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# Anti-Money Laundering Act (AMLA) Training Compliance and Updates for Offshore Gaming Operators Service Providers

ATTY. ALPHECCA B. ADOLFO-MADRID, CPA

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## OBJECTIVES

- **Understand** the salient features of the AMLA and how its affects **Caspo Inc., Avantice Corp.,** and **Crowntech Corp.** (the “Companies”) as OGO-SPs.
- **Recognize** obligations of the “Companies” as covered persons under the AMLA.
- **Know** your role in preventing ML and TF.

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AMLA & ITS RELEVANCE  
TO OGO-SPs/ AUTHORIZED  
PROVIDERS

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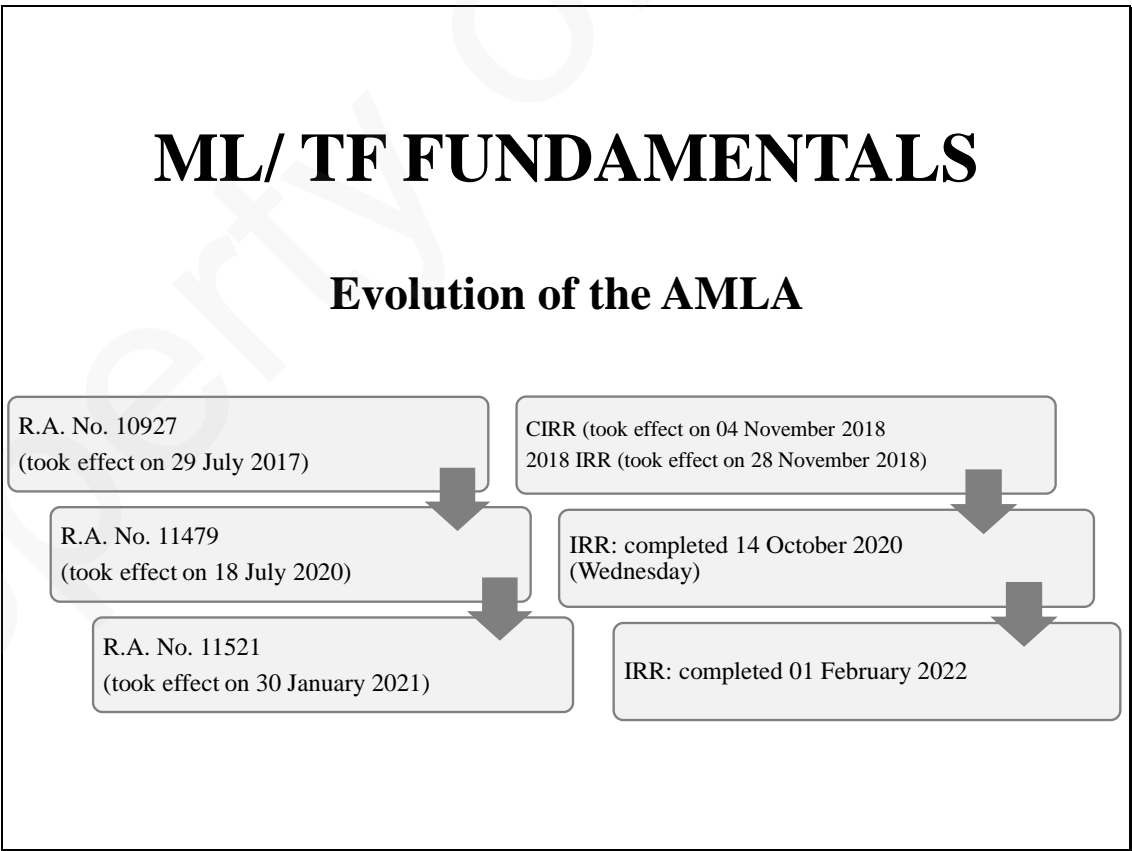
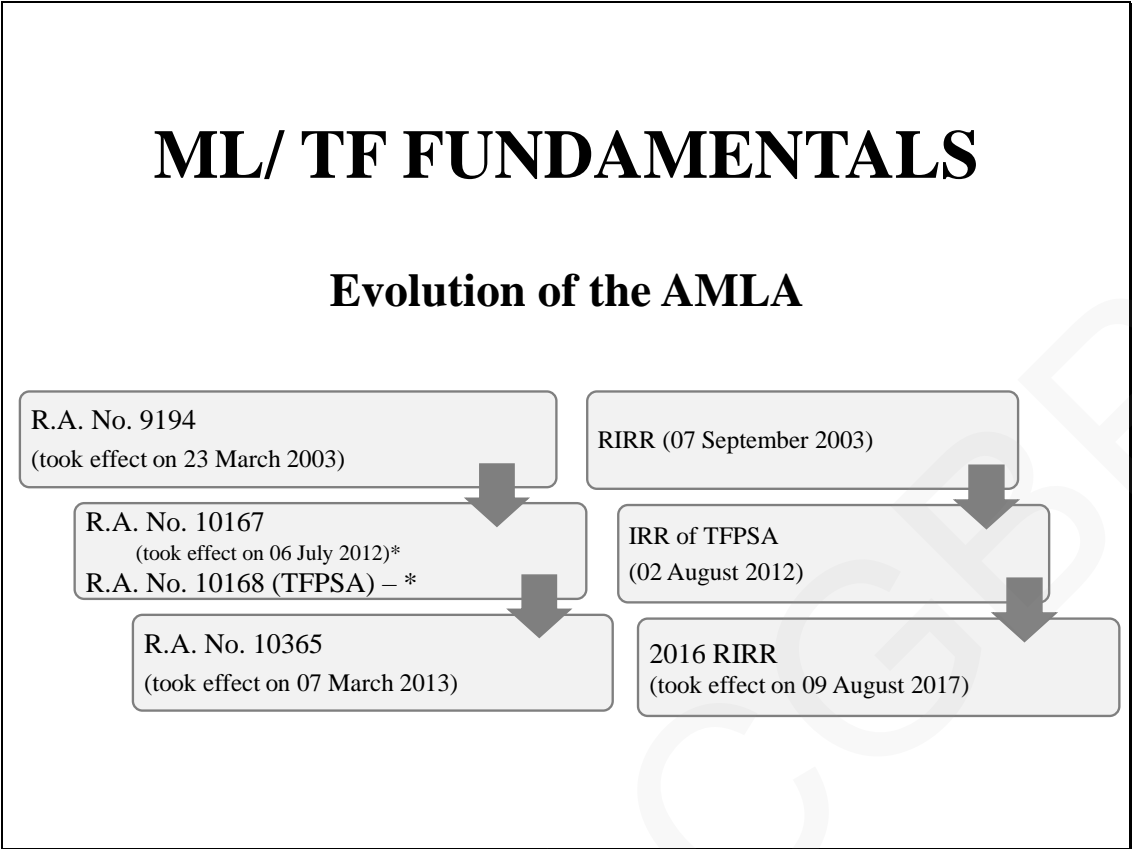
# ML/ TF FUNDAMENTALS

