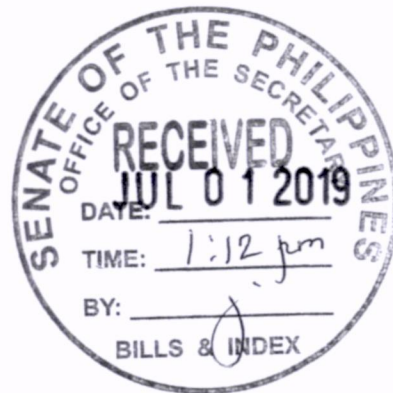


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

S. B. No. 53



Introduced by SENATOR MANUEL "LITO" M. LAPID

**AN ACT
EXPANDING THE SCOPE OF THE CRIME OF ECONOMIC SABOTAGE
AMENDING FOR THAT PURPOSE PRESIDENTIAL DECREE NO. 1689**

EXPLANATORY NOTE

The financial market is undeniably one of the major drivers of economic growth in the country. Through this, money flows from those who have surplus funds to those who have a deficit of funds and are in need of money to either start or expand a business. The growth of the financial market will necessarily have a trickle-down effect on virtually every sector of the economy but most especially to sole entrepreneurs, start-ups, and micro, small and medium enterprises (MSMEs) who will now have access to reasonable financing and investment arrangements.

However, recent events revealed several cracks in existing policies relating to the banking and financial sector that economic saboteurs capitalize on and engage in schemes calculated to plunder outrageous amounts of deposits in banks or the contributions by unsuspecting investors. Worse, most of the victims are depositors or members of rural and thrift banks and other financial institutions that belong to the poorer sections of society. Case in point is the recently publicized scheme of a religious organization where an investigation by the Securities and Exchange Commission (SEC) allegedly reveal that it is engaged in a Ponzi Scheme which is an investment program that offers impossibly high returns and pays these returns to early investors out of the capital contributed by later investors. By simple arithmetic, the SEC revealed how

unsustainable and fraudulent the scheme is – it would need a monthly in-flow of money in a staggering amount of Php 15 Billion in order to pay its approximately five (5) million members.

These fraudulent schemes must end. Thus, this measure is proposing the revision of the law now existing to underscore the need to mete a severe punishment on those who prey on unsuspecting depositors/investors. Not only does this measure insulate the investors/depositors from these economic saboteurs but likewise it will help maintain the confidence and trust of the people on the nation's banking and financial sector.

Early passage of this bill is earnestly sought.

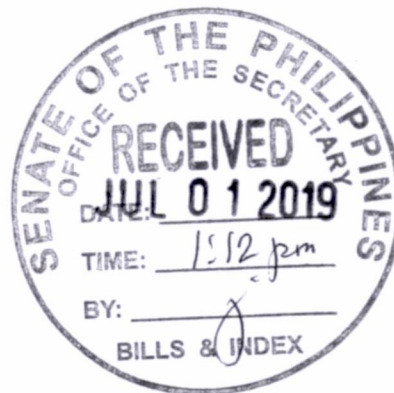


MANUEL "LITO" M. LAPID
Senator

EIGHTEENTH CONGRESS OF THE)
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AN ACT
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AMENDING FOR THAT PURPOSE PRESIDENTIAL DECREE NO. 1689

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

1 **Section 1.** Section 1 of Presidential Decree No. 1689 is hereby amended to read
2 as follows:

3
4 "Section 1. Any person [or persons] who, **BY HIMSELF OR IN**
5 **CONNIVANCE WITH MEMBERS OF HIS FAMILY, RELATIVES BY**
6 **AFFINITY OR CONSANGUINITY, BUSINESS ASSOCIATES,**
7 **SUBORDINATES OR OTHER PERSONS,** shall [commit]
8 **DEFRAUD OR MISAPPROPRIATE MONEY CONTRIBUTED BY**
9 **STOCKHOLDERS, OR MEMBERS OF RURAL BANKS,**
10 **COOPERATIVE, "SAMAHANG NAYON(S)", OR FARMERS**
11 **ASSOCIATION, OR OF FUNDS SOLICITED BY**
12 **CORPORATIONS/ASSOCIATIONS FROM THE GENERAL**
13 **PUBLIC THROUGH AN ACT OR ACTS CONSTITUTING *estafa* or**
14 **other forms of swindling as defined in Article 315 and 316 of the**
15 **Revised Penal Code, as amended, shall be punished by life**
16 **imprisonment to death. [if the swindling (*estafa*) is committed by a**
17 **syndicate consisting of five or more persons formed with the intention**
18 **of carrying out the unlawful or illegal act, transaction, enterprise or**
19 **scheme, and the defraudation results in the misappropriation of**
20 **money contributed by stockholders, or members of rural banks,**
21 **cooperative, "*samahang nayon(s)*", or farmers association, or of**
22 **funds solicited by corporations/associations from the general public.]**

1 ANY PERSON WHO PARTICIPATED IN THE COMMISSION OF
2 THE CRIME SHALL LIKEWISE BE PUNISHED. IN THE
3 IMPOSITION OF PENALTIES, THE DEGREE OF
4 PARTICIPATION AND THE ATTENDANCE OF MITIGATING AND
5 EXTENUATING CIRCUMSTANCES SHALL BE CONSIDERED BY
6 THE COURT. [When not committed by a syndicate as above
7 defined, the penalty imposable shall be reclusion temporal to
8 *reclusion perpetua* if the amount of the fraud exceeds 100,000
9 pesos.]"

10
11 **Sec. 2. Separability Clause.** - If any provision of this Act is declared
12 unconstitutional or invalid, the other provisions not affected by such declaration shall
13 remain in full force and effect.

14
15 **Sec. 3. Repealing Clause.** - Any law, decree, ordinance or administrative
16 circular not consistent with any provision of this Act is hereby amended, repealed or
17 modified accordingly.

18
19 **Sec. 4. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its
20 complete publication in the Official Gazette or in two (2) newspapers of general
21 circulation.

22
23 *Approved,*