

SENATE
Senate Bill No.1745

Prepared by the Committees with
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AN ACT
DEFINING THE CRIME OF MONEY LAUNDERING, PROVIDING
PENALTIES THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** This Act shall be known as the "Anti-Money
2 Laundering Act of 2001."

3 **SEC. 2. Declaration of Policy.** It is hereby declared the policy of the State to
4 make the Philippines a stable and safe financial and banking center, and to that end, the
5 State will continue to protect and preserve the integrity and confidentiality of bank
6 accounts.

7 Moreover, it is also the policy of the State to proscribe such acts or activities,
8 specifically money laundering in order to prevent criminals or criminal syndicates from
9 profiting from their illegal activities, taking into consideration the established
10 constitutional principles that no person shall be deprived of life, liberty and property
11 without due process of law nor shall any person be denied the equal protection of the law.
12 The rules on confidentiality embodied on R. A. No. 1405 shall be maintained as a general
13 principle.

14 And finally, consistent with the country's foreign policy, the State shall extend
15 cooperation in the transnational investigation, prosecution and extradition of persons
16 involved in money laundering activities wherever committed.

1 **SEC. 3. Definition of Terms.** For purposes of this Act, the following terms and
2 phrases are hereby defined as follows:

3 (a) "Covered Institution" refers to:

4 (1) banks, non-banks, quasi-banks, trust entities, and all other
5 institutions and their subsidiaries and affiliates supervised or regulated by
6 the Bangko Sentral ng Pilipinas (BSP);

7 (2) insurance companies and all other institutions supervised or
8 regulated by the Insurance Commission (IC); and

9 (3) (i) securities dealers, brokers, salesmen, investment houses
10 and other similar entities managing securities or rendering services as
11 investment agent, advisor, or consultant, (ii) mutual funds, close-end
12 investment companies, common trust funds, pre-need companies and other
13 similar entities, (iii) foreign exchange corporations, money changers,
14 money payment, remittance, and transfer companies and other similar
15 entities, and (iv) other entities administering or otherwise dealing in
16 currency, commodities, or financial derivatives based thereon, valuable
17 objects, cash substitutes and other similar monetary instruments or
18 property supervised or regulated by Securities and Exchange Commission
19 (SEC).

20 (b) "**Covered Transaction**" refers to a series or combination or a
21 pattern of unusually complex and large financial transactions especially cash
22 deposits and investment having no credible purpose or origin, underlying trade
23 obligation or contract involving an amount in excess of Three million pesos
24 (P3,000,000.00) or its equivalent in foreign currency.

25 (c) "**Transaction**" refers to any act establishing any right or obligation or
26 giving rise to any contractual or legal relationship between the parties thereto. It
27 also includes any movement of funds by any means with a covered institution.

28 (d) "**Unlawful Activity**" refers to any act or omission or series or
29 combination thereof involving or having relation to the following:

- 1 (1) Qualified Kidnapping under Article 267 the Revised Penal Code;
- 2 (2) Sections 3, 4, 5, 7, 8, 9 Article Two of R. A. 6425 as amended,
- 3 otherwise known as the Dangerous Drugs Act of 1972;
- 4 (3) Sections 3 Paragraphs B, C, E, G, H and I of R. A. No. 3019, as
- 5 amended, otherwise known as the Anti-Graft and Corrupt Practices
- 6 Act;
- 7 (4) Robbery and extortion under Articles 294, 295, 296, 299, 300, 301
- 8 and 302 of the Revised Penal Code;
- 9 (5) Jueteng and Masiao punished as Illegal Gambling under P. D. No.
- 10 1602;
- 11 (6) Piracy under the Revised Penal Code;
- 12 (7) Qualified theft under ART. 310 of the Revised Penal Code where
- 13 the amount involved is at least Three million pesos;
- 14 (8) Swindling under Art. 315 of the Revised Penal Code;
- 15 (9) Smuggling under R. A. 455 and 1937;
- 16 (10) Violations under R. A. No. 8792 otherwise known as the
- 17 Electronic Commerce Act of 2000;
- 18 (11) Fraudulent practices and other violations under Republic Act No.
- 19 8799 otherwise known as the Securities Regulation Code of 2000;
- 20 (12) Terrorism which means a premeditated, usually politically
- 21 motivated violence perpetrated against non-combatant targets by
- 22 sub-national groups or clandestine agents usually intended to
- 23 influence an audience. the term international terrorism means
- 24 terrorism involving citizens or the territories of more than one
- 25 country. The term terrorist group means group practicing or that
- 26 has significant sub-groups that practice international terrorism.
- 27 (13) Felonies or offenses of a similar nature as the above that are punishable
- 28 under the penal laws of the country where the felony or offense was
- 29 committed.

1 (e) **“Monetary Instrument”** refers to

2 (1) coins or currency of legal tender of the Philippines, or of any other
3 country;

4 (2) drafts, checks and notes;

5 (3) securities or negotiable instruments, bonds, commercial papers,
6 deposit certificates, trust certificates, custodial receipts or deposit
7 substitute instruments, trading orders, transaction tickets and
8 confirmations of sale or investments and money market instruments;
9 and

10 (4) other similar instruments where title thereto passes to another by
11 endorsement, assignment or delivery.

12 (f) **“Person”** refers to any natural or juridical person.

13 (g) **“Proceeds”** refer to all profits, results, effects and any amount derived or
14 realized from an unlawful activity.

15 (h) **“Anti-Money Laundering Council”** refers to the Governor of the Bangko
16 Sentral ng Pilipinas, the Commissioner of the Insurance Commission and the Chairman
17 of the Securities and Exchange Commission.

