



SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

13 SEP 11 P 6:32

SENATE  
S. B. No. 1650

RECORDED & INDEXED *ji*

Introduced by Senator Maria Lourdes Nancy S. Binay

EXPLANATORY NOTE

Based on the recent Commission on Audit (COA) Report on its audit of the Priority Development Assistance Fund (PDAF), more than 80 foundations or non-stock, non-profit organizations were used as vehicles to divert PDAF from their intended use.

Unfortunately, this misuse of foundations has caused a negative effect even on legitimate foundations. As it stands, donors, both public and private, would hesitate to support activities of foundations who are doing legitimate social and development work at the grassroots. Some of these foundations doing legitimate work may just be prompted to close down due to this hesitation on the part of their donors.

It is therefore imperative that we ensure that this misuse of foundations for money laundering activities is never repeated.

The passage of this bill is therefore earnestly requested.

  
**MARIA LOURDES NANCY S. BINAY**  
Senator



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AN ACT FURTHER STRENGTHENING REPUBLIC ACT 9160 OR  
THE ANTI-MONEY LAUNDERING ACT AS AMENDED  
BY REPUBLIC ACT 9194, REPUBLIC ACT 10167 AND REPUBLIC ACT 10365

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

3  
4 **SECTION 1.** Section 3 (a) of Republic Act No. 9160, as amended, otherwise known as the  
5 "Anti-Money Laundering Law of 2001" is hereby amended to read as follows:

6  
7 "(a) 'Covered persons', natural or juridical, refer to:

8  
9 "(1) banks, non-banks, quasi-banks, trust entities, foreign exchange dealers,  
10 pawnshops, money changers, remittance and transfer companies and other  
11 similar entities and all other persons and their subsidiaries and affiliates  
12 supervised or regulated by the Bangko Sentral ng Pilipinas (BSP);

13  
14 "(2) insurance companies, pre-need companies and all other persons supervised or  
15 regulated by the Insurance Commission (IC);

16  
17 "(3) (i) securities dealers, brokers, salesmen, investment houses and other similar  
18 persons managing securities or rendering services as investment agent,  
19 advisor, or consultant, (ii) mutual funds, close-end investment companies,  
20 common trust funds, and other similar persons, and (iii) other entities  
21 administering or otherwise dealing in currency, commodities or financial  
22 derivatives based thereon, valuable objects, cash substitutes and other similar  
23 monetary instruments or property supervised or regulated by the Securities and  
24 Exchange Commission (SEC);

25  
26 "(4) jewelry dealers in precious metals, who, as a business, trade in precious  
27 metals, for transactions in excess of One million pesos (P1,000,000.00);

28  
29 "(5) jewelry dealers in precious stones, who, as a business, trade in precious stones,  
30 for transactions in excess of One million pesos (P1,000,000.00);

31  
32 "(6) company service providers which, as a business, provide any of the following  
33 services to third parties: (i) acting as a formation agent of juridical persons; (ii)  
34 acting as (or arranging for another person to act as) a director or corporate

1 secretary of a company, a partner of a partnership, or a similar position in  
2 relation to other juridical persons; (iii) providing a registered office, business  
3 address or accommodation, correspondence or administrative address for a  
4 company, a partnership or any other legal person or arrangement; and (iv)  
5 acting as (or arranging for another person to act as) a nominee shareholder for  
6 another person; and  
7

8 “(7) persons who provide any of the following services:

9  
10 (i) managing of client money, securities or other assets;

11  
12 (ii) management of bank, savings or securities accounts;

13  
14 (iii) organization of contributions for the creation, operation or  
15 management of companies; and

16  
17 (iv) creation, operation or management of juridical persons or  
18 arrangements, and buying and selling business entities.  
19

20 “(8) **FOUNDATIONS/NON-GOVERNMENT ORGANIZATIONS/NON-**  
21 **STOCK NON-PROFIT ORGANIZATIONS AUTHORIZED TO**  
22 **RECEIVE DONATIONS OR FUNDS FROM GOVERNMENT**  
23 **AGENCIES/LOCAL GOVERNMENT UNITS.**  
24

