

SENATE

CV

PSR No. 908

Introduced by Senator Aquilino "Koko" Martin L. Pimentel III

**A RESOLUTION
DIRECTING THE SENATE COMMITTEES ON
TRADE AND COMMERCE AND ACCOUNTABILITY OF PUBLIC
OFFICERS AND INVESTIGATIONS (BLUE RIBBON) TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE PROLIFERATION OF
INVESTMENT SCAMS THROUGHOUT THE COUNTRY, AND THE
REPORTED INVOLVEMENT OF PUBLIC OFFICIALS AS WELL AS
INVESTMENT OF PUBLIC FUNDS IN THESE ILLEGAL SCHEMES**

WHEREAS, under *Republic Act No. 8799* (R.A. 8799), otherwise known as the *Securities Regulation Code*, the Securities and Exchange Commission (SEC) is mandated to supervise all corporations, partnerships or associations existing under and by virtue of the laws of the Republic of the Philippines;

WHEREAS, under *Executive Order No. 133* (E.O. 133), otherwise known as the *DTI Law*, the Department of Trade and Industry (DTI) is mandated to serve as the country's primary regulatory arm for the country's investment activities;

WHEREAS, *Article 315* of the *Revised Penal Code of the Philippines* punishes swindling or estafa, defined therein as the act of defrauding another, causing the latter damage and prejudice;

WHEREAS, in 1980, *Presidential Decree No. 1689* (P.D. 1689) increased the penalty for syndicated estafa, defined therein as swindling committed by five or more persons, formed with the intention of carrying out the unlawful or illegal act, transaction, enterprise or scheme, resulting in the misappropriation of funds solicited from the general public, to life imprisonment for the purpose of deterring the commission of the said crime;

WHEREAS, as early as in the year 2007, the authorities have unearthed various corporations, partnerships, associations, or persons operating illegal investment schemes, running either a "Ponzi Scheme", defined by the U.S. Securities and Exchange Commission (US-SEC) as an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors, who are promised investment opportunities generating high returns with little or no risk, or a "Pyramid Scheme", defined in a Department of Justice opinion as an

illegitimate program which lure participants with the promise of easy money by compensating them from the investments of additional participants rather than from legitimate product sales;

WHEREAS, the stiff penalty provided under our criminal laws for syndicated estafa and the existence of government regulatory agencies such as the SEC and the DTI, among others, have failed to deter the proliferation of corporations, partnerships, associations, or persons operating illegal investment schemes in the country, as evidenced by the simultaneous discovery of Aman Futures Group Philippines Inc. and Visioner 2020 Trader's International in Pagadian City, the Jachob "Coco" Rasuman Investments in Lanao del Sur and the Parents-Teachers Pyramid Scam in Quezon City, which have collectively victimized at least 15,000 investors all over the country of over 12 Billion Pesos in funds;

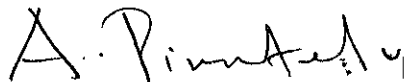
WHEREAS, it was reported by the media that local government officials where these fraudulent operations were carried out may not only be involved in these illegal investment schemes, but worse, they may have used the internal revenue allotment (IRA) of their respective local government units (LGUs) as their personal investment in the said fraudulent schemes;

WHEREAS, the reported malversation, or plunder of public funds, as the case may be, underscores the need for the legislature, as holder of the so-called "power of the purse," to recommend the filing of appropriate charges with the Office of the Ombudsman, should it find that there is probable cause against certain local government officials;

WHEREAS, it is also imperative that an investigation on these illegal investment schemes be conducted to determine possible loopholes in existing laws and institutional lapses that have allowed these fraudulent schemes to flourish so that the legislature may enact remedial measures that would prevent the rise of similar fraudulent activities;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED THAT THE SENATE COMMITTEES ON TRADE AND COMMERCE AND ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS (BLUE RIBBON) CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE PROLIFERATION OF INVESTMENT SCAMS THROUGHOUT THE COUNTRY, AND THE REPORTED INVOLVEMENT OF PUBLIC OFFICIALS AS WELL AS INVESTMENT OF PUBLIC FUNDS IN THESE ILLEGAL SCHEMES.

Adopted,



AQUILINO "KOKO" MARTIN L. PIMENTEL III