18 **SEC. 4. *Crime of Money Laundering.*** Money laundering is a crime whereby the
19 proceeds of an unlawful activity are converted, concealed or disguised to make them
20 appear to have originated from legitimate sources.

21 It is committed by the following:

22 (a) Any person who knowingly commits, conducts or attempts to conduct any
23 transaction involving the proceeds of any unlawful activity or uses, transports, transmits,
24 transfers, invests, funnels, remits or otherwise deals with the same, in any manner or by
25 any means, directly or indirectly, for the purpose of furthering that unlawful activity, or
26 concealing or disguising the proceeds of said unlawful activity, or deriving profits for
27 himself or others.

28 (b) Any person who, knowing that any monetary instrument or property
29 represents, involves, or relates to, the proceeds of any unlawful activity, performs any act

1 or fails to perform any act, as a result of which act or omission, he, in any manner and by
2 any means, directly or indirectly, abets, assists in, or otherwise facilitates the offense of
3 money laundering referred to in Paragraph (a), above.

4 (c) Any person who, with knowledge that any monetary instrument or property,
5 is required under this Act to be disclosed and filed with the government, the Anti-Money
6 Laundering Council, fails to disclose such monetary instrument or property.

7 **SEC. 5. *Jurisdiction Over Money-Laundering Cases.***

8 The Regional Trial Courts shall have jurisdiction to try all cases on money
9 laundering. Those committed by public officers and private persons who are in
10 conspiracy with such public officers shall be under the jurisdiction of the Sandiganbayan.

11 The pendency of any proceeding relating to the unlawful activity shall not bar
12 prosecution of any offense or violation under this Act. Any dismissal or acquittal of an
13 accused in any of the predicate crimes referred to in paragraph (d) of Section 3 of this
14 Act, with positive declaration that no crime was committed, shall cause the termination
15 of his case for money laundering in whatever stage it may be.

16 **SEC. 6. *Prevention of Money Laundering; Customer Identification***

17 ***Requirements and Record Keeping.*** – (a) Covered institutions shall establish and record
18 the true identity of its clients based on official documents which shall remain confidential
19 unless the disclosure of their identities are authorized by competent authority. They shall
20 maintain a system of verifying the true identity of their individual clients and in case of
21 corporate clients, a system of verifying their legal existence and organizational structure,
22 as well as the authority and identification of all persons purporting to act on its behalf.

23 The provisions of existing laws to the contrary notwithstanding, anonymous
24 accounts, accounts under fictitious names, and all other similar accounts shall be
25 absolutely prohibited. Numbered accounts shall also be prohibited, except insofar as
26 allowed under Republic Act (R.A.) No. 6426, as amended, otherwise known as the
27 Foreign Currency Deposit System Act. Covered institutions shall record the true identity
28 of holders of all such numbered accounts in an official document.

1 (b) Recordkeeping. – All records of all transactions of covered
2 institutions shall be maintained and safely stored for at least five (5) years from
3 the time such transactions were concluded. With respect to closed accounts, the
4 records on customer identification, account files and business correspondence
5 shall be preserved and safely stored for at least five (5) years from the time they
6 were closed.

7 (c) Reporting of Covered Transactions. – Responsible officers of covered
8 institutions shall report to the Anti-Money Laundering Council any covered transaction
9 within five (5) working days from occurrence thereof. The Anti-Money Laundering
10 Council may extend the period to not more than ten (10) working days. Transactions in
11 excess of Three Million Pesos (P3,000,000.00) are covered by this Act. This reporting
12 requirement does not apply to transactions carried in the ordinary course of business, or
13 dealing of its bank customers.

14 For this purpose, any person who, with knowledge that any monetary instrument
15 or property, in whole or in part, wherever located, is required under this Act to be
16 disclosed, reported or included in a return, statement, report or any similar document to
17 be filed with the government or any Anti-Money Laundering Council, fails to disclose,
18 report or include such monetary instrument or property in said return, statement, report
19 or document, is liable and shall be penalized in accordance with the provisions of this
20 Act.

21 When reporting covered transactions to the Anti-Money Laundering Council,
22 covered institutions and their officers, employees, representatives, agents, advisors,
23 consultants or associates are prohibited from communicating, directly or indirectly, in
24 any manner or by any means, to any person, entity, the media, the fact that a covered
25 transaction report was made, the contents thereof, or any other information in relation
26 thereto. Neither may such reporting be published or aired in any manner or form by the
27 mass media, electronic mail or other similar devices. In case of violation thereof, the

1 concerned officer, employee, representative, agent, advisor, consultant or associate of the
2 covered institution, or media shall be held criminally liable.

3 **SEC. 7. *Creation of the Anti-Money Laundering Council.*** The Anti-Money
4 Laundering Council is hereby created. The Council shall be composed of the Governor of
5 the Bangko Sentral ng Pilipinas as Chair, the Commissioner of the Insurance
6 Commission and the Chairman of the Securities and Exchange Commission as members.
7 The Anti-Money Laundering Council shall act unanimously in the discharge of its
8 functions as defined hereunder:

- 9 (1) to require and receive covered transaction reports from covered
10 institutions;
- 11 (2) to issue orders addressed to the appropriate Anti-Money Laundering
12 Council or the covered institution to determine the true identity of the
13 owner of any monetary instrument or property subject of a covered
14 transaction report or request for assistance from a foreign state, or believed
15 by the Council, on the basis of substantial evidence, to be, in whole or in
16 part, wherever located, representing, involving, or related to, directly or
17 indirectly, in any manner or by any means, the proceeds of an unlawful
18 activity;
- 19 (3) to institute civil forfeiture proceedings and all other remedial proceedings
20 allowed under this Act, through the Office of the Solicitor General, and to
21 be represented therein by internal or external counsel;
- 22 (4) to cause the filing of complaints with the Department of Justice for the
23 prosecution of money laundering offenses;
- 24 (5) to initiate investigations of covered transactions, money laundering
25 activities and other violations of this Act;
- 26 (6) to track down, freeze, restrain and seize any monetary instrument or
27 property alleged to be proceeds of any unlawful activity within the
28 procedures laid down in this Act;

- 1 (7) to implement such measures as may be necessary and justified under this
2 Act to counteract money laundering;
- 3 (8) to receive and take action in respect of, any request from foreign states for
4 assistance in their own anti-money laundering operations provided in this
5 Act;
- 6 (9) to develop educational programs on the pernicious effects of money
7 laundering, the methods and techniques used in money laundering, the
8 viable means of preventing money laundering and the effective ways of
9 prosecuting and punishing offenders;
- 10 (10) to enlist the assistance of any branch, department, bureau, office, agency
11 or instrumentality of the government, including government-owned and
12 controlled corporations, in undertaking any and all anti-money laundering
13 operations, which may include the use of its personnel, facilities and
14 resources for the more resolute prevention, detection and investigation of
15 money laundering offenses and prosecution of offenders; and
- 16 (11) to receive and administer, as may be allowed by law, assistance,
17 donations, grants, contributions and endowments, both monetary and non-
18 monetary, from any individual or institution, whether public or private,
19 domestic or foreign, to promote and achieve the policy of this Act.

20 **SEC. 8. *Additional Exemption from Bank Deposit Secrecy Laws and Authority***

21 ***To Freeze.*** Upon determination that probable cause exists that any deposit or similar
22 account is in any way related to money laundering offense, the Monetary Board or the
23 Anti-Money Laundering Council may issue freeze order on the account for a period
24 not exceeding twenty (20) days. The depositor is given notice and an opportunity to
25 explain within seventy-two (72) hours upon receipt of such notice.

26 Should the Monetary Board or Anti-Money Laundering Council need to extend
27 the freeze order beyond twenty (20) days or should it need to examine or look into the
28 account, it should seek a court order which it may do *ex-parte*. The order of the court

1 allowing access or extending the period of the freeze order beyond twenty (20) days may
2 be restrained only by the Supreme Court.

3 **SEC. 9. *Restrictions.*** No court shall issue a temporary restraining order or writ of
4 injunction against any freeze order except the Supreme Court.

5 **SEC. 10. *Mutual Assistance Among States.*** The Government is hereby
6 authorized to request foreign governments and extend bilateral and multilateral assistance
7 in matters covered by this Act.

8 **SEC. 11. *Penal Provisions.*** (a) Penalties for the Crime of Money Laundering.
9 The penalty of imprisonment ranging from seven (7) to fourteen (14) years and a fine of
10 not less than Three Million Philippine Pesos (Php 3,000,000.00) but not more than twice
11 the value of the monetary instrument or property involved in the offense, shall be
12 imposed upon a person convicted under Section 4 (a) of this Act.

13 The penalty of imprisonment from four (4) to seven (7) years and a fine of not
14 less than One Million Five Hundred Thousand Philippine Pesos (P1,500,000.00) but not
15 more than Three Million Philippine Pesos (P3,000,000.00), shall be imposed upon a
16 person convicted under Section 4 (b) of this Act.

17 (b) Penalties For Failure To Keep Records. The penalty of imprisonment from six
18 (6) months to one (1) year or a fine of not less than One Hundred Thousand Pesos
19 (P100,000.00) but not more than Five Hundred Thousand Pesos (P500,000.00), or both,
20 shall be imposed on a person convicted under Section 6 (b) of this Act.

21 (C) Penalties for Failure to Make a Report. The penalty of imprisonment from six
22 (6) months to four (4) years or a fine of not less than One Hundred Thousand Philippine
23 Pesos (P100,000.00) but not more than Five Hundred Thousand Philippine Pesos
24 (P500,000.00), or both, shall be imposed on a person convicted under Section 6 (c) of this
25 Act.

26 (D) Malicious reporting. Any person who, with malice, or in bad faith,
27 reports or files a completely unwarranted or false information relative to money
28 laundering transaction against any person shall be subject to a penalty of six (6) months
29 to four years imprisonment and a fine of not less than One Hundred Thousand Philippine

1 Pesos (P100,000.00) but not more than Five Hundred Thousand Pesos (P500,000.00), or
2 both, at the discretion of the court: *Provided*, That the offender is not entitled to avail the
3 benefits of the Probation Law.

4 If the offender under the above preceding paragraphs (a), (b), and (c) is a
5 corporation, association, partnership or any juridical person, the penalty shall be imposed
6 upon the responsible officers, as the case may be, who participated in the commission of
7 the crime or who shall have knowingly permitted or failed to prevent its commission. If
8 the offender is a juridical person, the court may suspend or revoke its license. If the
9 offender is an alien, he shall, in addition to the penalties herein prescribed, be deported
10 without further proceedings after serving the penalties herein prescribed. If the offender
11 is a public official or employee, he shall, in addition to the penalties prescribed herein,
12 suffer perpetual or temporary absolute disqualification from office, as the case may be.

13 Any public official or employee who is called upon to testify and refuses to do the
14 same or purposely fails to testify shall suffer the same penalties prescribed herein.

