

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

Seventeenth Congress

First Regular Session

House Bill No. **3405**



---

**Introduced by Representative Ma. Theresa V. Collantes**

---

### **EXPLANATORY NOTE**

Next to taxes, revenues from the casino sector are among the major sources of income of the government. It must be recognized that the casino and gaming industry, under the supervision and regulation of the Philippine Amusement and Gaming Corporation has been a strong and responsible partner of the government in pursuing its development plans.

However, the casino sector is equally exposed to the raging threats of money laundering and financing of terrorism (ML/FT). Its vulnerabilities to criminal exploitation can be attributed to the fact that casinos are cash intensive business with high volumes of large cash transactions taking place very quickly; that they also offer many financial services such as remittance, cash issuing and foreign exchange; that movement of funds, either internationally or domestically undertaken, associated with gaming-related tourism is poorly understood and may pose money laundering threats; and, that the casino industry is unregulated for anti-money laundering/combating the financing of terrorism (AML/CFT) purposes. With these identified vulnerabilities, the casino industry appears to be attractive in successfully undertaking money laundering activities.

On this note, it is highly imperative to establish an AML/CFT regulatory framework that would preserve the integrity of the gaming industry and protect it from the evils of ML/FT.

Under the FATF<sup>1</sup> Recommendations, the international standards on combating money laundering and the financing of terrorism and proliferation, casinos is one of the identified non-financial businesses vulnerable to the threats of ML/FT. Hence, casinos must be regulated for AML/CFT purposes and be subjected to the requirements set out in the Recommendations particularly on customer due diligence, record-keeping and reporting of transactions. These requirements are the internationally-accepted preventive measures in combating ML/FT.

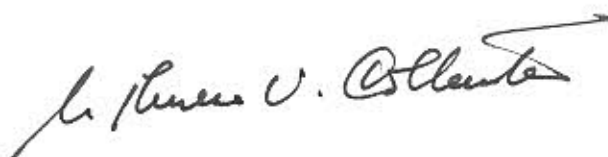
After the assessment of the Philippines' AML/CFT Regime in 2008, which was jointly conducted by the World Bank and Asia Pacific Group on Money Laundering (APG), one of the recommended action plans by the assessment team in order to improve our country's AML/CFT system was to ensure that the casino sector is made subject to a comprehensive regulatory and supervisory regime as soon as possible.

---

<sup>1</sup> Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions (G7 countries such as Canada, France, Germany, Italy, Japan, UK and USA). The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

Likewise, it must be noted that during the FATF meetings in June 2013 held in Oslo, Norway, members of the FATF noted the recent enactment of Republic Act NO. 10168, Republic Act No. 10167, and Republic Act No. 10365 by the Philippine Congress. These important developments were the basis for the decision of the FATF to remove the Philippines from the list of jurisdictions that are subject to FATF's monitoring process under its on-going global AML/CFT compliance process. This development spared the Philippines from the possible imposition of countermeasures from other jurisdictions. However, in the same meeting, the Philippines was vehemently urged to work with the APG as it continues to address the full range of AML/CFT issues identified in its Mutual Evaluation Report, in particular, in regulating the casino sector in the Philippines for AML/CFT purposes and making it subject to AML/CFT requirements.

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

A handwritten signature in black ink, appearing to read "L. H. V. Ollanta". The signature is fluid and cursive, with a long horizontal stroke at the end.

Republic of the Philippines  
House of Representatives  
Quezon City

SEVENTEENTH CONGRESS

First Regular Session

HOUSE BILL No. **3405**

---

Introduced by Representative Ma. Theresa V. Collantes

---

“AN ACT  
DESIGNATING CASINO OPERATORS AS COVERED PERSONS UNDER REPUBLIC ACT NO. 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:*

1           Section 1. *Short Title.*—This Act shall be known as the "CASINO ANTI-MONEY  
2 LAUNDERING/COMBATING THE FINANCING OF TERRORIS (AML/CFT) ACT."

3           Sec. 2. *Declaration of Policy.*— It is hereby declared the policy of the State to ensure that the  
4 Philippines shall not be used as a site for the laundering of proceeds of any unlawful activity and for  
5 the financing of terrorism. To this end, it shall protect and preserve the integrity of the casino  
6 industry with a strong and efficient Anti-Money Laundering / Combating the Financing of Terrorism  
7 (AML/CFT) regime. Consistent with its foreign policy, the State shall extend cooperation in  
8 transnational investigations and prosecutions of persons involved in money laundering and terrorist  
9 financing activities wherever committed.