The **AML**A came into being as a result of the creation of the **Financial Action Task Force (FATF)**.

# ML/ TF FUNDAMENTALS

***FATF*** - independent **inter-governmental** body that develops and promotes **policies** to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.

***FATF Recommendations*** - global AML and CFT standards.



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### ML/ TF FUNDAMENTALS

#### Summary of R.A. No. 11521

1. Newly covered entities:

- Real estate developers and brokers

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### ML/ TF FUNDAMENTALS

#### Summary of R.A. No. 11521

1. Newly covered entities:

- Offshore gaming operators (OGO) and their service providers (OGO-SP)

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## ML/ TF FUNDAMENTALS

### What is money laundering?

ML is a **crime** whereby the proceeds of an unlawful activity are **transacted**, thereby making them appear to have originated from legitimate sources.

*Definition under R.A. No. 9160*

#### ML (Section 4 of the AMLA, as amended)

Knowing that any monetary instrument or property represents, involves, or relates to the proceeds of any unlawful activity

1. Transacts

2. Converts, Transfers, Disposes, Moves, Acquires, Possesses or Uses

3. Conceals or Disguises

4. Attempts or Conspires to Commit

5. Aids, Abets, Assist in, Counsels


6. Facilitates

7. Intentionally fails to submit CTR/ STR to AMLC

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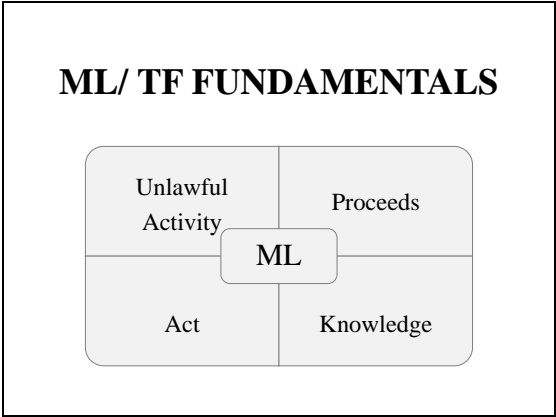


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**ML/ TF FUNDAMENTALS**

**Unlawful activities**

**Section 3(i), AMLA**

- **Corruption-related Crimes**
- **Crimes with Violence**
- **Drug-Trafficking**
- **Illegal Numbers Game**
- **Human Trafficking/ Exploitation – Related**
- **Terrorism-Related**
- **Environmental Crimes**
- **Tax Crimes**
- **Fraud Crimes**
- **Proliferation Financing**
- **Property Crimes**
- **Felonies or offenses of a nature similar to the above UA (punishable under the penal laws of other countries)**

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**ML/ TF FUNDAMENTALS**

**Covered persons**

**Section 3(a), AMLA**

**New Covered Persons:**

- Real estate developer
- Real estate broker
- Offshore gaming operators (OGO)
- OGO-service providers (OGO-SPs)

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WHO ARE RESPONSIBLE FOR  
AML/ CFT COMPLIANCE?

