUNDERING ACT OF 2001", AS AMENDED"**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress
assembled:*

1 SECTION 1. Section 3(a) of Republic Act No. 9160, as amended, is
2 hereby further amended to read as follows:

3 “(a) Covered institution **OR INDIVIDUAL** refers to:

4 “(1) Banks, quasi-banks, trust entities, **FOREIGN**
5 **EXCHANGE, CORPORATIONS, MONEY CHANGERS,**
6 **MONEY PAYMENT, REMITTANCE AND TRANSFER**
7 **COMPANIES AND OTHER SIMILAR ENTITIES** all other
8 institutions and their subsidiaries and affiliates supervised or regulated
9 by the Bangko Sentral ng Pilipinas (BSP);

10 “(2) Insurance companies. **PRE-NEED COMPANIES** and all
11 other institutions supervised or regulated by the Insurance Commission
12 (IC);

13 “(3) (i) securities dealers, brokers, salesmen, investment houses
14 and other similar entities, managing securities or rendering services as
15 investment agent, advisor, or consultant, (ii) mutual funds, close-end
16 investment companies, common trust funds, and other similar entities,
17 and (iii) other entities administering or otherwise dealing in currency
18 commodities or financial derivatives based thereon, valuable objects,
19 cash substitutes and other similar monetary instruments or property

1 supervised or regulated by the Securities and Exchange Commission
2 (SEC);

3 “(4) CASINOS, INCLUDING INTERNET CASINOS;

4 “(5) REAL ESTATE AGENTS;

5 “(6) DEALERS IN PRECIOUS METALS;

6 “(7) DEALERS IN PRECIOUS STONES;

7 “(8) TRUST AND COMPANY SERVICE PROVIDERS
8 WHICH, AS A BUSINESS, PROVIDE ANY OF THE
9 FOLLOWING SERVICES TO THIRD PARTIES: (I) ACTING
10 AS A FORMATION AGENT OF JURIDICAL PERSONS; (II)
11 ACTING AS (OR ARRANGING FOR ANOTHER PERSON TO
12 ACT AS) A DIRECTOR OR CORPORATE SECRETARY OF A
13 COMPANY, A PARTNER OF A PARTNERSHIP, OR A
14 SIMILAR POSITION IN RELATION TO OTHER JURIDICAL
15 PERSONS; (III) PROVIDING A REGISTERED OFFICE;
16 BUSINESS ADDRESS OR ACCOMMODATION,
17 CORRESPONDENCE OR ADMINISTRATIVE ADDRESS FOR
18 A COMPANY, A PARTNERSHIP OR ANY OTHER LEGAL
19 PERSON OR ARRANGEMENT; (IV) ACTING AS (OR
20 ARRANGING FOR ANOTHER PERSON TO ACT AS A
21 TRUSTEE OF AN EXPRESS TRUST; AND (V) ACTING AS (OR
22 ARRANGING FOR ANOTHER PERSON TO ACT AS) A
23 NOMINEE SHAREHOLDER FOR ANOTHER PERSON.

24 “(9) PERSONS WHO PROVIDE ANY OF THE FOLLOWING
25 SERVICES:

26 (a) BUYING AND SELLING OF REAL ESTATE;

27 (b) MANAGING OF CLIENT MONEY, SECURITIES OR
28 OTHER ASSETS;

29 (c) MANAGEMENT OF BANK, SAVINGS OR
30 SECURITIES ACCOUNTS;

1 (d) ORGANIZATION OF CONTRIBUTIONS FOR THE
2 CREATION, OPERATION OR MANAGEMENT OF COMPANIES;
3 AND

4 (e) CREATION, OPERATION OR MANAGEMENT OF
5 JURIDICAL PERSONS OR ARRANGEMENTS, AND BUYING
6 AND SELLING BUSINESS ENTITIES.

