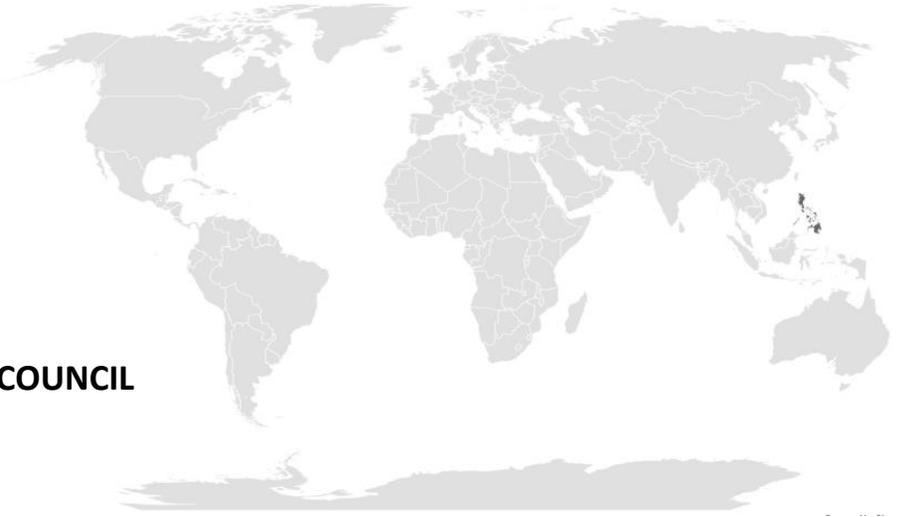




Republic of the Philippines  
ANTI-MONEY LAUNDERING COUNCIL



# **CHILD PORNOGRAPHY IN THE PHILIPPINES: Post-2019 Study using STR Data**

**(STR data from 2019 to the first semester of 2020)**

**- PUBLIC BULLETIN -**



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## Executive summary

Child pornography is a significant threat and is constantly increasing due to the worsening poverty in the Philippines. This has led the Philippines to become a global epicenter of live-stream sexual abuse of children.

The Anti-Money Laundering Council (AMLC) conducted a study on child pornography in the Philippines in February 2019. Using this study as a benchmark or a point of comparison, the AMLC conducted a post-study of child pornography in the Philippines to determine the impact of the first report on the filing of suspicious transaction reports (STRs) from 01 January 2019 to 30 June 2020; channels used by offenders to send money to facilitators; modus operandi of child pornography in the Philippines; senders and beneficiaries; and amounts of remittances related to child pornography. This study updates the findings in the first report and determines new trends in child pornography.

Majority of the funds linked to child pornography are still channeled through money service businesses (MSBs). Covered persons (CPs) became proactive in reporting STRs as a result of a heightened awareness of the nature and flow of funds in child pornography. This led to a significant increase in the number of child pornography-related STRs. There are a few instances when electronic money issuers (EMIs) and virtual currency exchanges (VCEs) were used to transfer funds, which may be an indicator of an emerging threat, relating to the use of e-money and virtual assets or digital currencies as payment for suspected child abuse content.

An indicator of the possible existence of organized crime groups and syndicates is also observed due to the multiple links between the senders and beneficiaries. Statistics on STRs involving international remittances suggest that child pornography in the Philippines is predominantly cross-border in nature. The number of international remittances related to child pornography is higher than the number of domestic remittances. Also, some of the top-sending countries identified in the first study remain in the top 20-sending countries, based on 01 January 2019 to 30 June 2020 STR data. As to beneficiary-locations, Pampanga is the top recipient location for international remittances related to child pornography, as to both volume and value of STR data used in the post-study. On the other hand, Cebu is the top beneficiary location for domestic remittances associated with child pornography.

Payments for child sexual abuse and exploitation (CSAE) materials also increased. It is possible that the demand for CSAE materials increased and that this has been met by a corresponding increase in supply because of worsening poverty in the Philippines. The COVID-19 pandemic has pushed a significant portion of the population into poverty. In terms of the age of the facilitators, majority are still between 20 to 40 years old, but there are also minors identified, who receive remittances from suspected offenders.

## Background and purpose of the post-study

In 2019, the AMLC, in its effort to detect and deter child pornography in the country by using financial information, conducted a study titled, “A Study on Child Pornography in the Philippines using STR Data (2015 to 2018).” The study evaluated various child pornography/child exploitation cases in the country, using data from STRs in the AMLC database, covering the period 2015 to 2018.<sup>1</sup> The study also identified, among others, the flow of money, key players, and typologies in child pornography. The AMLC study was shared globally with different Financial Intelligence Units (FIUs). The study was also disseminated to various Philippine law enforcement agencies (LEAs), which conduct investigations on child pornography; and banks and MSBs, who are members of the AMLC Public-Private Partnership Program (PPPP). The AMLC study has become a financial analytical and investigation tool for financial analysts and investigators, law enforcement, and financial institutions. The dissemination of the first study resulted in a notable increase in the submission of reports related to child pornography.

Using the first study as a benchmark or point of comparison, the AMLC conducted post-study on child pornography in the Philippines to determine the impact of the first report on the filing of STRs from 01 January 2019 to 30 June 2020; channels used by offenders to send money to facilitators; modus operandi of child pornography in the Philippines; senders and beneficiaries; and amounts of remittances related to child pornography. This study updates the findings in the first report and identifies new trends in child pornography.