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**BOARD OF DIRECTORS**

- Ultimately responsible for ensuring compliance with AML/ CFT laws and regulations.

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**COMPLIANCE OFFICE**

- Ensures day-to-day compliance with AML/ CTF obligations.
- Reports to the BOD on matters pertaining to its AML/ CTF obligations, including the failure to manage ML/ TF risks and new AML/ CTF obligations.

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# INTERNAL AUDIT

- Performs periodic and independent evaluation of the Company’s risk management, as well as compliance with AML/ CFT laws and regulations.
- Communicates the results of the internal audit to the Board of Directors.

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# FRONTLINE STAFF

- Deals with clients and customers directly.
- Detects and reports observed suspicious activity.
- First line of defense in identifying potential criminal behavior and preventing money laundering or other illicit activities.

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# HUMAN RESOURCES

- Establishes adequate screening procedures to ensure high standards when hiring employees.
- Exercises due diligence in verifying its employees are not involved in any ML/ TF and associated unlawful activities, or were not found guilty of any serious, major, or grave administrative offense by the AMLC, or convicted in any case involving moral turpitude.

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COMPLIANCE FRAMEWORK

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# RISK MANAGEMENT

- Develop sound risk management policies and practices.
- Monitor the implementation of those policies, controls, procedures and enhance them if necessary.
- Take enhanced measures to manage and mitigate the risks, where higher risks are identified.

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# MTPP

- **Comprehensive** and **risk-based**.
- In **writing** and consistent with the AMLA.
- Provisions shall reflect the CP’s **corporate structure and risk profile**.
- Readily available in **user-friendly form**, whether in hard or soft copy.
- **Well disseminated** to all officers and staff who are obligated to implement compliance measures.
- Updated at least **once every two years** or whenever necessary.

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# MTPP

**Contents should include:**

- 1. Compliance and implementation of the following major requirements:
  - Customer identification process
  - Record keeping and retention
  - Covered transaction reporting
  - Suspicious transaction reporting

# MTPP

- 2. Effective and continuous AML/ CTF training program.
- 3. Adequate risk-based screening and recruitment process.
- 4. Internal audit system and an independent audit program.
- 5. Mechanism that ensures all deficiencies noted during the onsite or offsite compliance checking are immediately corrected and acted upon.
- 6. Cooperation with the AMLC.
- 7. Designation of a Compliance Officer.
- 8. Identification, assessment and mitigation of ML/ TF risks that may arise from new business practices, services, technologies and products.

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### MTPP

The **Board of Directors** shall approve, and the **Compliance Officer** shall implement, a comprehensive, risk-based MTPP geared towards the promotion of high ethical and professional standards and the prevention of ML and TF.

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### MTPP

#### Penalty For Non-Compliance

- Serious violation, ₱50,000 to ₱100,000 per violation (medium) going up to ₱2.5 million; ₱75,000 to ₱150,000 per violation (Large A) going up to ₱3.75 million.

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### RECORD-KEEPING

- **WHAT TO KEEP:** Customer's/ client's transactions and documents obtained during the customer due diligence.

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### RECORD-KEEPING

- **PERIOD TO KEEP:** Five (5) years counted from:
  - Date of transaction
  - Account closure
  - Termination of business/ client relationship
  - After date of occasional transaction

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# RECORD-KEEPING

- Exception (*beyond 5 years*): Court case involving the account: wait for AMLC written confirmation (case resolved with finality).

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# RECORD-KEEPING

- **WHO HAS THE DUTY TO KEEP RECORDS:** Record-Keeping Officer
- Responsible and accountable for all record keeping requirements.
- Responsible for making these records readily available to the AMLC upon request.

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# RECORD-KEEPING

## Penalty For Non-Compliance

- Major violation, ₱75,000 to ₱150,000 per violation (medium) going up to ₱5 million; ₱112,500 to ₱225,000 per violation (Large A) going up to ₱7.5 million

# REPORTING

## Covered transactions

Section 3(b), AMLA

**₱ 500,000**

- It is a transaction in cash or equivalent monetary instrument involving a total amount in **excess of ₱500,000 in one banking day.**

# REPORTING

## Covered transactions

Single transaction

One banking (business) day

Amount in excess of the thresholds

Within five (5) working days from the date of occurrence.