7 SEC. 2. Section 3 (i) of the same Act is hereby amended to read as follows:

8 (i) Unlawful activity refers to any act or omission or series or
9 combination thereof involving or having direct relation to the
10 following:

11 (1) Kidnapping for ransom under Article 267 of Act No. 3815,
12 otherwise known as the Revised Penal Code, as amended;

13 (2) Sections 4, 5, 6, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of
14 Republic Act No. 9165, otherwise known as the Comprehensive
15 Dangerous Drugs Act of 2002;

16 (3) Section 3 paragraphs B, C, E, G, H and I of Republic Act
17 No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt
18 Practices Act;

19 (4) Plunder under Republic Act No. 7080, as amended;

20 (5) Robbery and extortion under Articles 294, 295, 296, 299,
21 300, 301 and 302 of the Revised Penal Code, as amended;

22 (6) Jueteng and Masiao punished as illegal gambling under
23 Presidential Decree No. 1602;

24 (7) Piracy on the high seas under the Revised Penal Code, as
25 amended, and Presidential Decree No. 532;

26 (8) Qualified theft under Article 310 of the Revised Penal
27 Code, as amended;

28 (9) Swindling under Article 315 of the Revised Penal Code, as
29 amended;

30 (10) Smuggling under Republic Act Nos. 455 and 1937;

31 (11) Violations under Republic Act No. 8792, otherwise known
32 as the Electronic Commerce Act of 2000;

1 (12) Hijacking and other violations under Republic Act No.
2 6255; destructive arson and murder, as defined under the Revised
3 Penal Code, as amended;

4 **(13) TERRORISM AND CONSPIRACY TO COMMIT**
5 **TERRORISM AS DEFINED AND PENALIZED UNDER**
6 **REPUBLIC ACT NO. 9372;**

7 **(14) BRIBERY UNDER ARTICLES 210, 211, 211-A OF**
8 **THE REVISED PENAL CODE, AS AMENDED, AND**
9 **CORRUPTION OF PUBLIC OFFICERS UNDER ARTICLE 212**
10 **OF THE REVISED PENAL CODE, AS AMENDED;**

11 **(15) FRAUDS AND ILLEGAL EXACTIONS AND**
12 **TRANSACTIONS UNDER ARTICLES 213, 214, 215, AND 216**
13 **OF THE REVISED PENAL CODE, AS AMENDED;**

14 **(16) MALVERSATION OF PUBLIC FUNDS AND**
15 **PROPERTY UNDER ARTICLES 217 AND 222 OF THE**
16 **REVISED PENAL CODE, AS AMENDED;**

17 **(17) FORGERIES AND COUNTERFEITING UNDER**
18 **ARTICLES 163, 166, 167, 168, 169, AND 176 OF THE REVISED**
19 **PENAL CODE, AS AMENDED;**

20 **(18) VIOLATIONS OF SECTIONS 4 TO 6 OF REPUBLIC**
21 **ACT NO. 9208, OTHERWISE KNOWN AS THE ANTI-**
22 **TRAFFICKING IN PERSONS ACT OF 2003;**

23 **(19) VIOLATIONS OF SECTIONS 68 TO 79 OF**
24 **CHAPTER IV, OF THE PRESIDENTIAL DECREE NO. 705,**
25 **OTHERWISE KNOWN AS THE REVISED FORESTRY CODE**
26 **OF THE PHILIPPINES, AS AMENDED;**

27 **(20) VIOLATIONS OF SECTIONS 86 TO 106 OF**
28 **CHAPTER VI, OF REPUBLIC ACT NO. 8550, OTHERWISE**
29 **KNOWN AS THE PHILIPPINE FISHERIES CODE OF 1998;**

30 **(21) VIOLATIONS OF SECTIONS 101 TO 107, AND 110**
31 **OF REPUBLIC ACT NO. 7942, OTHERWISE KNOWN AS THE**
32 **PHILIPPINE MINING ACT OF 1995;**

1 (22) VIOLATIONS OF SECTION 27 (C), (E), (F), (G) AND
2 (I), OF REPUBLIC ACT NO. 9147, OTHERWISE KNOWN AS
3 THE WILDLIFE RESOURCES CONSERVATION AND
4 PROTECTION ACT;

5 (23) VIOLATION OF SECTION 7(B) OF REPUBLIC ACT
6 NO. 9072, OTHERWISE KNOWN AS THE NATIONAL CAVES
7 AND CAVE RESOURCES MANAGEMENT PROTECTION
8 ACT;

9 (24) VIOLATION OF REPUBLIC ACT NO. 6539,
10 OTHERWISE KNOWN AS THE ANTI-CARNAPPING ACT OF
11 2002, AS AMENDED;

12 (25) VIOLATIONS OF SECTIONS 1, 3 AND 5 OF
13 PRESIDENTIAL DECREE NO. 1866, AS AMENDED,
14 OTHERWISE KNOWN AS THE DECREE CODIFYING THE
15 LAWS ON ILLEGAL/UNLAWFUL POSSESSION,
16 MANUFACTURE, DEALING IN, ACQUISITION OR
17 DISPOSITION, OF FIREARMS, AMMUNITION OR
18 EXPLOSIVES;