25 “Notwithstanding the foregoing, the term 'covered persons' shall exclude lawyers and  
26 accountants acting as independent legal professionals in relation to information concerning  
27 their clients or where disclosure of information would compromise client confidences or  
28 the attorney-client relationship: *Provided*, That these lawyers and accountants are  
29 authorized to practice in the Philippines and shall continue to be subject to the provisions  
30 of their respective codes of conduct and/or professional responsibility or any of its  
31 amendments.”  
32

33 **SECTION 2.** Section 7 of Republic Act No. 9160, as amended, otherwise known as the  
34 “Anti-Money Laundering Act of 2001” is hereby amended as follows:  
35

36 “SEC. 7. *Creation of Anti-Money Laundering Council (AMLC).* — The Anti-  
37 Money Laundering Council is hereby created and shall be composed of the Governor of  
38 the *Bangko Sentral ng Pilipinas* as chairman, the Commissioner of the Insurance  
39 Commission and the Chairman of the Securities and Exchange Commission as  
40 members. The AMLC shall act unanimously in the discharge of its functions as defined  
41 hereunder:  
42

43 “(1) to require and receive covered or suspicious transaction reports from covered  
44 institutions;  
45

46 “(2) to issue orders addressed to the appropriate Supervising Authority or the  
47 covered institution to determine the true identity of the owner of any monetary  
48 instrument or property subject of a covered transaction or suspicious transaction report  
49 or request for assistance from a foreign State, or believed by the Council, on the basis  
50 of substantial evidence, to be, in whole or in part, wherever located, representing,

1 involving, or related to, directly or indirectly, in any manner or by any means, the  
2 proceeds of an unlawful activity;

3  
4 “(3) to institute civil forfeiture proceedings and all other remedial proceedings  
5 through the Office of the Solicitor General;

6  
7 “(4) to cause the filing of complaints with the Department of Justice or the  
8 Ombudsman for the prosecution of money laundering offenses;

9  
10 “(5) to investigate suspicious transactions and covered transactions deemed  
11 suspicious after an investigation by AMLC, money laundering activities, and other  
12 violations of this Act;

13  
14 “(6) to apply before the Court of Appeals, *ex parte*, for the freezing of any  
15 monetary instrument or property alleged to be the proceeds of any unlawful activity as  
16 defined in Section 3(i) hereof;

17  
18 “(7) to implement such measures as may be necessary and justified under  
19 this Act to counteract money laundering;

20  
21 “(8) to receive and take action in respect of, any request from foreign states for  
22 assistance in their own anti-money laundering operations provided in this Act;

23  
24 “(9) to develop educational programs on the pernicious effects  
25 of money laundering, the methods and techniques used in money laundering, the viable  
26 means of preventing money laundering and the effective ways of prosecuting and  
27 punishing offenders;

28  
29 “(10) to enlist the assistance of any branch, department, bureau, office, agency or  
30 instrumentality of the government, including government-owned and -controlled  
31 corporations, in undertaking any and all anti-money laundering operations, which may  
32 include the use of its personnel, facilities and resources for the more resolute  
33 prevention, detection and investigation of money laundering offenses and prosecution  
34 of offenders; [and]

35  
36 “(11) to impose administrative sanctions for the violation of laws, rules, regulations  
37 and orders and resolutions issued pursuant thereto[.]; AND

38  
39 **(12) TO FILE WITH THE SECURITIES AND EXCHANGE COMMISSION**  
40 **(SEC) AN *EX PARTE* PETITION FOR DISSOLUTION OF NON-STOCK, NON-**  
41 **PROFIT ORGANIZATIONS/FOUNDATIONS DULY REGISTERED**  
42 **INVOLVED IN MONEY-LAUNDERING ACTIVITIES OR ANY OF THE**  
43 **PREDICATE CRIMES FOR MONEY LAUNDERING. UPON RECEIPT OF**  
44 **THE PETITION, THE SEC SHALL IMMEDIATELY ISSUE A CEASE AND**  
45 **DESIST ORDER EFFECTIVE UNTIL FINAL DETERMINATION OF THE**  
46 **CASE.**

47  
48 **SECTION 3. *Separability Clause.*** Should any part or provision of this Act be declared  
49 unconstitutional or invalid, other parts or provisions hereof not otherwise affected thereby  
50 shall remain in full force and effect.

1 **SECTION 4.** *Effectivity.* This Act shall take effect fifteen (15) days after its publication in at  
2 least two (2) newspapers of general circulation.

3

4 Approved,