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CTR

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AMLC

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# REPORTING

## Suspicious transactions

Section 3(b-1), AMLA

**A transaction with covered institutions, regardless of the amounts involved, where any of the following circumstances exist:**

- No underlying legal or trade obligation/ purpose/ economic justification.
- Client is not properly identified.
- Amount not commensurate with the business or financial capacity of the client.
- Client’s transaction is structured in order to avoid being the subject of reporting requirements.
- Circumstances which is observed to deviate from the profile of the client and/ or the client’s past transactions.
- Transactions related to an unlawful activity or offense under this Act that is about to be, is being or has been committed.
- Any transaction that is similar or analogous to any of the foregoing.



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# REPORTING

## Suspicious transactions

Suspicious indicator

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STR

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AMLC

“STRs shall be promptly filed within the **next working day from occurrence** thereof which...shall be the date of establishment of suspicion or determination of the suspicious nature of the transaction.”

# REPORTING

## Confidentiality

- CPs and their officers and employees, are prohibited from communicating, directly or indirectly, in any manner or by any means, to any person or entity, or the media, the fact that a covered or suspicious transaction has been or is about to be reported, the contents of the report, or any other information in relation thereto.

# REPORTING

## Safe harbor provision

If the reporting is done in regular performance of duties in good faith, **no administrative, criminal, or civil proceedings shall lie against person** who made the Covered Transaction Report (CTR) or Suspicious Transaction Report (STR), whether such reporting results in any criminal prosecution under the AMLA or any other law.

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# REPORTING

## Who Shall Report?

- **SOURCES:** Applicable to Finance, IT, Admin, and HR only since these are the departments paying to suppliers.
- **DUTY TO REPORT TO THE AMLC:** Compliance Officer

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# REPORTING

## How to Report?

- The filing of CTRs and STRs shall be in accordance with the AMLC Registration and Reporting Guidelines (ARRG) issued by the AMLC.

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# REPORTING

## Penalty For Non-Compliance

- **CTR:** Ranging from less serious to major violation, ₱2,500 to P5,000 per violation (medium) going up to ₱10 million; ₱3,750 to ₱22,500 per violation (large a) going up to ₱15 million.
- **STR:** Major violation, ₱75,000 to ₱150,000 per violation (medium) going up to ₱5 million; ₱112,500 to ₱225,000 per violation (large a) going up to ₱7.5 million.

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# REPORTING

## Penalty For Malicious Reporting

- Penalty of 6 months to four (4) years imprisonment.
- Fine of not less than ₱100,000.00 but not more than ₱500,000.00, at the discretion of the court.

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# REPORTING

## Penalty For Malicious Reporting

Offender is a juridical person - penalty shall be imposed upon the responsible officers, *as the case may be*, who participated in the commission of the crime or who shall have knowingly permitted or failed to prevent its commission.

The court may also suspend or revoke its license.

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# TRAINING

- **WHO ARE REQUIRED TO ATTEND:**  
Directors, officers, and employees
- **CONTENTS:**
  - (a) Overview on ML/ TF, and the AMLA and TFPSA
  - (b) Roles of directors, officers and employees in ML/ TF prevention
  - (c) Risk management

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# TRAINING

- (d) Preventive measures
- (e) Compliance with freeze, bank inquiry and asset preservation orders, and all directives of the AMLC
- (f) Cooperation with the AMLC and the SAs
- (g) International standards and best practices

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## TRAINING

- **FREQUENCY:** Refresher programs, at least, every three (3) years.
- New developments, immediately cascade these information to directors, officers and employees.

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## TRAINING

- **PENALTY FOR NON-COMPLIANCE:** Less serious violation, ₱25,000 to ₱50,000 per violation (medium) going up to ₱500 thousand; ₱37,500 to ₱75,000 per violation (large A) going up to ₱750 thousand

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## Sources

1. Republic Act No. 9160, or the Anti-Money Laundering Act of 2001 (AMLA), as amended
2. 2018 Implementing Rules and Regulations (IRR) of the Anti-Money Laundering Act of 2001 (AMLA), as amended
3. 2021 AML/ CTF Guidelines for DNFBPs

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**End of Lecture Proper**

**Question & Answer  
SEGMENT**

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**THANK YOU!**

For your query, consulting requirements or request for in-house training programs, please contact:

**Manila lines: (+63 2) 8556-8968 or 69  
Telefax: (+63 2) 8842-7148 or 59**

We invite you to visit our website **www.cgbp.org** for upcoming best practices programs.

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