19 (26) VIOLATION OF PRESIDENTIAL DECREE NO.
20 1612, OTHERWISE KNOWN AS THE ANTI-FENCING LAW;

21 (27) VIOLATIONS OF SECTIONS 254 AND 255 OF THE
22 NATIONAL INTERNAL REVENUE CODE OF 1997, AS
23 AMENDED;

24 (28) Fraudulent practices and other violations under Republic
25 Act No. 8799, otherwise known as the Securities Regulation Code of
26 2000; AND

27 (29) Felonies or offenses of a similar nature that are punishable
28 under the penal laws of other countries.”

29 SEC. 3. Section 4 of the same Act is hereby amended to read as follows:

30 “SEC. 4. *Money Laundering Offense.* - Money laundering is a
31 crime whereby the proceeds of an unlawful activity as herein defined
32 are transacted, **CONVERTED, TRANSFERRED, DISPOSED OF,**

1 MOVED, ACQUIRED, POSSESSED, USED, CONCEALED OR
2 DISGUISED.

3 IT IS COMMITTED BY ANY PERSON WHO, KNOWING
4 OR HAS REASON TO BELIEVE THAT ANY MONETARY
5 INSTRUMENT OR PROPERTY REPRESENTS, INVOLVES,
6 OR RELATES TO THE PROCEEDS OF ANY UNLAWFUL
7 ACTIVITY;

8 (a) TRANSACTS OR ATTEMPTS TO TRANSACT SAID
9 MONETARY INSTRUMENT OR PROPERTY;

10 (b) CONVERTS, TRANSFERS, DISPOSES OF, MOVES,
11 ACQUIRES, POSSESSES OR USES, OR ATTEMPTS TO
12 CONVERT, TRANSFER, DISPOSE OF, MOVE, ACQUIRE,
13 POSSESS OR USE SAID MONETARY INSTRUMENT OR
14 PROPERTY;

15 (c) CONCEALS OR DISGUISES OR ATTEMPTS TO
16 CONCEAL OR DISGUISE THE TRUE NATURE, SOURCE,
17 LOCATION, DISPOSITION, MOVEMENT OR OWNERSHIP
18 OF OR RIGHTS WITH RESPECT TO SAID MONETARY
19 INSTRUMENT OR PROPERTY; AND

20 (d) PERFORMS OR FAILS TO PERFORM ANY ACT AS
21 A RESULT OF WHICH HE FACILITATES THE OFFENSE OF
22 MONEY LAUNDERING REFERRED TO IN PARAGRAPHS
23 (A), (B) OR (C) ABOVE.

24 MONEY LAUNDERING IS ALSO COMMITTED BY ANY
25 PERSON WHO, KNOWING THAT ANY MONETARY
26 INSTRUMENT OR PROPERTY IS REQUIRED UNDER THIS
27 ACT TO BE DISCLOSED AND FILED WITH THE ANTI-
28 MONEY LAUNDERING COUNCIL (AMLC), FAILS TO DO
29 SO.

1 SEC. 4. Section 6(a) of the same act is hereby amended to read as follows:

2 "SEC. 6. *Prosecution of Money Laundering.* -

3 (a) Any person may be charged with and convicted of both the
4 offense of money laundering, and the unlawful activity as herein
5 defined, **AND FOR TAX EVASION ON INCOME DERIVED**
6 **FROM ANY UNLAWFUL ACTIVITY HEREIN DEFINED.**

7 (b) Any proceeding relating to the unlawful activity, **OR THE**
8 **TAX EVASION ON INCOME DERIVED FROM THE**
9 **UNLAWFUL ACTIVITY WHICH SHALL BE PROSECUTED**
10 **BY THE BIR**, shall be given precedence over the prosecution of any
11 offense or violation under this Act without prejudice to the freezing
12 and other remedies provided.

13 SEC. 5. Section 7 of the same Act is hereby amended to read as follows:

14 "SEC. 7. *Creation of Anti-Money Laundering Council (AMLC).*

15 - The Anti-Money Laundering Council is hereby created and shall be
16 composed of the Governor of the Bangko Sentral ng Pilipinas as
17 Chairman, the Commissioner of the Insurance Commission and the
18 Chairman of the Securities and Exchange Commission, as members.
19 The AMLC shall act unanimously in the discharge of its functions as
20 defined hereunder:

21 "x x x

22 (6) to apply before the Court of Appeals, *ex parte*, for the
23 freezing of any monetary instrument or properly alleged to be
24 **RELATED IN ANY WAY TO** any unlawful activity as defined in
25 Section 3(i) hereof;

26 "x x x."

