

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 178

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Introduced by: Rep. Josephine Y. Ramirez Sato

EXPLANATORY NOTE

The Financial Action Task Force, an inter-governmental body of G7 countries, identified casino as one of the non-financial businesses vulnerable to threats of money laundering. Thus, the more it needs to be regulated for Anti-Money Laundering Law and subjected to due diligence, record keeping and reporting of transactions.

The sizeable income brought about by casinos are undeniable. In recent years, the number of casino operators in the country continue to grow and expected to bring in more revenues for the government. But the recent multi-million dollar heist involving large commercial bank and casinos marked one of the largest money laundering case in the world. This has also lead the local and international bodies to question the integrity of our banking system's security.

The advent and rapid advancement of information technology and communication created financial structures under global system that also created "mega-byte money". It has made money-laundering cases more difficult to monitor, detect and prosecute. Thus, regulatory measures must be established in order to abate organized crime groups that uses casino as a channel for money laundering. Systems and counter-measures must be put in place to hinder manipulation of money from illicit sources and movement of money from organized crime.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

[Signature]
HON. JOSEPHINE Y. RAMIREZ SATO
Lone District of Occidental Mindoro

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AN ACT DESIGNATING CASINO OPERATORS AS COVERED PERSONS UNDER REPUBLIC ACT 9160, OTHERWISE KNOWN AS THE "ANTI-MONEY LAUNDERING ACT OF 2001", AS AMENDED

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

SECTION 1. *Short title* - This Act shall be known as the "Anti-money Laundering Prevention in Casinos Act".

SEC. 2. *Declaration of Policy* - It is hereby declared the policy of the State to ensure that the Philippines shall not be used as a site for the laundering of proceeds of any unlawful activity. To this end, it shall protect and preserve the integrity of the casino industry with a strong and efficient Anti-Money laundering. Consistent with its foreign policy, the State shall extend cooperation in transnational investigations and prosecutions of persons involved in money laundering.

SEC. 3. *Designation of Casino Operators*. - Casino operators, with respect to their gaming operations, are hereby designated as covered persons under Republic Act No. 9160, otherwise known as the Anti-Money Laundering Act of 2001, as amended.

SEC. 4. *Definition of Terms*. - As used in this Act:

- (a) Account - refers to membership account, customer's credit account, check cashing account, deposit account or any other account opened with a casino by or on behalf of a customer;
- (b) Aggregation - refers to multiple or series of transactions that are treated as a single cash transaction if done by or on behalf of a specific customer involving an amount exceeding the designated threshold in one (1) trading

day;

(c) Cash - refers to currency notes and coins considered as legal tender in the country of issue

(d) Check in - refers to transactions involving the receipt of cash by a casino paid or on behalf of customer. These include the following:

- 1) Purchases of chips, tokens, and other gaming instruments;
- 2) Front money deposits;
- 3) Safekeeping deposits;
- 4) Payments on any form of credit, including makers and counter checks;
- 5) Currency received by a casino for transmittal of funds through wire transfer for a customer;
- 6) Purchases of a casino's check;
- 7) Exchanges of currency for another currency, and
- 8) Bills inserted into electronic gaming devices;

(e) Check-out - refers to transactions involving the payout of cash by a casino to a customer or to any person in his behalf. These include, but are not limited to the following:

- 1) Redemptions of chips, tokens, tickets, and other gaming instruments;
- 2) Front money withdrawals;
- 3) Safekeeping withdrawals;
- 4) Advances on any form of credit, including markers and counter checks;
- 5) Payments by a casino to a customer based on receipt of funds through wire transfers;
- 6) Cashing of checks or other negotiable instruments;
- 7) Exchanges of currency for another currency;
- 8) Travel and complimentary expenses and gaming incentives; and
- 9) Payment for tournament, contests, and other promotions;

(f) Casino - refers to gambling casinos where the building, room, or space is used for social amusements; specifically, one used for gambling through games of chance, game of cards and game of numbers and are being regulated and supervised by the Philippine Amusement and Gaming Corporation (PAGCOR), the Cagayan Economic Zone Authority (CEZA) or any other appropriate supervising authority. For purposes of this Act, it also includes internet and ship-based casinos.

- 1) Internet-based casino - refers to gambling casinos in which persons participate by the use of remote communication facilities such as, but not limited to, internet, telephone, television, radio or any other kind of electronic or other technology for facilitating communication.
- 2) Ship-based Casino - refers to gambling casinos, the operation of

which is undertaken on board a vessel, ship, boat or any other water-based craft wholly or partly intended for gambling;

