



## BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE DEPUTY GOVERNOR  
FINANCIAL SUPERVISION SECTOR

### MEMORANDUM NO. M-2020-036

To : **All BSP-Supervised Financial Institutions (BSFIs)**

Subject : **Reminder Against Financial Crimes Amidst COVID-19 Pandemic**

The COVID-19 pandemic has posed challenges in the delivery of financial services due to restrictions on the movement of people, goods, and services. New forms of money laundering/terrorism financing (ML/TF) risks surfaced to take advantage of this situation.<sup>1</sup> Surveillance reports on the latest anti-money laundering/combating the financing of terrorism (AML/CFT) disclosed new patterns of criminal behavior and emerging COVID-19-related ML/TF risks.

In addition to phishing/spear phishing campaigns and other cases of fraudulent activities highlighted in BSP-issued advisories<sup>2</sup>, BSFIs are warned of the noted illegal schemes that exploit the changes in the working arrangements, lifestyles or behavior of the public due to the COVID-19 pandemic. These include the following:

*a. Donation/Charity Scams*

Fundraising for fake charities or fraudulent donation drives that take advantage of the goodwill of the general public to help the needy or provide support to the frontliners and/or medical personnel.

*b. Impostor, Investment, and Product Scams*

Impostor scams are executed by impersonating corporate executives and instructing employees to perform financial transactions (e.g., fund transfers) or to disclose confidential information ("CEO fraud"). Investment and product scams offer fraudulent haven investment opportunities to the public. In other cases, the fraudster appears to be involved in the manufacture, sale or distribution of fake medicine, products or services, exploiting people in urgent need of care and promising COVID-19 cure.

*c. Money Mules*

Money mules are persons recruited to lend their personal bank/e-money accounts to receive cash deposits/online transfers from illegal sources under the guise of "charity or COVID-19 donations".

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RYA ROSE D. NUNEZ  
Manager, RMD  
Administrative Services Department

<sup>1</sup> Financial Action Task Force (FATF) Statement dated 01 April 2020

<sup>2</sup> Such as BSP advisories on fraud and scams (22 August 2016), money mule (dated 29 October 2019), and malicious websites and phishing campaigns (dated 14 March 2020).

*d. Online Sex Trafficking and Exploitation*

Fund transfers or digital payments for online sex trafficking or child exploitation especially during the community quarantine.

*e. Veiled Donations for Terrorism and Terrorism Financing*

Online donations solicited and collected by certain organizations or persons for COVID-19 purposes but in fact will be used to promote and finance terrorism.

These schemes usually involve financial transactions, such as funds/wire transfers, or use deposit or other transaction accounts. BSFIs are therefore reminded to remain vigilant and to take necessary precautionary measures against these new patterns of criminal behavior as well as emerging typologies on ML/TF activities and other financial crimes being perpetrated amidst the COVID-19 pandemic. BSFIs are advised to consider said criminal activities and typologies in their AML/CFT controls and compliance processes in order to manage the attendant ML/TF threats and to accordingly report suspicious transactions to the Anti-Money Laundering Council. BSFIs are also encouraged to prudently leverage on technology to reinforce their controls against fraud or financial crimes.

For information and guidance.



**CHUCHI G. FONACIER**  
Deputy Governor

29 April 2020

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05/06/2020  
**RYA ROSE D. NUNEZ**  
Manager, RMD  
Administrative Services Department