15 **SEC. 12. *System of Incentives and Rewards.*** A system of special incentives and
16 rewards is hereby established to be given to the appropriate government agency and its
17 personnel that led and initiated an investigation, prosecution and conviction of persons
18 involved in the offense penalized in Section 4 of this Act.

19 **SEC. 13. *Prohibitions Against Political Harassment.*** This Act shall not be used
20 for political persecution or harassment or as an instrument to hamper competition in trade
21 and commerce.

22 No case for money laundering may be filed against and no assets shall be frozen,
23 attached or forfeited to the prejudice of a candidate for an electoral office during an
24 election period.

25 **SEC. 14. *Implementing Rules and Regulations.*** Within thirty (30) days from the
26 effectivity of this Act, the Bangko Sentral ng Pilipinas, the Insurance Commission and
27 the Securities and Exchange Commission shall promulgate the rules and regulations to
28 implement effectively the provisions of this Act. Said rules and regulations shall be
29 submitted to the Congressional Oversight Committee for approval.

1 Covered institutions shall formulate their respective money laundering prevention
2 programs in accordance with this Act including, but not limited to, information
3 dissemination on money laundering activities and its prevention, detection and reporting,
4 and the training of responsible officers and personnel of covered institutions.

5 **SEC. 15. *Congressional Oversight Committee.*** There is hereby created a
6 Congressional Oversight Committee composed of seven members from the Senate and
7 seven members from the House of Representatives. The members from the Senate shall
8 be appointed by the Senate President based on the proportional representation of the
9 parties or coalitions therein with at least one Senator representing the minority. The
10 members from the House of Representatives shall be appointed by the Speaker also based
11 on proportional representation of the parties or coalitions therein with at least one
12 representative representing the minority.

13 The Oversight Committee shall have the power to promulgate its own rules, to
14 oversee the implementation of this Act, and to review or revise the implementing rules
15 issued by the Anti-Money Laundering Council within thirty (30) days from the
16 promulgation of the said rules.

17 **SEC. 16. *Separability Clause.*** If any provision or section of this Act or the
18 application thereof to any person or circumstance is held to be invalid, the other
19 provisions or sections of this Act, and the application of such provision or section to other
20 persons or circumstances, shall not be affected thereby.

21 **SEC. 17. *Repealing Clause.*** All laws, decrees, executive orders, rules and
22 regulations or parts thereof, including the relevant provisions of R.A. No. 1405, as
23 amended, R.A. No. 6426, as amended, R.A. No. 8791, as amended and other similar
24 laws, as are inconsistent with this Act, are hereby repealed, amended or modified
25 accordingly.

26 **SEC. 18. *Effectivity.*** This Act shall take effect fifteen (15) days after its
27 complete publication in the *Official Gazette* or in at least two (2) national newspapers of
28 general circulation. The provisions of this Act shall not apply to deposits and investments
29 made prior to its effectivity.

Approved,

S E N A T E
Senate Bill No.1745

Prepared by the Committees with
Senators Flavier, Osmena III, Legarda
Barbers, Lacson, Cayetano, Pangilinan,
Drilon and Magsaysay, Jr. as authors

AN ACT
DEFINING THE CRIME OF MONEY LAUNDERING, PROVIDING
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*Be it enacted by the Senate and the House of Representatives of the Philippines
in Congress assembled:*

1 **SECTION 1. *Short Title.*** This Act shall be known as the "Anti-Money
2 Laundering Act of 2001".

3 **SEC. 2. *Declaration of Policy.*** It is hereby declared the policy of the State TO
4 MAKE [that] the Philippines A STABLE AND SAFE FINANCIAL AND BANKING
5 CENTER, AND TO THAT END, THE STATE WILL CONTINUE TO PROTECT AND
6 PRESERVE THE INTEGRITY AND CONFIDENTIALITY OF BANK ACCOUNTS.

7 CONSEQUENTLY, IT IS ALSO THE POLICY OF THE STATE TO
8 PROSCRIBE SUCH ACTS OR ACTIVITIES, SPECIFICALLY MONEY
9 LAUNDERING WHICH WILL TARNISH, RUIN AND DESTROY THE FINANCIAL
10 STATUS AND CREDIT STANDING OF THE COUNTRY.

11 [shall not be used as a money laundering site for the proceeds of any unlawful activity.
12 Consistent with the country's foreign policy, the State shall extend cooperation in the
13 transnational investigation, prosecution and extradition of persons involved in money
14 laundering activities whenever committed.]

15 **SEC. 3. *Definition of Terms.*** For purposes of this Act, the following terms and
16 phrases are hereby defined as follows:

17 (a) **"Covered Institution"** refers to all institutions and entities under the
18 supervision or regulation of the Bangko Sentral ng Pilipinas (BSP),

1 the Insurance Commission (IC), AND the Securities and Exchange
2 Commission (SEC). [, the Philippine Amusement and Gaming
3 Corporation (PAGCOR), the Department of Trade and Industry
4 (DTI) and all other similar government agencies]

5 (b) **“Covered Transaction”** REFERS TO A SERIES OR COMBINATION
6 OR A PATTERN OF UNUSUALLY COMPLEX OR LARGE CASH
7 TRANSACTIONS OF A NON-PERMANENT DEPOSITOR HAVING
8 NO CREDIBLE PURPOSE OR ORIGIN, UNDERLYING TRADE
9 OBLIGATION OR CONTRACT. [may be any single, series or
10 combination of the following:]

11 [(1) transaction involving an amount in excess of One Million Philippine
12 pesos (P1,000,000.00) or its equivalent amount in foreign currency based
13 on the prevailing exchange rate, unless the transaction is between a
14 covered institution and a properly identified client and the transaction is
15 in an amount reasonably commensurate with the lawful business or
16 economic status of the client;]

17 [(2) transaction having no credible purpose or origin, underlying trade
18 obligation, contract or economic justification; or]

19 [(3) unusually complex or large transactions.]