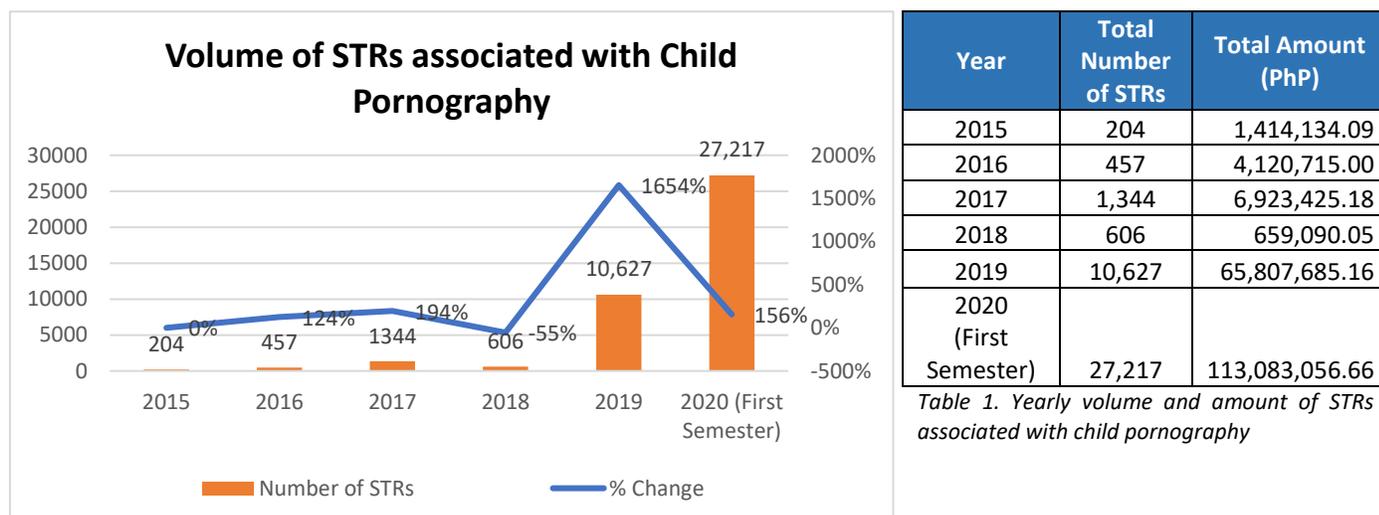
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<sup>1</sup> A Study on Child Pornography in the Philippines Using STR Data (2015 to 2018)

## Findings

### Volume of STRs submitted to AMLC

Figure A and Table 1 show the yearly volume and amount of STRs associated with child pornography:



Year	Total Number of STRs	Total Amount (PhP)
2015	204	1,414,134.09
2016	457	4,120,715.00
2017	1,344	6,923,425.18
2018	606	659,090.05
2019	10,627	65,807,685.16
2020 (First Semester)	27,217	113,083,056.66

Table 1. Yearly volume and amount of STRs associated with child pornography

Figure A. Yearly volume and increase of STRs associated with child pornography

Based on extracted STRs related to child pornography, there are 37,844 STRs reported from 01 January 2019 to 30 June 2020, which is a significant increase from 2,611 STRs reported from 2015 to 2018. STRs submitted in the first semester of 2020 have already exceeded STRs submitted in 2019. STR submissions have increased by 1,654% from 2018 to 2019 and 156% from 2019 to the first semester of 2020. This is expected to increase further until the end of 2020.

The observed increase in STRs could be attributed to the sharing of the AMLC study on child pornography and the improved collaboration and cooperation of the AMLC with its partner CPs, which raised the awareness of CPs relative child pornography. As a result, STRs filed by CPs are based on existing indicators and not merely triggered by news reports. Moreover, various awareness campaigns and information exchange of the AMLC, LEAs, and other FIUs as well as private organizations also contributed to the increase in STR submissions.

Reasons for submitting STRs related to child pornography

An increase in proactive reporting of STRs was observed from 2019 to the first semester of 2020 because of the awareness of the CPs of child pornography. The common reason for filing STRs during this period is due to the results of internal investigations or screenings conducted by CPs on customer transactions. This is one of the significant improvements in STR submissions compared with 2015 to 2018 data, where common reasons for filing STRs are due to adverse media reports on the alleged involvement in child pornography of subjects and referrals from LEAs and/or the AMLC in relation to ongoing investigations on the customers of CPs. For purposes of this report, reactive STRs are those based on the latter reasons, while proactive STRs are those that result from CP’s internal screenings and investigations on customer transactions that led to the identification of transactions possibly associated with child sexual exploitation activities.

Figure B shows the distribution of STRs into proactive and reactive reporting, while Figure C shows the distribution of STRs based on triggers identified by CPs from 01 January 2019 to 30 June 2020.