- (g) Covered transaction – Notwithstanding the provision of Section 3(b) of Republic Act N. 9160, as amended, for purposes of casino-related transactions, covered transaction shall refer to a single transaction undertaken by any individual per day with the casino involving an amount excess of four million pesos (PhP4,000,000.00).
- (h) Customer – refers to any person who transacts or attempts to transact with a casino, whether or not that person participates, or intends to participate, in the gaming activities offered by the casino;
- (i) Monetary instrument refers to:
 - 1) Coins or currency of legal tender in the Philippines, or in any other country;
 - 2) Casino value instruments such as casino chips, casino reward cards, Ticket in/ Ticket out, markers, cashier's order, chip purchase order, chip check, gift certificates, casino draft;
 - 3) Negotiable checks such as casino check, personal check, bank draft; and
 - 4) Other similar instruments where title thereto passes to another by endorsement, assignment or delivery;
- (j) Money laundering – refers to acts punished under Section 4 of Republic Act No. 9160, as amended;'
- (k) Offender – refers to any person who commits money laundering offense;
- (l) Person – refers to any natural or juridical person;
- (m) Proceeds – refers to an amount derived or realized from an unlawful activity. It includes:
 - 1) All material results, profits, effect and any amount realized from any unlawful activity;
 - 2) All monetary, financial or economic means, devices, documents, costs, outlays, charges, accounts, refunds and other similar items for the financing, operations, and maintenance of any unlawful activity;
 - 3) All moneys, expenditures, payments, disbursements, costs, outlays, charges, accounts, refunds and other similar items for the financing, operations, and maintenance of any unlawful activity;
- (n) Property – refers to anything or item of value, real or personal, movable or

immovable, tangible or intangible, or any interest therein or any benefit privilege, claim or right with respect thereto.

- (o) Supervising authority - refers to PAGCOR, CEZA or any other appropriate agency, as may be determined by law;
- (p) Suspicious transaction - is a transaction, regardless of the amount involved, where any of the following circumstances exists:
 - 1) The casino operator or any of its employees knows, suspects, has reason to suspect, or should have known, by the exercise of due diligence, that the transaction:
 - i. involves funds derived from any unlawful activity or from a money laundering offense;
 - ii. is designed to evade any of the requirements under this Act or Republic Act No. 9160, as amended;
 - iii. has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the casino operator or any of its employees knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction, or
 - iv. involves the use of casinos to facilitate unlawful activity and money laundering;
 - 2) Any of the circumstances for the filing of a suspicious transaction report under Section 3 (b-1) of Republic Act No. 9160, as amended; and
 - 3) Any other circumstances that may be determined suspicious by the Anti-Money Laundering Council (AMLC);
- (q) Trading day - refers to the normal business day of casino. If the casino offers 24-hour gaming, the term shall mean that 24-hour period by which the casino keeps its books and records for business and accounting purposes;
- (r) Transaction - refers to purchase or redemption of casino chips or tokens, or other gaming instruments or any other payment, transfer, or delivery by, through or to a casino, by whatever means effected;

For purposes of reporting covered transactions, cash transaction shall mean the physical transfer of cash from one person to another. A non-cash transaction, on the other hand, shall mean the transfer of funds by means of bank check, bank draft, wire transfer, or other written order;

- (s) Unlawful activities – refers to the crimes or offenses listed under Section 3(i) of Republic Act No. 9160, as amended;

SEC. 5. Prevention of money laundering; customer identification requirements and record keeping;

(a) Customer identification. – Casino operators shall:

- 1) establish and record based on official documents the true and full identity of their customers engaging in a single or an aggregate transaction in excess of two hundred thousand pesos (PhP2000,000);
- 2) maintain a system of verifying the true and full identity of their customers and, in case of corporate customers, require a system of verifying their legal existence and organizational control structure, as well as the authority and identification of all persons purporting to act on their behalf;
- 3) take reasonable measures to obtain information sufficient to identify and verify the identity of every beneficial owner of the customer's account;
- 4) develop clear, written and graduated customer acceptance policies and procedures including a set of criteria for customers that are likely to pose different levels of risk to their operations, as well as the standards in applying the appropriate degree of due diligence, including a set of conditions for the denial of account opening;
- 5) based on the assessment of risk, endeavor to identify politically-exposed persons (PEPs) and shall apply enhanced customer due diligence;
- 6) based on the assessment of risk, continually monitor the transactions in each of its customer's accounts to ascertain whether the transactions are consistent with the casino operator's knowledge of the customer, his income profile and his source or source of funds; and
- 7) periodically review the adequacy of information they have obtained in respect of customers and beneficial owners of customer's account and ensure that the information is kept current, particularly for categories of customers that the casinos may assess to present higher risk of money laundering.

The provisions of existing laws to the contrary notwithstanding, anonymous accounts, accounts under fictitious names, and all other similar accounts shall be absolutely prohibited.

- (b) Record keeping – all records of all transactions of customers shall be maintained and safely stored for at least five (5) years from the date of the last transaction, unless the casino operator is required in writing by the AMLC to retain the records for a longer period, due to a pending judicial action relevant to the records.

(c) Reporting of covered and suspicious transactions

- 1) Casino operators shall report all covered transactions and suspicious transactions to the AMLC in a manner and within the period prescribed under Republic Act No. 9160, as amended.
- 2) Should a transaction be determined to be both a covered transaction and a suspicious transaction, it shall be reported as suspicious transaction.
- 3) Notwithstanding the preceding paragraphs, casino operators are exempted from reporting the following covered transactions
 - i) Check-out transactions to the extent the currency is won in a money play and is the same currency the customer wagered in the money play, or check in transactions to the extent the currency is the same currency the customer previously wagered in a money play on the same table game without leaving the table;
 - ii) Jackpot winnings from slot machine; and
 - iii) Other covered transactions that may be determined by the AMLC.