20 (c) **“Monetary Instrument”** refers to

21 (1) coins or currency of legal tender of the Philippines, or of any other
22 country;

23 (2) drafts, checks and notes;

24 (3) securities or negotiable instruments, bonds, commercial papers,
25 deposit certificates, trust certificates, custodial receipts or deposit
26 substitute instruments, trading orders, transaction tickets and
27 confirmations of sale or investments and money market instruments;
28 and

1 (4) other similar instruments where title thereto passes to another by
2 endorsement, assignment or delivery.

3 (d) "**Person**" refers to any natural or juridical person.

4 (e) "**Proceeds**" refer to all profits, results, effects and any amount derived or
5 realized from an unlawful activity.

6 (f) "**Supervising Authority**" refers to the BANGKO SENTRAL NG PILIPINAS
7 [appropriate agency, department or office supervising or regulating any of the covered
8 institutions as enumerated in paragraph (a).]

9 (g) "**Transaction**" refers to any act establishing any right or obligation or giving
10 rise to any contractual or legal relationship between persons, including but not limited to
11 deposits, instruments, assignments, any kind of purchase, sale, auction, loan, pledge,
12 mortgage, gift, delivery, transfer, conveyance or any other form of disposition involving
13 any monetary instrument or property as defined under this Act. It may also refer to
14 dealing with one or more monetary instruments, the movement of funds by wire or any
15 other means, or the use of, intervention by, or dealing in any way, directly with, a
16 covered institution.

17 (h) "**Unlawful Activity**" refers to any act or omission or series or combination
18 thereof involving or having relation to the following:

19 (1) QUALIFIED Kidnapping under Article[s] 267 [and 270 of Act No.
20 3815 or] the Revised Penal Code;

21 (2) SECTIONS 3, 4, 5, 7, 8 TITLE TWO OF R. A. 6425 AS
22 AMENDED, OTHERWISE KNOWN AS THE DANGEROUS
23 DRUGS ACT OF 1972; [Offenses and other violations under
24 Republic Act (R.A.) No. 6425, as amended, otherwise known as
25 the Dangerous Drugs Act of 1972;]

26 (3) SECTIONS 3 PARAGRAPHS B, C, E, G, H AND I [Violations]
27 of R.A. No. 3019, as amended, otherwise known as the Anti-Graft
28 and Corrupt Practices Act;

29 [(4) Plunder under R.A. No. 7080;]

1 (4[5]) Felonies or offenses of a similar nature as the above that are punishable
2 under the penal laws of the country where the felony or offense was
3 committed.

4 **SEC. 4. *Crime of Money Laundering.*** Money laundering is a crime whereby the
5 proceeds of an unlawful activity are converted, concealed or disguised to make them
6 appear to have originated from legitimate sources.

7 It is committed by the following:

8 (a) Any person who[,] knowingLY COMMITS, [that monetary instrument or
9 property represents, involves, or relates to, the proceeds of any unlawful activity,]
10 conducts or attempts to conduct any transaction involving THE PROCEEDS OF ANY
11 UNLAWFUL ACTIVITY OR [said monetary instrument or property, or holds,] uses,
12 transports, transmits, transfers, remits or otherwise deals with the same, in any manner or
13 by any means, directly or indirectly, for the purpose of furthering that unlawful activity,
14 or concealing or disguising the proceeds of said unlawful activity, or deriving profits for
15 himself or others.

16 (b) Any person who[,] knowingLY [that monetary instrument or property
17 represents, involves or relates to, the proceeds of an unlawful activity,] performs any act
18 or fails to perform or refrains from any act, as a result of which act or omission, he, in
19 any manner and by any means, abets, assists in, or otherwise facilitates any activity of the
20 person referred to in paragraph (a).

21 **SEC. 5. *Prima Facie Presumptions.***

22 [The following shall constitute *prima facie* presumptions:

23 (1)] When A [the] person [being] prosecuted for money laundering
24 HAS INTRODUCED, SUBMITTED, FILED OR GIVEN ANY SPURIOUS,
25 FORGED, FICTITIOUS, SIMULATED OR OTHERWISE FALSE
26 IDENTIFICATION OF THE TRUE OWNER OR ORIGIN OF ANY MONETARY
27 INSTRUMENT OR PROPERTY IN ANY COVERED INSTITUTION, HE SHALL
28 BE PRESUMED TO HAVE THE KNOWLEDGE THAT A MONETARY

1 INSTRUMENT OR PROPERTY CONSTITUTES AS PROCEEDS OF AN
2 UNLAWFUL ACTIVITY. [becomes a fugitive, any monetary instrument or
3 property in his name or belonging to him or in his possession or under his
4 control, shall be presumed *prima facie* to represent proceeds of an unlawful
5 activity.]

6 [(2) For purposes of civil forfeiture under this Act, when the monetary
7 instrument or property subject of the suspicious transaction is in an amount manifestly
8 out of proportion to the salary of the person reported therein or his other lawful income or
9 other income from legitimately acquired property or is clearly of questionable
10 provenance, said property shall be presumed *prima facie* to represent proceeds of an
11 unlawful activity.]

12 [(3) When a person prosecuted for money laundering, has introduced,
13 submitted, filed or given any spurious, forged, fictitious, simulated or otherwise
14 false identification of the true owner or origin of any monetary instrument or
15 property in any covered institution, he shall be presumed, *motu proprio*, to have
16 the knowledge that a monetary instrument or property constitutes as proceeds of
17 an unlawful activity.]