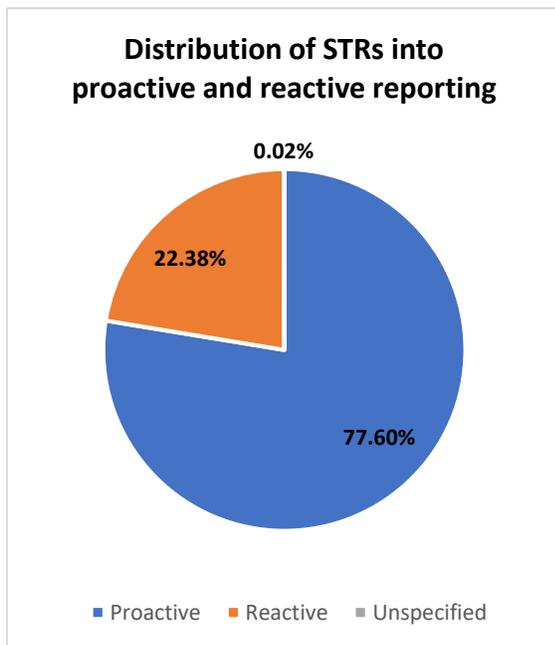


Figure B

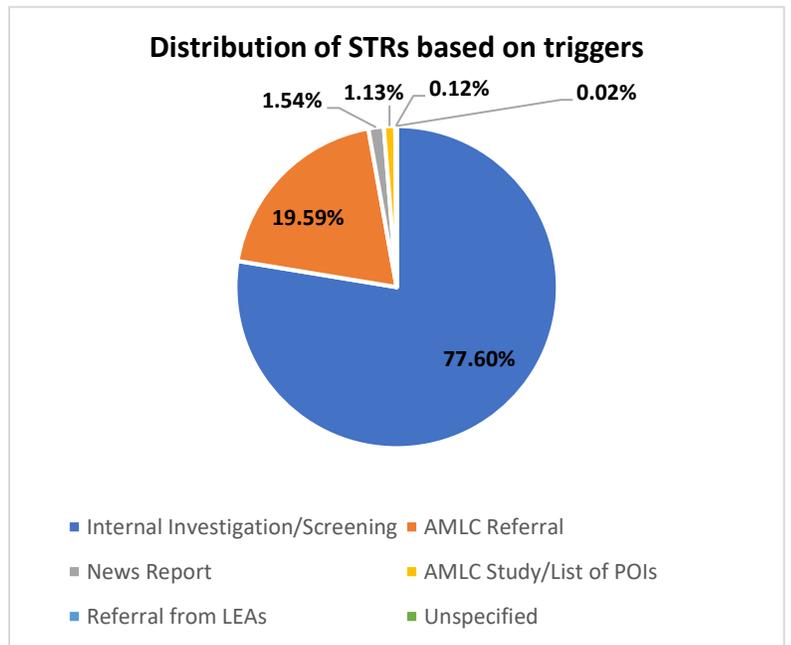


Figure C

## Top channels

Tables 2 and 3 show financial channels with the highest volume and value of STRs associated with child pornography.

### ***Top channels used based on the volume of STRs***

Channel	Number of STRs (2019 to first semester of 2020)	%	Number of STRs (2015 to 2018)	%
Money Service Businesses (MSBs)	36,831	97.32%	1,548	59.29%
Electronic Money Issuer (EMIs)	512	1.35%	0	0.00%
Banks	444	1.17%	920	35.24%
Virtual Currency Exchanges (VCEs)	57	0.15%	24	0.92%
Insurance Companies	0	0.00%	1	0.04%
Stock Savings & Loan Associations	0	0.00%	118	4.52%

Table 2

### ***Top channels used based on value of remittances reported as suspicious***

Channel	Total Amount (PHP) (2019 to first semester of 2020)	%	Total Amount (PhP) (2015 to 2018)	%
Money Service Businesses (MSBs)	159,967,903.84	89.42%	10,243,138.00	78.09%
Electronic Money Issuer (EMIs)	12,381,074.45	6.92%	0.00	0.00%
Banks	6,487,293.53	3.63%	2,270,185.00	17.31%
Virtual Currency Exchanges (VCEs)	54,470.00	0.03%	230,350.00	1.76%
Insurance Companies	0.00	0.00%	0.00	0.00%
Stock Savings & Loan Associations	0.00	0.00%	373,692.00	2.85%

Table 3

The tables show that STRs submitted from 01 January 2019 to 30 June 2020 originated largely from MSBs, accounting for 97.32% and 89.42% in terms of count and Philippine Peso (PhP) value, respectively. Statistics show that MSBs remain the top channel for moving funds for child pornography since 2015. The accessibility of MSBs in most areas, including remote rural locations, may still be the primary reason for using them to channel funds. Some payments were also made via banks, noting that offenders and facilitators prefer to use traditional payment methods through MSBs and banks, accounting for 98.49% and 93.05% in terms of count and PhP value, respectively.

The data indicated the use of EMIs in moving funds for child pornography. This post-study identified 512 STRs submitted by EMIs, while none was identified in the first study. EMIs enable money to be electronically stored in convenient payment instruments that consumers can use to buy or pay for goods and services, to transfer or remit funds, and/or to withdraw funds. The e-money instruments include cash cards, electronic wallets (e-wallets) accessible via mobile phones or other access device, stored value cards, and other similar products.<sup>2</sup>

<sup>2</sup> <http://www.bsp.gov.ph/publications/media.asp?id=2027>

The use of VCEs slightly increased from 24 STRs submitted from 2015 to 2018 to 57 STRs submitted from 2019 to the first semester of 2020. Virtual currency (VC) is a type of digital “currency” created by a community of online users. It is stored in e-wallets and is generally transacted online. It is not issued or guaranteed by central banks or government authorities. VCs may be transferred within the community of users. It may be used to buy virtual items (e.g. games, apps) or real goods from online shops/merchants that accept VC as payment. VCs then are used as a medium of exchange. VCs may also be exchanged to/from actual cash (fiat money) through people/companies that are part of a community of users.<sup>3</sup>

Factors that may account for the small number of EMI and VCE users are the age (mostly 51 to 60<sup>4</sup>) of offenders, who do not readily adopt to the use of new technologies; and the inaccessibility of the facilitators to new technology due to poverty. VCs are not as widely used as a medium of exchange. The few instances, however, indicate an emerging threat relative to the use of e-money and virtual assets or digital currencies as payment for CSAE materials.