- (d) Confidentiality of Reports - when reporting covered or suspicious transactions to the AMLC, casino operators and their officers and employees are prohibited from communicating, directly or indirectly, in any manner or by any means, to any person or entity, including the media, the fact that a covered or suspicious transaction has been reported or is about to be reported, the contents of the report, or any other information in relation thereto. Neither may such reporting be published or aired in any manner or form by the mass media, electronic mail, or other similar devices. In case of violation thereof, the concerned officer and employee of the casinos and media shall be held criminally liable.

Casino operators, including any of its officers and employees, may not be compelled, by subpoena or otherwise, to disclose a Suspicious Transactions Report, or disclose the fact that a Suspicious Transactions Report was filed or is about to be filed, or disclose any information contained in or in relation to a Suspicious Transaction Report. This, however, is without prejudice to the exercise of the supervising authority of its supervisory or regulatory powers under its charter.

The AMLC, PAGCOR, CEZA, or any government or prosecutorial agency shall not be compelled to identify or name, in any manner or in any venue, any casino as the source of information about any person or entity that probably committed a money laundering offense, or any other offices or violation under this Act or Republic Act No. 9160, as amended.

- (e) Safe Harbor Provision – No administrative, criminal or civil proceeding shall be against any person for having made a covered or suspicious transactions report in the regular performance of his/ her duties in good faith, whether or not such reporting results in any criminal prosecution under this Act or any other law.

SEC. 6. *Prohibited Transactions* – Casino operators shall be prohibited from engaging in the following transactions or activities:

- 1) Any transactions involving the conversion of money from one form to another without being used for gaining, including:
 - a) The receipt of cash for transmittal of all or part thereof through wire or telegraphic transfer for or on behalf of a customer;
 - b) Payments in cash of funds received through wire or telegraphic transfer;
 - c) The cashing of checks or other negotiable instruments; and
- 2) Receiving money, the purpose or ownership of which cannot be ascertained within a period of at least seven (7) days from the date of receipt.

SEC. 7. *Authority to inquire into Customer Accounts*. – The AMLC may inquire into or examine any particular account, including related accounts, with any casino operator that is deemed related to any unlawful activity or money laundering offense as defined under Republic Act No. 9160, as amended.

For purposes of this Section, related accounts shall refer to accounts, the funds and sources of which originated from and/ or are materially linked to accounts subject of a freeze order(s) issued by a competent authority or subject of any of an inquiry under the preceding paragraph.

SEC. 8. *Freezing and Forfeiture of Monetary Instruments or Properties*. The freezing and forfeiture of monetary instruments or properties shall be governed by Republic Act No. 9160, as amended. Casino operators shall not lift the effects of any freeze order without seeking official confirmation from the AMLC. *Provided*, that freeze or forfeiture orders shall not apply against the general funds of casinos, in the event that the monetary instruments or properties of the customer have been commingled with other funds or properties of the casino, rendering the same difficult to be identified or segregated, for purpose of enforcing the freeze or forfeiture order.

SEC. 9. *Anti-money laundering requirements for casinos*. Casino operators are hereby given one (1) year, from the effectivity of the Implementing Rules and Regulations of this Act, to formulate their respective money laundering prevention programs in

accordance with this Act including information dissemination on money laundering activities and prevention, detection and reporting, and the relevant training of responsible officers and personnel of casinos. The program must be approved by their respective Board of Directors.

The Anti-money Laundering program should be designed to ensure and monitor compliance with the requirements set forth in this Act. A system of internal control as well as internal testing for compliance must be in place to ensure ongoing compliance.

Casino operators should designate a compliance officer, to monitor the compliance with the policies and procedures under its own Program, and to conduct the necessary coordination to ensure compliance with the requirements of this Act.

SEC. 10. *On-site Inspection.* – To ensure compliance of casino operators with this Act and Republic Act No. 9160, as amended, the AMLC may conduct on-site inspection of relevant casino records and documents.

SEC. 11. *Penal and administrative sanctions.* – Non-compliance with any of the provisions of this Act shall be punished with penalties and sanctions provided for under Republic Act No. 9160, as amended.

SEC. 12. *Implementing Rules and Regulations* – Within one hundred twenty (120) days from the effectivity of this Act, the AMLC and the Supervising Authorities shall promulgate the rules and regulations to implement its provisions.

SEC. 13. *Separability Clause* – If any provision of this Act is declared unconstitutional, the same shall not affect the validity and effectivity of other provisions thereof.

SEC. 14. *Repealing Clause* – All laws, decrees, orders, and issuances or portions thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly. *Provided*, that all provisions of Republic Act No. 9160, as amended, that are not inconsistent with this Act are hereby adopted.

SEC. 15. *Effectivity* – This Act shall take effect fifteen (15) days following its publication in the Official Gazette and/ or at least two (2) newspapers of general circulation.

Approved,