18 **SEC. 6. *Jurisdiction of Money-Laundering Cases; Witness Protection***
19 ***Program.***

20 The Regional Trial Courts shall have jurisdiction to try all cases on money
21 laundering except those committed by public officers AND PRIVATE PERSONS WHO
22 ARE IN CONSPIRACY WITH SUCH PUBLIC OFFICERS [which] shall be under the
23 jurisdiction of the Sandiganbayan. Whenever called upon to testify in court or any
24 criminal investigation in connection with a money laundering crime under this Act, any
25 person may be admitted to the witness protection, security and benefit program of the
26 government under R.A. No. 6981, otherwise known as the Witness Protection, Security
27 and Benefit Act.

1 **SEC. 7. Prosecution of Money Laundering.**

2 (a) Any person may be charged with and convicted of both the crime of
3 money laundering and the felony constituting the unlawful activity.

4 (b) The pendency of any proceeding relating to the unlawful activity shall not
5 bar prosecution of any offense or violation under this Act.

6 **SEC. 8. Prevention of Money Laundering; Customer Identification**

7 **Requirements and Record Keeping.** – (a) Covered institutions shall establish and record
8 the true identity of its clients based on official documents. They shall maintain a system
9 of verifying the true identity of their individual clients and in case of corporate clients, a
10 system of verifying their legal existence and organizational structure, as well as the
11 authority and identification of all persons purporting to act on its behalf.

12 The provisions of existing laws to the contrary notwithstanding, anonymous
13 accounts, accounts under fictitious names, and all other similar accounts shall be
14 absolutely prohibited. Numbered accounts shall also be prohibited, except insofar as
15 allowed under Republic Act (R.A.) No. 6426, as amended, otherwise known as the
16 Foreign Currency Deposit System Act. Provided that covered institutions shall record the
17 true identity of holders of all such numbered accounts in an official documents.

18 (b) Recordkeeping. – All records of all transactions of covered
19 institutions shall be maintained and safely stored for at least five (5) years from
20 the date of transactions. With respect to closed accounts, the records on
21 customer identification, account files and business correspondence shall be
22 preserved and safely stored for at least five (5) years when they were closed.

23 (c) Reporting of Covered Transactions. – Covered institutions shall report to the
24 Supervising Authority ANY COVERED TRANSACTION FALLS WITHIN FIVE (5)
25 WORKING DAYS FROM OCCURRENCE THEREOF: *PROVIDED, HOWEVER,*
26 *THAT THE SUPERVISING AUTHORITY MAY EXTEND A LONGER PERIOD NOT*
27 *EXCEEDING TEN (10) WORKING DAYS: AND, PROVIDED, FURTHER, THAT*
28 *THE COVERED TRANSACTION IS IN EXCESS OF _____: PROVIDED,*

1 *FINALLY*, THAT THIS REPORTING REQUIREMENT DOES NOT APPLY TO
2 TRANSACTIONS CARRIED IN THE ORDINARY COURSE OF BUSINESS, OR
3 DEALING OF ITS BANK CUSTOMERS. [when applicable, all covered transactions
4 within five (5) working days from occurrence thereof, unless the Supervising Authority
5 prescribes a longer period not exceeding ten (10) working days.]

6 For this purpose, any person who, with knowledge that any monetary instrument
7 or property, in whole or in part, wherever located, is required under this Act to be
8 disclosed, reported or included in a return, statement, report or any similar document to
9 be filed with the government or any supervising authority, fails to disclose, report or
10 include such monetary instrument or property in said return, statement, report or
11 document, is liable and shall be penalized in accordance with the provisions of this Act.

12 When reporting covered transactions to the Supervising Authority, covered
13 institutions and their officers, employees, representatives, agents, advisors, consultants or
14 associates are prohibited from communicating, directly or indirectly, in any manner or by
15 any means, to any person the fact that a covered transaction report was made, the
16 contents thereof, or any other information in relation thereto. In case of violation thereof,
17 the concerned officer, employee, representative, agent, advisor, consultant or associate of
18 the covered institution, shall be held criminally liable. [However, no administrative,
19 criminal or civil proceedings, shall lie against any person for having made a covered
20 transaction report in the regular performance of his duties and in good faith, whether or
21 not such reporting results in any criminal prosecution under this Act or any other
22 Philippine law.]

23 **SEC. 9. *Additional Exemption from Bank Deposit Secrecy Laws.***

24 Notwithstanding the provisions of R.A. No. 1405, as amended, otherwise known as the
25 Bank Deposit Secrecy Law, R.A. No. 6426, as amended, also known as the Foreign
26 Currency Deposit System Act, R.A. No. 8791, also known as the General Banking Law
27 of 2000, and other similar laws, **WHENEVER PROBABLE CAUSE EXISTS** [provided
28 substantial evidence is established] that any deposit, trust, investment or similar account
29 in any bank or non-bank financial institution is, in any manner or by any means, IS

1 [related to] a covered transaction or money laundering, the Governor of the Bangko
2 Sentral ng Pilipinas, [the Secretary of Finance, and the Chairman of the Securities
3 Exchange Commission,] with prior concurrence of the majority of all the members of the
4 Monetary Board of the Bangko Sentral ng Pilipinas, may ORDER A FREEZE OF THE
5 ACCOUNT PROVIDED THAT THE BANK CLIENT IS GIVEN DUE NOTICE AND
6 OPPORTUNITY TO EXPLAIN WITHIN SEVENTY-TWO (72) HOURS: PROVIDED,
7 FURTHER, THAT THE SAID FREEZE ORDER WILL LAPSE AUTOMATICALLY
8 ON THE 20TH DAY OF ITS DAY OF ISSUANCE: PROVIDED, FINALLY, THAT
9 ANY EXTENSION THEREOF COULD ONLY BE DONE THROUGH A COURT
10 ORDER. [itself inquire or examine or authorize any inquiry, examination or disclosure
11 of said account. Banks and non-bank financial institutions and their officers and
12 employees, who report covered transactions in the regular performance of their duties and
13 in good faith, under this Act, shall not be held liable for any violation of the
14 aforementioned laws.]