### Sources of remittances related to child pornography

#### **INTERNATIONAL REMITTANCES**

From 01 January 2019 to 30 June 2020, out of the 37,844 STRs on child pornography, 25,889 STRs or 68.41% pertain to international remittances. STRs involving international remittances imply that child pornography in the country is predominantly cross-border in nature, where senders of remittances are based abroad and beneficiaries reside in the Philippines.

#### ***Sending countries***

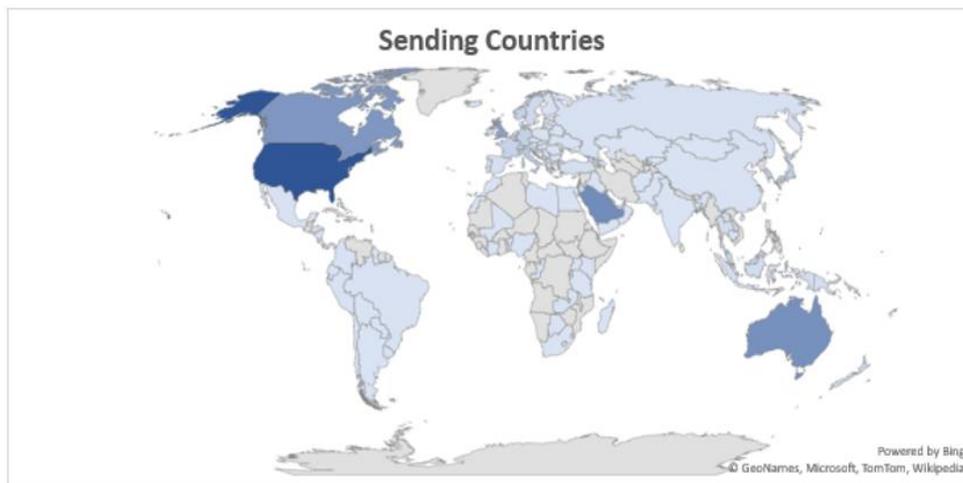


Figure D

<sup>3</sup> <http://www.bsp.gov.ph/downloads/Publications/FAQs/VC.pdf>

<sup>4</sup> Trilateral Partnership Program Report on Live-Distance Child Abuse between AUSTRAC, UK NCA and AMLC.

The sole basis for identifying the locations of senders is the counterparty address field of STRs. Tables 4 and 5 show the top 20 sender-countries based on the volume and transaction value of the international remittances made from 01 January 2019 to 30 June 2020.

**Top 20 sender-countries based on volume of STRs**

No.	2019 to first semester of 2020		2015 to 2018	
	Sending Countries	Total Number of STRs	Sending Countries	Total Number of STRs
1	United States of America	10,927	United States of America	630
2	Saudi Arabia	1,830	Philippines	187
3	Australia	1,731	Australia	178
4	Canada	1,598	Canada	101
5	United Kingdom	1,401	United Kingdom	97
6	Singapore	629	Israel	61
7	United Arab Emirates	556	Singapore	36
8	Italy	553	France	32
9	Korea	548	Germany	29
10	Hong Kong	454	Thailand	24
11	Japan	444	Sweden	21
12	Germany	410	Switzerland	20
13	Malaysia	377	Kuwait	19
14	Kuwait	362	Netherlands	14
15	Norway	325	Iceland	13
16	Qatar	317	Norway	10
17	France	307	New Zealand	9
18	New Zealand	224	Indonesia	8
18	–	–	Qatar	8
18	–	–	United Arab Emirates	8
19	Netherlands	206	Turkey	6
20	Sweden	181	Belgium	5

Table 4

**Top 20 sender-countries based on value of international remittances**

No.	2019 to first semester of 2020		2015 to 2018	
	Sending Countries	Total Amount (PhP)	Sending Countries	Total Amount (PhP)
1	United States of America	39,653,456.27	United States of America	3,450,701.00
2	Australia	7,562,409.10	Australia	2,245,489.00
3	Canada	6,299,779.21	Philippines	1,317,091.00
4	Saudi Arabia	6,141,281.95	Canada	993,398.00
5	United Kingdom	4,689,196.24	Kuwait	488,477.00
6	Norway	3,072,645.69	United Kingdom	298,288.00
7	United Arab Emirates	2,353,090.21	Singapore	262,647.00
8	Korea	2,264,781.49	Indonesia	181,787.00
9	Singapore	2,225,845.70	Japan	174,984.00
10	Italy	1,934,938.23	Germany	166,975.00
11	Japan	1,871,010.95	Israel	148,455.00
12	Malaysia	1,668,964.48	France	142,965.00
13	Kuwait	1,594,719.91	United Arab Emirates	133,599.00
14	Hong Kong	1,566,294.61	Thailand	124,861.00

No.	2019 to first semester of 2020		2015 to 2018	
	Sending Countries	Total Amount (PhP)	Sending Countries	Total Amount (PhP)
15	Germany	1,406,674.07	Netherlands	117,791.00
16	France	1,330,068.96	Switzerland	116,981.00
17	Qatar	1,242,966.18	Brazil	86,296.00
18	Netherlands	721,049.44	New Zealand	82,755.00
19	New Zealand	717,197.16	Qatar	77,758.00
20	Solomon Islands	575,643.09	Sweden	56,769.00

Table 5

Most of the top 10 sender-countries in terms of volume of STRs are also the top 10 sender-countries in terms of value of remittances, except for Hong Kong, which was replaced by Norway. The top 20 sender-countries are mostly European and North American countries, while other sender-countries are in the Asian and Middle Eastern regions.