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

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

14          a. *Account* refers to membership account, customer's credit account, check cashing  
15 account, deposit account or any other account opened with a casino by or on behalf of a customer;

16          b. *Aggregation* refers to multiple or series of transactions that are treated as a single cash  
17 transaction if done by or on behalf of a specific customer involving an amount exceeding the  
18 designated threshold in one (1) trading day;

1 c. *Cash* refers to currency notes and coins considered as legal tender in the country of  
2 issue.

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

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

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

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

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

- 32 1. *Internet-Based Casino* refers to gambling casinos in which persons participate by  
33 the use of remote communication facilities such as, but not limited to, internet,  
34 telephone, television, radio or any other kind of electronic or other technology for  
35 facilitating communication.

- 1                   2. *Ship-Based Casino* refers to gambling casinos, the operation of which is  
2                   undertaken on board a vessel, ship, boat or any other water-based craft wholly or  
3                   partly intended for gambling;
- 4                   g. *Covered Transaction*– Notwithstanding the provision of Section 3(b) of Republic Act No.  
5                   9160, as amended, for purposes of casino-related transactions, covered transaction shall refer to a  
6                   single transaction undertaken by any individual per day with the casino involving an amount in  
7                   excess of Four million pesos (Php4, 000,000.00).
- 8                   h. *Customer* refers to any person who transacts or attempts to transact with a casino,  
9                   whether or not that person participates, or intends to participate, in the gaming activities offered by  
10                  the casino;
- 11                  i. *Monetary Instrument* refers to:
- 12                   1. Coins or currency of legal tender in the Philippines, or in any other country;
- 13                   2. Casino Value instruments such as casino chips, casino reward cards, Ticket in/Ticket  
14                   out, markers, cashier's order, chip purchase order, chip check, gift certificates,  
15                   casino draft;
- 16                   3. Negotiable checks such as casino check, personal check, bank draft; and
- 17                   4. Other similar instruments where title thereto passes to another by endorsement,  
18                   assignment or delivery;
- 19                  j. *Money Laundering* refers to acts punished under Section 4 of Republic Act No. 9160, as  
20                  amended;
- 21                  k. *Offender* refers to any person who commits money laundering offense and/or terrorist  
22                  financing;
- 23                  l. *Person* refers to any natural or juridical person.
- 24                  m. *Proceeds* refers to an amount derived or realized from an unlawful activity. It includes:
- 25                   1. All material results, profits, effects and any amount realized from any unlawful  
26                   activity;
- 27                   2. All monetary, financial or economic means, devices, documents, papers or things  
28                   used in, or having any relation to, any unlawful activity; and
- 29                   3. All moneys, expenditures, payments, disbursements, costs, outlays, charges,  
30                   accounts, refunds and other similar items for the financing, operations, and  
31                   maintenance of any unlawful activity;
- 32                  n. *Property* refers to anything or item of value, real or personal, movable or immovable,  
33                  tangible or intangible, or any interest therein or any benefit, privilege, claim or right with respect  
34                  thereto.
- 35

1           o. *Supervising authority* refers to the PAGCOR, CEZA or any other appropriate agency, as  
2 may be determined by law;

3           p. *Suspicious transaction* is a transaction, regardless of the amount involved, where any of  
4 the following circumstances exists:

- 5           1. the casino operator or any of its employees knows, suspects, has reason to suspect,  
6 or should have known, by the exercise of due diligence, that the transaction:
  - 7           i. involves funds derived from an unlawful activity or from a money laundering  
8 offense;
  - 9           ii. is designed to evade any of the requirements under this Act or Republic Act  
10 No. 9160, as amended;
  - 11           iii. has no business or apparent lawful purpose or is not the sort in which the  
12 particular customer would normally be expected to engage, and the casino  
13 operator or any of its employees knows of no reasonable explanation for the  
14 transaction after examining the available facts, including the background and  
15 possible purpose of the transaction; or
  - 16           iv. involves the use of casinos to facilitate unlawful activity, money laundering  
17 and terrorist financing;
- 18           2. any of the circumstances for the filing of a suspicious transaction report under  
19 Section 3 (b-1) of Republic Act No.9160, as amended; and
- 20           3. any other circumstances that may be determined suspicious by the Anti-Money  
21 Laundering Council (AMLC).

22           q. *Terrorist financing* refers to acts defined and punished under Sections 4, 5, 6, 7 and 8 of  
23 Republic Act No. 10168;

24           r. *Trading day* refers to the normal business day of a casino. If the casino offers 24-hour  
25 gaming, the term shall mean that 24-hour period by which the casino keeps its books and records for  
26 business and accounting purposes;

27           s. *Transaction* refers to purchase or redemption of casino chips or tokens, or other gaming  
28 instruments or any other payment, transfer, or delivery by, through, or to a casino, by whatever  
29 means effected;

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

33           t. *Unlawful activities* refers to the crimes or offenses listed under Section 3 (i) of Republic  
34 Act No. 9160, as amended.