27 SEC. 6. Section 9 (c), paragraphs 1 and 4 of the same Act are hereby
28 amended to read as follows:

29 "SEC. 9. *Prevention of Money Laundering; Customer*
30 *Identification Requirements and Record Keeping.* --

31 (a) x x x

32 (b) x x x

1 (c) Reporting of Covered and Suspicious Transactions. -
2 Covered institutions shall report to the AMLC all covered transactions
3 and suspicious transactions within five (5) working days from
4 occurrence thereof, unless the AMLC prescribes a **DIFFERENT**
5 period not exceeding **FIFTEEN (15)** working days.

6 x x x

7 x x x

8 When reporting covered or suspicious transactions to the AMLC,
9 covered institutions and their officers and employees xxx are
10 prohibited from communicating, directly or indirectly, in any manner
11 or by any means, to any person or entity, the media, the fact that a
12 covered or suspicious transaction **HAS BEEN REPORTED OR IS**
13 **ABOUT TO BE REPORTED**, the contents **OF THE REPORT**, or
14 any other information in relation thereto.

15 x x x."

16 SEC. 7. Section 12 of the same Act is hereby amended to read as follows:

17 (a) *Civil Forfeiture.* - **UPON DETERMINATION THAT**
18 **PROBABLE CAUSE EXISTS THAT ANY MONETARY**
19 **INSTRUMENT OR PROPERTY IS FOUND TO BE RELATED**
20 **IN ANY WAY TO AN UNLAWFUL ACTIVITY AS DEFINED**
21 **UNDER SECTION 3 HEREOF OR A MONEY LAUNDERING**
22 **OFFENSE UNDER SECTION 4 HEREOF, THE AMLC SHALL**
23 **FILE WITH THE APPROPRIATE COURT THROUGH THE**
24 **OFFICE OF THE SOLICITOR GENERAL, A PETITION FOR**
25 **FORFEITURE AND THE RULES OF COURT ON CIVIL**
26 **FORFEITURE SHALL APPLY.**

27 (b) *Claim on Forfeited Assets.* - Where the court has issued an
28 order of forfeiture of the monetary instrument or property in a criminal
29 prosecution for any money laundering offense defined under Section 4
30 of this Act, the offender or any other person claiming an interest
31 therein may apply, by verified petition, for a declaration that the same
32 legitimately belongs to him and for segregation or exclusion of the

1 monetary instrument or property corresponding thereto. The verified
2 petition shall be filed with the court which rendered the judgment of
3 conviction and order for forfeiture, within fifteen (15) days from the
4 date of the order of forfeiture, in default of which the said order shall
5 become final and executory. This provision shall apply in both civil
6 and criminal forfeiture.

7 (c) Payment in Lieu of Forfeiture – Where the court has issued
8 an order of forfeiture of the monetary instrument or property subject of
9 a money laundering offense defined under Section 4, and said order
10 cannot be enforced because any particular monetary instrument or
11 property cannot, with due diligence, be located, or it has been
12 substantially altered, destroyed, diminished in value or otherwise
13 rendered worthless by any act or omission, directly or indirectly,
14 attributable to the offender, or it has been concealed, removed,
15 converted, or otherwise transferred to prevent the same from being
16 found or to avoid forfeiture thereof, or it is located outside the
17 Philippines or has been placed or brought outside the jurisdiction of
18 the court, or it has been commingled with other monetary instruments
19 or property belonging to either the offender himself or a third person
20 or entity, thereby rendering the same difficult to identify or be
21 segregated for purposes of forfeiture, the court may, instead of
22 enforcing the order of forfeiture of the monetary instrument or
23 property or part thereof or interest therein, accordingly order the
24 convicted offender to pay an amount equal to the value of said
25 monetary instrument or property. This provision shall apply in both
26 civil and criminal forfeiture.