The United States of America (USA), Kingdom of Saudi Arabia, Australia, Canada, and the United Kingdom (UK) are the consistent top five (5) sender-countries, both in volume and in value of STRs, with the USA as the constant top-sending country.

Table 6 shows top sender-countries identified in the 2015 to 2018 STR data that remain to be in the top 20 sender-countries based on the 2019 to 30 June 2020 STRs.

*As to volume of STRs submitted	*As to value of international remittances
Australia	Australia
Canada	Canada
France	France
Germany	Germany
Kuwait	Japan
Netherlands	Kuwait
New Zealand	Netherlands
Norway	New Zealand
Qatar	Norway
Singapore	Qatar
Sweden	Singapore
United Arab Emirates	United Arab Emirates
United Kingdom	United Kingdom
United States of America	United States of America

\* In alphabetical order

Table 6

Hong Kong, Korea, Malaysia, Kingdom of Saudi Arabia, Italy, and Solomon Islands are the new top sender-countries identified in the 2019 to 30 June 2020 STR data.

It is noteworthy that USA, Canada, and Australia have been consistent as top the three (3) sender-countries, in terms of volume and value of STRs, based on STRs submitted from 2015 to 30 June 2020 with USA consistently on top.

## DOMESTIC REMITTANCES

While STR data shows a higher number of international remittance transactions related to child pornography, it also shows several domestic remittance transactions made across regions, where addresses of the beneficiary and the sender of money are in the Philippines.

Some domestic remittances were made between parties with the same last names. This suggests that one of the parties, usually the remitter, who is the suspected facilitator, sends funds to a possible relative or a family member. The purpose of the remittance may be for family support. It is also possible, however, that these family members and relatives are also involved in child pornography and that the money received may be their commission or share from the proceeds of said illegal activity (family-oriented type).

In some domestic remittances, senders of funds have foreign-sounding names, some of whom have been identified as foreign nationals by reporting CPs. It is likely that these senders are resident aliens and have been involved in child pornography in the country. It is then evident that child pornography is also present in a localized setting.

Tables 7 and 8 show the top 10 locations of domestic senders of remittances.

### ***As to volume of STRs***

No.	Sending Provinces/Cities	Total Number of STRs
1	Cebu	416
2	Rizal	271
3	Bohol	204
4	Taguig City	129
5	Davao del Sur	109
6	Bulacan	106
7	Pampanga	82
8	Iloilo	74
9	Manila City	68
10	Quezon	57

*Table 7*

**As to value of domestic remittances**

No.	Sending Provinces/Cities	Total Amount (PhP)
1	Rizal	749,180.00
2	Cebu	703,404.00
3	Davao del Sur	416,839.00
4	Bohol	413,820.00
5	Taguig City	330,985.04
6	Iloilo	266,260.00
7	Manila City	224,862.00
8	Pampanga	208,440.00
9	Bulacan	185,691.20
10	Quezon	184,390.00

Table 8

**Sending Provinces/Cities in the Philippines**



Figure E

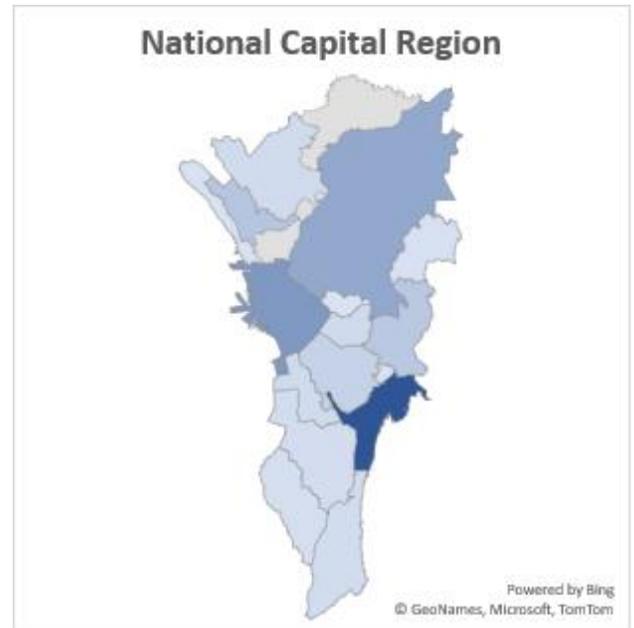


Figure F

Based on the heat maps (Figures E and F) and previous tables, the top 10 senders as to the volume of STRs are also the identified top 10 locations as to the value of STRs.

Manila, which is the capital city of the Philippines, and Taguig City are cities in the National Capital Region (NCR). Rizal, Bulacan, Quezon, and Pampanga are suburban provinces near NCR. Said provinces and Metro cities are all in the Luzon island of the Philippines. Cebu, Iloilo, and Bohol are provinces in the Visayan region and Davao del Sur in Mindanao. These top sender-provinces and -cities are known tourist destinations for foreigners. Moreover, some of these top-sender provinces and cities are also considered best places in the country for retirees, including foreigner retirees and expats, to settle in their golden years. It is for these reasons and compounded by the presence of surrounding poor communities that draw the predators and facilitators in domestic child pornography activities to.