15 **[SEC. 10. *Authority to freeze.***

16 The respective supervising authority shall have the power to freeze any
17 monetary instrument or property alleged to be proceeds of any unlawful activity within
18 the procedures laid down by it in accordance with due process.]

19 **SEC. 10. [11] *CIVIL Forfeiture Provision.***

20 IF THE DEFENDANT, AFTER DUE NOTICE AND HEARING FAILS TO
21 PROVE TO THE SATISFACTION OF THE COURT THE ORIGIN OR
22 PROVENANCE OF THE PROPERTY COVERED BY THE REPORT, THE LATTER
23 SHALL ISSUE A FORFEITURE ORDER IN FAVOR OF THE GOVERNMENT OF
24 THE PHILIPPINES, SUBJECT TO THE RIGHTS OF INNOCENT THIRD PERSONS
25 WHO MAY APPLY, BY VERIFIED PETITION, FOR A HEARING TO
26 ADJUDICATE THE VALIDITY OF HIS ALLEGED RIGHT OF INTEREST IN THE
27 PROPERTY SUBJECT OF FORFEITURE.

28 THE VERIFIED PETITION SHALL BE FILED WITH THE COURT, WHICH
29 RENDERED THE JUDGMENT OF CONVICTION AND ORDER OF FORFEITURE,

1 WITHIN FIFTEEN (15) DAYS FROM THE DATE OF THE ORDER OF
2 FORFEITURE, IN DEFAULT OF WHICH THE SAID ORDER SHALL BECOME
3 FINAL AND EXECUTORY.

4 [(a) Civil Forfeiture. When there is a covered transaction report made, and the
5 court has, in a petition filed for the purpose, ordered seizure of any monetary instrument
6 or property, in whole or in part, directly or indirectly, related to said report, and after
7 hearing during which the offender shall be given opportunity to explain the origin or
8 provenance of said monetary instrument or property, the court may, subject to the
9 evidentiary requirements prescribed by the Rules of Court, if the offender is unable to
10 show to the satisfaction of the court that said monetary instrument or property was
11 lawfully acquired, declare the same forfeited in favor of the Government of the
12 Philippines.]

13 [(b) Claim on Forfeited Assets. - Where the court has issued an order of
14 forfeiture of the monetary instrument or property in a criminal prosecution for money
15 laundering, any person claiming an interest may apply, by verified petition, for a
16 declaration that the said monetary instrument or property, or any part thereof, does not
17 constitute proceeds of an unlawful activity. The verified petition shall be filed with the
18 court which rendered the judgment of conviction and order of forfeiture, within fifteen
19 (15) days from the date of the order of forfeiture, in default of which the said order shall
20 become final and executory.]

21 [(c) Payment in lieu of forfeiture. - Where the court has issued an order of
22 forfeiture of the monetary instrument or property subject of the crime of money
23 laundering and said order cannot be enforced because any particular monetary instrument
24 or property cannot, with due diligence, be located, or it has been substantially altered,
25 destroyed, diminished in value or otherwise rendered worthless by any act or omission
26 directly or indirectly attributable to the offender, or it has been concealed, removed,
27 converted or otherwise transferred to prevent the same from being found or to avoid
28 forfeiture thereof, or it is located outside the Philippines or has been placed or brought
29 outside the jurisdiction of the court, or it has been commingled with other monetary

1 instruments or property belonging to either the offender himself or a third person or
 2 entity, thereby rendering the same difficult to identify or be segregated for purposes of
 3 forfeiture, the court may, instead of enforcing the order of forfeiture of the monetary
 4 instrument or property or part thereof or interest therein, order the convicted offender to
 5 pay an amount equal to the value of said monetary instrument or property.]

6 **SECT. 11. [12] *Provisional Remedies Pending Criminal Proceedings.*** Upon the
 7 filing of the information for the crime of money laundering, the court may, *motu proprio*,
 8 or upon verified motion of the prosecution, issue temporary restraining orders, writs of
 9 injunction, writs of attachment or garnishment, or other equitable provisional reliefs, or
 10 take other appropriate action, for the preservation of the monetary instrument or property
 11 alleged to be proceeds of an unlawful activity to prevent the same from being removed,
 12 concealed, converted, commingled with other property, or otherwise placed beyond the
 13 jurisdiction of the court during the pendency of the criminal proceedings.

14 [**SEC. 13. *Restrictions.*** No writ of injunction shall be issued by any court to
 15 delay an investigation or inquiry being conducted by the law enforcement agency.]

16 [**SEC. 14. *Mutual Assistance Among States.***

17 The Philippine government is hereby authorized to request and grant mutual
 18 assistance pursuant to the rules and regulations to be issued by the Department of
 19 Justice.]