27 (d) **DISPOSITION OF FORFEITED ASSETS AND**
28 **RETENTION. - AFTER DEDUCTING THE COST OF**
29 **LITIGATION AND THE PAYMENT OF PROPER TAXES DUE**
30 **TO THE STATE, SEVENTY-FIVE PERCENT (75%) OF THE**
31 **NET PROCEEDS OF THE FORFEITED ASSETS OR**
32 **PROCEEDS THEREFROM SHALL BE TURNED OVER TO**

1 THE NATIONAL TREASURY AND THE REMAINING
2 TWENTY-FIVE PERCENT (25%) SHALL BE RETAINED BY
3 THE AMLC TO AUGMENT THE APPROPRIATION FOR ITS
4 OPERATIONS AND MAINTENANCE IN THE GENERAL
5 APPROPRIATIONS ACT. FOR THIS PURPOSE, THE AMLC
6 MAY PROMULGATE RULES ON THE SALE OF FORFEITED
7 ASSETS.”

8 SEC. 8. Section 14 of the same Act, as amended, is hereby further amended
9 to read as follows:

10 “SEC. 14. *Penal Provisions.* – (a) Penalties for the Crime of
11 Money Laundering. The penalty of imprisonment ranging from seven
12 (7) to fourteen (14) years and a fine of not less than Three million
13 Philippine pesos (Php3,000,000.00) but not more than twice the value
14 of the monetary instrument or property involved in the offense, shall
15 be imposed upon a person convicted under Section 4(a), (B), AND (C)
16 of this Act.

17 “The penalty of imprisonment from four (4) to seven (7) years
18 and a fine of not less than One million five hundred thousand
19 Philippine pesos (Php1,500,000.00) but not more than Three million
20 Philippine pesos (Php3,000,000.00), shall be imposed upon a person
21 convicted under Section 4(D) of this Act.

22 “The penalty of imprisonment from six (6) months to four (4)
23 years or a fine of not less than One hundred thousand Philippine pesos
24 (Php100,000.00) but not more than Five hundred thousand Philippine
25 pesos (Php500,000.00), or both, shall be imposed on a person
26 convicted under **THE LAST PARAGRAPH OF** Section 4 of this
27 Act.

28 “(b) x x x

29 “(c) x x x

30 “(d) x x x

31 “(e) IMPOSITION OF ADMINISTRATIVE SANCTIONS.
32 - AFTER DUE NOTICE AND HEARING, THE AMLC SHALL,

1 AT ITS DISCRETION, IMPOSE SANCTIONS, INCLUDING
2 MONETARY PENALTIES, WARNING OR REPRIMAND,
3 UPON ANY COVERED INSTITUTION, ITS DIRECTORS,
4 OFFICERS, EMPLOYEES OR ANY OTHER PERSON FOR
5 VIOLATIONS OF THIS ACT, ITS IMPLEMENTING RULES
6 AND REGULATIONS, OR FOR FAILURE OR REFUSAL TO
7 COMPLY WITH AMLC ORDERS, RESOLUTIONS AND
8 OTHER ISSUANCES. SUCH MONETARY PENALTIES
9 SHALL BE IN AMOUNTS AS MAY BE DETERMINED BY
10 THE COUNCIL TO BE APPROPRIATE, WHICH SHALL NOT
11 BE MORE THAN FIVE HUNDRED THOUSAND PESOS (PHP
12 500,000.00) PER VIOLATION. THE AMLC MAY
13 PROMULGATE RULES ON FINES AND PENALTIES TAKING
14 INTO CONSIDERATION THE ATTENDANT
15 CIRCUMSTANCES, SUCH AS THE NATURE AND GRAVITY
16 OF THE VIOLATION OF IRREGULARITY, THE SIZE,
17 FUNCTIONS AND RESOURCES OF THE COVERED
18 INSTITUTION. THE IMPOSITION OF THE
19 ADMINISTRATIVE SANCTIONS SHALL BE WITHOUT
20 PREJUDICE TO THE FILING OF CRIMINAL CHARGES
21 AGAINST THE PERSONS RESPONSIBLE FOR THE
22 VIOLATION.”

23 SEC. 9. *Separability Clause.* - If any provision of this Act is declared
24 unconstitutional, the same shall not affect the validity and effectivity of the other
25 provisions thereof.

26 SEC. 10. *Repealing Clause.* - All laws, decrees, orders and issuances or
27 portion thereof, which are inconsistent with the provision of this Act, are hereby
28 repealed, amended or modified accordingly.

29 SEC. 11. *Effectivity.* - This Act shall take effect fifteen (15) days following
30 its publication in at least two (2) national newspapers of general circulation.

Approved,