*Beneficiaries of money transfers related to child pornography*

**INTERNATIONAL REMITTANCES**

***Receiving Provinces/Cities in the Philippines***

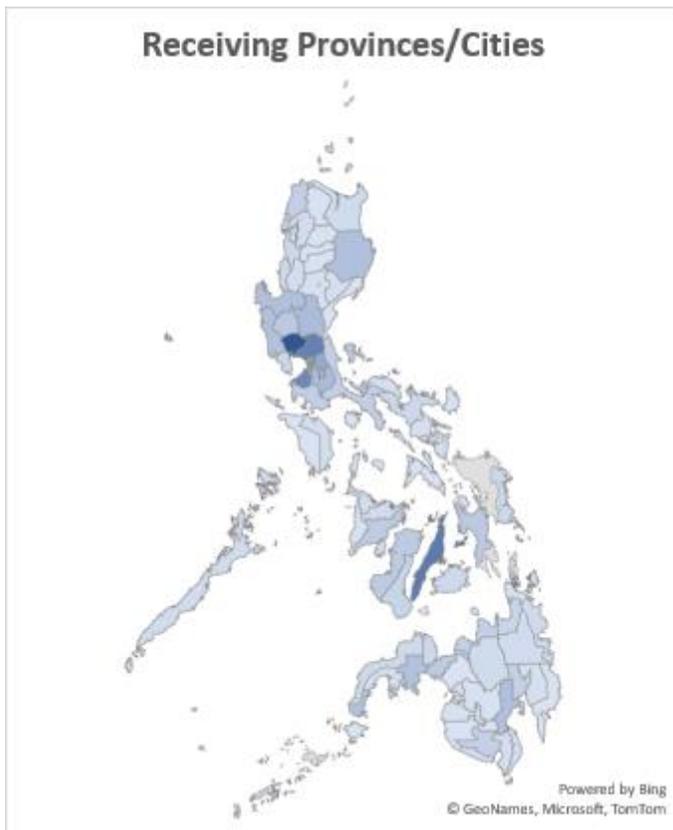


Figure G

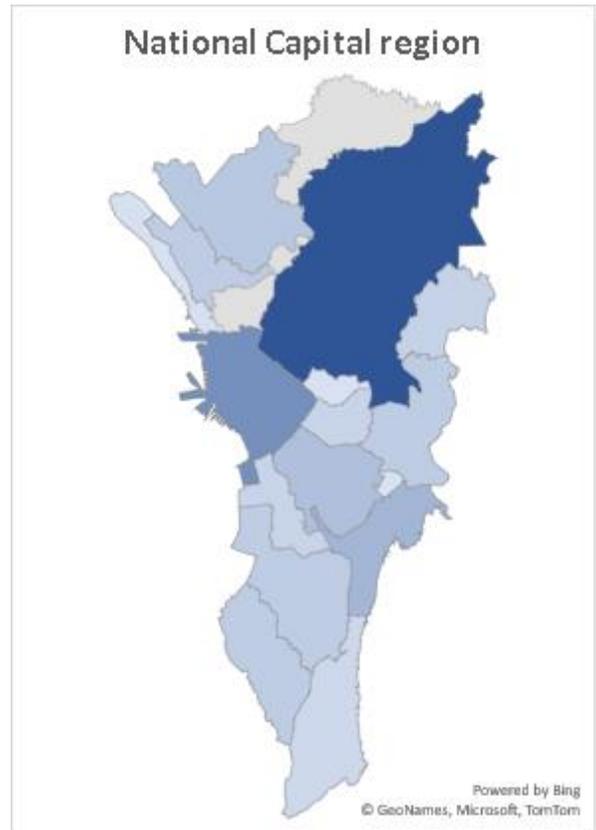


Figure H

Based on the beneficiary's address field in the STRs, the following are the top 10 provinces and cities where recipients of remittances related to child pornography activities are located:

**As to Volume of STRs**

No.	2019 to first semester of 2020		2015 to 2018	
	Receiving Provinces/Cities	Total Number of STRs	Receiving Provinces/Cities	Total Number of STRs
1	Pampanga	2,448	Cavite	177
2	Cebu	1,786	Cebu	132
3	Bulacan	1,672	Caloocan City	99
4	Cavite	1,549	Pampanga	45
5	Quezon City	1,168	Cagayan de Oro	40
6	Rizal	970	Bulacan	37
7	Caloocan City	927	Rizal	16
8	Manila City	687	Mandaluyong City	13
9	Laguna	670	Bukidnon	10
10	Nueva Ecija	664	Davao	10

Table 9

**As to Value of International Remittances**

No.	2019 to first semester of 2020		2015 to 2018	
	Receiving Provinces/Cities	Total Amount (PHP)	Receiving Provinces/Cities	Total Amount (PHP)
1	Pampanga	9,643,387.62	Cagayan de Oro	1,300,862.61
2	Bulacan	6,702,344.11	Cavite	728,332.24
3	Cavite	5,828,260.35	Cebu	697,951.19
4	Cebu	5,793,981.77	Caloocan City	408,617.45
5	Quezon City	4,351,048.46	Bulacan	208,855.83
6	Nueva Ecija	3,731,116.33	Mandaluyong City	119,910.76
7	Caloocan City	3,272,719.00	Pampanga	103,208.13
8	Rizal	3,213,014.93	Tarlac	76,555.56
9	Quezon Province	3,094,713.09	Bukidnon	64,591.22
10	City of Manila	2,713,280.75	Rizal	55,081.09

Table 10

As illustrated in the tables above, it is noteworthy that Pampanga has been the top beneficiary location of international remittances associated with child pornography. Dubbed as the “Entertainment Capital of Central Luzon”, and a former site of the U.S. Clark Air Force Base (AFB), Pampanga, particularly Angeles City and Mabalacat, has a thriving sex trade. While initially developed to feed the demand created by the neighboring Clark AFB, the sex trade continued to grow even after the airbase closed in 1991. In 2010, the Philippine National Bureau of Investigation Region 3 Director referred the area as “ground zero” for human trafficking in the Philippines<sup>5</sup>. Moreover, in several news reports on child pornography, it was disclosed that several police raids and rescue operations by the different Philippine LEAs had been conducted in different barangays and cities in Pampanga.