35           Sec. 5. *Prevention of Money Laundering; Customer Identification Requirements and Record*  
36 *Keeping.*—



1 a. Customer Identification. - Casino operators shall:

- 2 1. establish and record based on official documents the true and full identity of their  
3 customers engaging in a single or an aggregate transaction in excess of Two hundred  
4 thousand pesos (Php200,000.00);
- 5 2. maintain a system of verifying the true and full identity of their customers and, in  
6 case of corporate customers, require a system of verifying their legal existence and  
7 organizational or control structure, as well as the authority and identification of all  
8 persons purporting to act on their behalf;
- 9 3. take reasonable measures to obtain information sufficient to identify and verify the  
10 identity of every beneficial owner of the customer's account;
- 11 4. develop clear, written and graduated customer acceptance policies and procedures  
12 including a set of criteria for customers that are likely to pose different levels of risk  
13 to their operations, as well as the standards in applying the appropriate degree of  
14 due diligence, including a set of conditions for the denial of account opening;
- 15 5. based on the assessment of risk, endeavor to identify politically-exposed persons  
16 (PEPs) and shall apply enhanced customer due diligence;
- 17 6. based on the assessment of risk, continually monitor the transactions in each of its  
18 customer's accounts to ascertain whether the transactions are consistent with the  
19 casino operator's knowledge of the customer, his income profile and his source or  
20 sources of funds; and
- 21 7. periodically review the adequacy of information they have obtained in respect of  
22 customers and beneficial owners of customer's account and ensure that the  
23 information is kept current, particularly for categories of customers that the casinos  
24 may assess to present higher risk of money laundering and terrorism financing.

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

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

31 c. Reporting of Covered and Suspicious Transactions –

- 32 1. Casino operators shall report all covered transactions and suspicious transactions to  
33 the AMLC in a manner and within the period prescribed under Republic Act No.  
34 9160, as amended.
- 35 2. Should a transaction be determined to be both a covered transaction and a  
36 suspicious transaction, it shall be reported as a suspicious transaction.

1 3. Notwithstanding the preceding paragraphs, casino operators are exempted from  
2 reporting the following covered transactions –

- 3 i. Check-out transactions to the extent the currency is won in a money play and is  
4 the same currency the customer wagered in the money play, or check in  
5 transactions to the extent the currency is the same currency the customer  
6 previously wagered in a money play on the same table game without leaving the  
7 table;  
8 ii. Jackpot winnings from slot machine; and  
9 iii. Other covered transactions that may be determined by the AMLC.

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

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

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

28 e. Safe Harbor Provision -

29 No administrative, criminal or civil proceeding shall lie against any person for having made a  
30 covered or suspicious transaction report in the regular performance of his/her duties in good faith,  
31 whether or not such reporting results in any criminal prosecution under this Act or any other law.

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

- 34 1. any transaction involving the conversion of money from one form to another without  
35 being used for gaming, including –



- i. The receipt of cash for transmittal of all or part thereof through wire or telegraphic transfer for or on behalf of a customer;
- ii. Payments in cash of funds received through wire or telegraphic transfer;
- iii. 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 the 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, or financing of terrorism as defined under Republic Act No. 10168.

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 the accounts subject of a freeze order(s) issued by a competent authority or subject 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 purposes of enforcing the freeze or forfeiture order.

*Sec. 9. AML/CFT Program 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 and terrorism financing prevention programs (ML/TF Prevention Programs) in accordance with this Act including information dissemination on money laundering and terrorism financing activities and its 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 ML/TF Prevention 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 ML/TF Prevention Programs, and to conduct the necessary coordination to ensure compliance with the requirements set forth in 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.

1           Sec. 11. *Penal and Administrative Sanctions*— Non-compliance with any of the provisions of  
2 this Act shall be punished with penalties and sanctions provided for under Republic Act No. 9160, as  
3 amended.

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

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

9           Sec. 14. *Repealing Clause*.— All laws, decrees, orders, and issuances or portions thereof,  
10 which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified  
11 accordingly: *Provided*, That all provisions of Republic Act No. 9160, as amended, that are not  
12 inconsistent with this Act are hereby adopted.

13           Sec. 15. *Effectivity*.—This Act shall take effect fifteen (15) days following its publication in the  
14 Official Gazette at least two (2) newspapers of general circulation.

15           Approved,