20 **SEC. 12. [15] *Penal Provisions.*** (a) Penalties for the Crime of Money
 21 Laundering. The penalty of imprisonment ranging from seven (7) to fourteen (14) years
 22 or a fine of not less than One Million Philippine Pesos (Php 1,000,000.00) but not more
 23 than twice the value of the monetary instrument or property involved in the offense, or
 24 both, at the discretion of the court, shall be imposed upon a person convicted under
 25 Section 4 (a) of this Act.

26 The penalty of imprisonment from four (4) to SEVEN (7) [eight (8)] years or a
 27 fine of not less than Five Hundred Thousand Philippine Pesos (P500,000.00) but not
 28 more than One Million Philippine Pesos (P1,000,000.00), or both, at the discretion of the
 29 court, shall be imposed upon a person convicted under Section 4 (b) of this Act.

1 (b) Penalties for Failure to Make a Report. The penalty of imprisonment from six
2 (6) months to four (4) years or a fine of not less than One Hundred Thousand Philippine
3 Pesos (P100,000.00) but not more than Five Hundred Thousand Philippine Pesos
4 (P500,000.00), or both, shall be imposed on a person convicted under Section 8 (c) of this
5 Act.

6 [*Provided*, That if the offender under the two preceding paragraphs is a
7 corporation, association, partnership or any juridical person, the penalty shall be imposed
8 upon the President, Director, or responsible officers, as the case may be, who participated
9 in the commission of the crime or who shall have knowingly permitted or failed to
10 prevent its commission: *Provided, further*, That if the offender is a juridical person, the
11 court may suspend or revoke its license upon conviction: *Provided furthermore*, That if
12 the offender is an alien, he shall, in addition to the penalties herein prescribed, be
13 deported without further proceedings: *Provided finally*, That if the offender is a public
14 official or employee, he shall, in addition to the penalties prescribed herein, suffer
15 perpetual or temporary absolute disqualification from office, as the case may be.]

16 (c) Malicious reporting. Any person who, with malice, or in bad faith,
17 reports or files a completely unwarranted or false information relative to money
18 laundering transaction against any person shall be subject to a penalty of one (1) month
19 and one (1) day to six (6) months imprisonment and a fine of not exceeding One Hundred
20 Thousand Philippine Pesos (P100,000.00) or both, at the discretion of the court.

21 **PROVIDED**, THAT IF THE OFFENDER UNDER THE TWO PRECEDING
22 PARAGRAPHS IS A CORPORATION, ASSOCIATION, PARTNERSHIP OR ANY
23 JURIDICAL PERSON, THE PENALTY SHALL BE IMPOSED UPON THE
24 PRESIDENT, DIRECTOR, OR RESPONSIBLE OFFICERS, AS THE CASE MAY BE,
25 WHO PARTICIPATED IN THE COMMISSION OF THE CRIME OR WHO SHALL
26 HAVE KNOWINGLY PERMITTED OR FAILED TO PREVENT ITS COMMISSION:
27 **PROVIDED, FURTHER**, THAT IF THE OFFENDER IS A JURIDICAL PERSON,
28 THE COURT MAY SUSPEND OR REVOKE ITS LICENSE UPON CONVICTION:
29 **PROVIDED FURTHERMORE**, THAT IF THE OFFENDER IS AN ALIEN, HE

1 SHALL, IN ADDITION TO THE PENALTIES HEREIN PRESCRIBED, BE
2 DEPORTED WITHOUT FURTHER PROCEEDINGS

3 [(d) Other Violations. - Unless otherwise provided, the violation of any other
4 provisions of this Act shall be punished by imprisonment from six (6) months to four (4)
5 years or a fine of not less than One Hundred Thousand Philippine Pesos (P100,000.00)
6 but not more than Five Hundred Thousand Philippine pesos (P500,000.00) or both, at the
7 discretion of the court.]

8 **SEC. 13. *RIGHT TO INDEMNIFY FOR WRONGFUL ACT.*** ANY PERSON
9 WHO SUFFERS DAMAGE OR INJURY SHALL HAVE THE RIGHT TO SUE THE
10 BANGKO SENTRAL NG PILIPINAS AND THE PUBLIC OFFICER WHO
11 ARBITRARILY, CAPRICIOUSLY AND WILLFULLY ABUSED THE EXERCISE OF
12 THE POWERS GRANTED IN THIS ACT.

13 **SEC. 14. [16] *Implementing Rules and Regulations.*** Within thirty (30) days
14 from the effectivity of this Act, the Bangko Sentral ng Pilipinas [in coordination with all
15 the concerned Supervising Authorities] shall promulgate the rules and regulations to
16 implement effectively the provisions of this Act.

17 Covered institutions shall formulate their respective money laundering prevention
18 programs in accordance with this Act including, but not limited to, information
19 dissemination on money laundering activities and its prevention, detection and reporting,
20 and the training of responsible officers and personnel of covered institutions.

21 **SEC. 15. [17] *Separability Clause.*** If any provision or section of this Act or the
22 application thereof to any person or circumstance is held to be invalid, the other
23 provisions or sections of this Act, and the application of such provision or section to other
24 persons or circumstances, shall not be affected thereby.

25 **SEC. 16. [18] *Repealing Clause.*** All laws, decrees, executive orders, rules and
26 regulations or parts thereof, including the relevant provisions of R.A. No. 1405, as
27 amended, R.A. No. 6426, as amended, R.A. No. 8791, as amended and other similar
28 laws, as are inconsistent with this Act, are hereby repealed, amended or modified
29 accordingly.

1 **SEC. 17. [19] *Effectivity.*** This Act shall take effect fifteen (15) days after its
2 complete publication in the *Official Gazette* or in at least two (2) national newspapers of
3 general circulation.

Approved,