<sup>5</sup> <https://www.ijm.org/documents/Child-Sex-Trafficking-in-Angeles-City.pdf>

Like Pampanga, Bulacan and Nueva Ecija are provinces also located in central Luzon, while Cavite, Laguna, Rizal and Quezon provinces are in southern Luzon. All the said provinces are nearby Metropolitan cities such as Quezon City, Caloocan City, and City of Manila. It can be noted that most of the top 10 beneficiary locations are all situated in the Luzon region, except for Cebu province which is in the Visayas region.

In relation to the top beneficiary locations identified in the first study, the following provinces remained in the top 10 beneficiary locations: Bulacan, Cavite, Cebu, Pampanga and Rizal. The City of Caloocan also retained its spot in the top beneficiary locations. On the other hand, Laguna, City of Manila, Nueva Ecija, Quezon City and Quezon Province are the new top receiving provinces and cities identified in the 2019 to 30 June 2020 STR data.

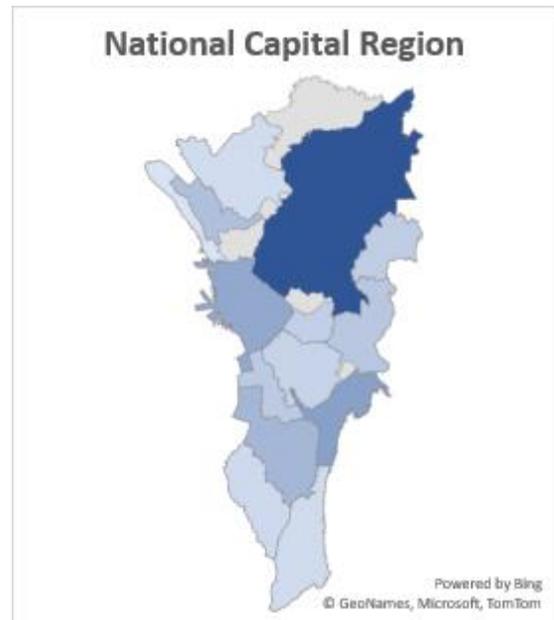
It is also noteworthy that Cavite, Cebu and Pampanga consistently ranked as top five receiving provinces and cities in terms of volume of STRs while Bulacan, Cavite and Cebu in terms of value of remittances, based on the STRs submitted from 2015 to 30 June 2020.

## DOMESTIC REMITTANCES

### *Receiving provinces/cities in the Philippines*



Figure 1



Figure

In the earlier discussions in this report, it was mentioned that based on the observed flow of money, the illegal activity of child pornography in the country both have international and domestic dimensions. In relation to the illegal activity carried out domestically, below are the top 10 destination locations of domestic remittances:

***As to volume of STRs***

No.	Receiving Provinces/Cities	Total Number of STRs
1	Cebu	565
2	Samar	237
3	Lanao del Norte	156
4	Bulacan	127
5	Cavite	100
6	Pampanga	99
7	Quezon City	89
8	Leyte	80
9	Abra	73
10	Quezon Province	62

Table 11

***As to value of domestic remittances***

No	Receiving Provinces/Cities	Total Amount (PHP)
1	Cebu	978,597.00
2	Samar	696,400.00
3	Lanao del Norte	376,900.00
4	Leyte	353,500.00
5	Bulacan	303,182.19
6	Quezon City	247,209.00
7	Pampanga	246,899.35
8	Cavite	202,515.00
9	Quezon Province	199,565.00
10	Caloocan City	159,772.00

Table 12

As to the volume and value of STRs, the provinces of Cebu, Samar, and Lanao del Norte are the consistent top three (3) recipient-locations for domestic remittances related to child pornography.

