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REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



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SENATE
P.S. Res 711

RECEIVED

Introduced by Senator Poe

RESOLUTION
DIRECTING THE SENATE COMMITTEE ON BANKS, FINANCIAL INSTITUTIONS AND CURRENCIES TO CONDUCT AN INQUIRY ON THE ECONOMIC STATUS AND INVESTMENT IMPACTS OF CRYPTOCURRENCIES SUCH AS BITCOIN IN THE LIGHT OF A P900-MILLION PYRAMIDING SCAM THAT WAS UNEARTHED RECENTLY, WITH THE END IN VIEW OF REDUCING THE RISKS OF FRAUD, PROMOTING FINANCIAL LITERACY ON DIGITAL CURRENCIES AND PROTECTING THE PUBLIC

WHEREAS, Article XII, Section 20 of the 1987 Philippine Constitution states that the Bangko Sentral ng Pilipinas (BSP)—the country's central monetary authority—"shall provide policy direction in the areas of money, banking and credit..."

WHEREAS, the use of virtual money or cryptocurrencies such as Bitcoin, Ethereum and Ripple, among several others, have risen in the past months due to the skyrocketing prices of Bitcoin, which soared to \$19,511 (or P1,015,157.33 at \$1=P52.03) in December 2017;

WHEREAS, the public has been consistently warned that putting their money into the digital currency entails high risks as the industry is largely unregulated and transactions are made with no middle men and no clearing banks;

WHEREAS, Filipinos are lured into investing into cryptocurrencies as they are led to expect that their investments will appreciate on the backdrop of rising value of Bitcoin;

WHEREAS, Philippine authorities recently netted Bitcoin scammer Arnel Ordonio and his wife Leonady, who duped around 50 people to invest in Bitcoins and amassed at least P900 million in the pyramid scam¹;

WHEREAS, the couple, who ran their company, NewG, as an investment firm, allegedly promised investors 30% in interest payments, with pay outs bi-monthly, if each recruit would invest at least P90,000;

WHEREAS, this recent investment scam is highly alarming considering that it has ruined the lives of many Filipino families who have invested their hard-earned money into this fraudulent undertaking and dried up their financial status;

WHEREAS, observers and investment analysts said that Bitcoin is the "mother of all bubbles"² and "the biggest bubble in history" as the largest cryptocurrency in terms of value (\$137.8 billion in market capitalization) is now trading at about \$6,700 or 60% below its peak;

WHEREAS, the Securities and Exchange Commission (SEC) is eyeing issuance of rules this year to regulate cryptocurrency transactions that will cover registration and issuance of digital money³;

WHEREAS, global governments have initiated a crackdown on various cryptocurrencies—ranging from regulating the exchange of digital coins, suspending accounts of top Bitcoin exchanges to banning advertisements on Facebook and Twitter⁴—taking a toll on the price of the cryptocurrency;

WHEREAS, an article published in Forbes magazine indicated that "Bitcoin itself is not a scam, but how Bitcoin is being sold is a scam"⁵;

WHEREAS, digital currencies are increasingly becoming popular among criminals to launder money⁶, promote illegal drug use⁷ and finance other illegitimate

¹ Ballaran, J. 2018, April 10. Police arrest couple in P900-M bitcoin 'scam'. Inquirer.net news site. Retrieved from <http://newsinfo.inquirer.net/981374/news-bitcoin-cryptocurrency-ronald-dela-rosa-cidg-investment-scam>

² Ossinger, J. 2018, February 2. Roubini Says Bitcoin Is the 'Biggest Bubble in Human History'. Bloomberg news site. Retrieved from <https://www.bloomberg.com/news/articles/2018-02-02/roubini-says-bitcoin-is-the-biggest-bubble-in-human-history>

³ Morales, N.J. 2018, January 29. Philippines to develop rules on cryptocurrency trading. Reuters. Retrieved from <https://www.reuters.com/article/us-philippines-cryptocurrency/philippines-to-develop-rules-on-cryptocurrency-trading-idUSKBN1FI0NK>

⁴ Hamill, J. 2018, March 28. Bitcoin price plummets as Twitter, Facebook, Google and other tech firms declare war on cryptocurrency. Metro.co.uk. Retrieved from <http://metro.co.uk/2018/03/28/bitcoin-price-plummets-twitter-facebook-tech-firms-declare-war-cryptocurrency-7423756/>

⁵ Adkisson, J. 2017, December 28. www.forbes.com. The Great Bitcoin Scam. Retrieved from <https://www.forbes.com/sites/jayadkisson/2017/12/28/the-great-bitcoin-scam/#2a82cf0e5c1e>

activities as names of buyers and sellers of Bitcoins and other virtual money are never revealed;

WHEREAS, it is important for lawmakers and financial regulators to put safeguards in the cybercurrency industry as it tends to be very risky and volatile and prone to hacking incidents that may result in financial losses to investors;

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, BY THE SENATE OF THE PHILIPPINES, to direct the Senate Committee on Banks, Financial Institutions and Currencies to conduct an inquiry on the economic status and investment impacts of cryptocurrencies such as Bitcoin in the light of a P900-million pyramiding scam that was unearthed recently, with the end in view of reducing the risks of fraud, promoting financial literacy on digital currencies and protecting the public;

Adopted,



GRACE POE

⁶ Huillet, M. 2018, April 13. Backpage CEO Pleads Guilty To Laundering Millions In Crypto. [www.cointelegraph.com](https://cointelegraph.com/news/backpage-ceo-pleads-guilty-to-laundering-millions-in-crypto). Retrieved from <https://cointelegraph.com/news/backpage-ceo-pleads-guilty-to-laundering-millions-in-crypto>

⁷ Mui, Y. and Sloan, J. 2018, April 13. How bitcoin is fueling America's opioid crisis. CNBC news site. Retrieved from <https://www.cnbc.com/2018/04/13/how-bitcoin-and-cryptocurrencies-are-fueling-americas-opioid-crisis.html>