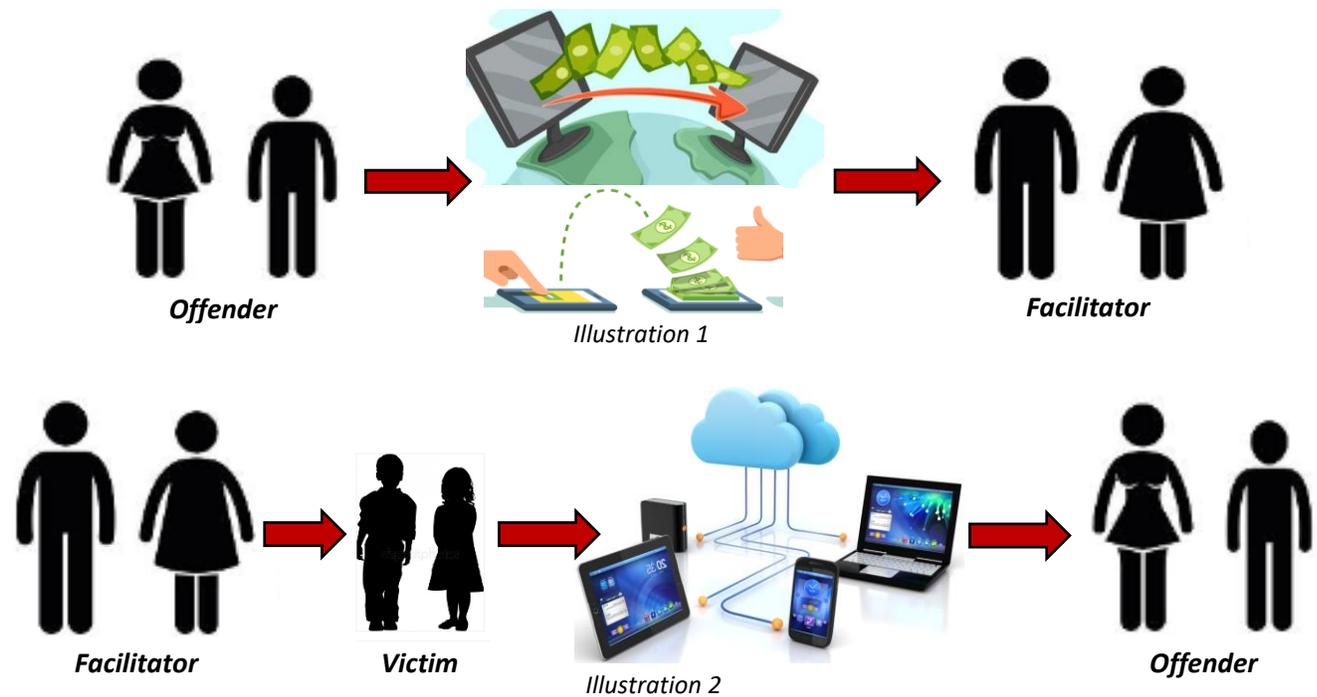
Cebu is a metropolitan city located in the Central Visayas region. Despite efforts of authorities of going after operators of online cyber-pornography, online child exploitation continues to be rampant in Cebu, especially in the outskirts of the province, primarily due to Internet accessibility.<sup>6</sup> Cebu is also among the top 10 locations that receive international remittances.

<sup>6</sup> <https://rappler.com/nation/online-child-exploitation-rampant-cebu>

Other top location-beneficiaries of domestic remittances for child pornography are Samar and Leyte in Visayas; Lanao del Norte in Mindanao; and Bulacan, Pampanga, Cavite, Abra, and Quezon in Luzon. Said provinces in Luzon, except for Abra, were also identified as top destinations for international remittances associated with child pornography. Quezon City and Caloocan City in the NCR are also among the hot-spot beneficiaries for cross-border child pornographic activities.

**Modus operandi**

Offenders viewing live sexual exploitation of children via webcam generally gain access through intermediaries or facilitators, who are usually the child’s relative or a community member and who force the child to engage in child pornography. Appointments are made via chat, e-mail, or phone. The parties involved will agree on a price, paid usually through common legitimate payment services. Amounts paid are generally small to prevent raising suspicion. Illustrations below, which were lifted from the first study, show the modus operandi in child pornography:



An “offender” in another country would engage with a “facilitator” online and agree on a price (Illustration 1). The offender will transfer an agreed amount of money to the facilitator (Illustration 1), who will then broadcast the CSAE material to the offender (Illustration 2).<sup>7</sup>

### Categories of modus operandi

The first study cites that the exploratory study about the nature and extent of livestream sexual abuse in the Philippines in 2013 found three (3) main categories according to scale of operation:<sup>8</sup> (1) individual operations, (2) family-run operations; and (3) large-scale operations.

- **Individual operations** are run from private homes, Internet cafes, or “Pisonet” (computers that will provide Internet access for five (5) minutes for PhP1). Children involved in online sexual abuse are also commonly involved in street prostitution.
- **Family-run operations** are common in very crowded and poor neighborhoods where children are coerced by parents and other family members.
- **Large-scale operations** may involve whole neighborhoods where children are hired or trafficked. But majority of the operations are family-run wherein the traffickers are mostly relatives and friends of the trafficked person.

Figure F below shows the categories of modus operandi based on the narrative of the STRs:

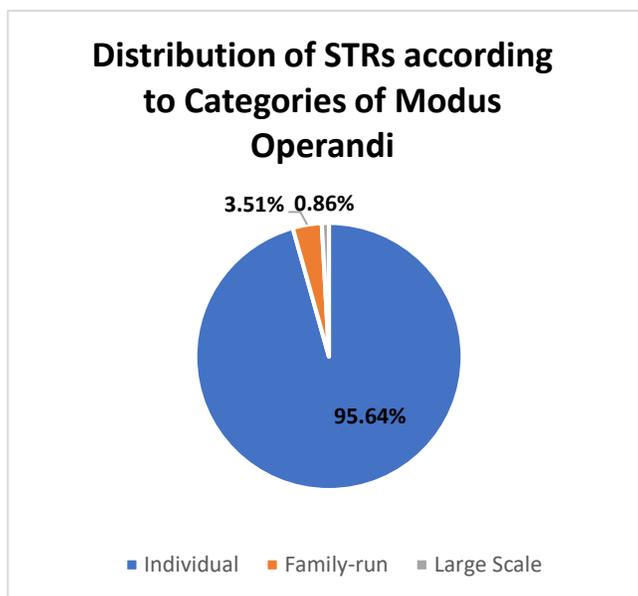


Figure K

<sup>7</sup> Based on the Fintel Alliance - Combating Child Exploitation Fact Sheet provided by AUSTRAC

<sup>8</sup> <http://upcm.ph/wp-content/uploads/2018/09/AMP-Vol52-No4-HP2-OA-03-Sexual-Exploitation.pdf>.)

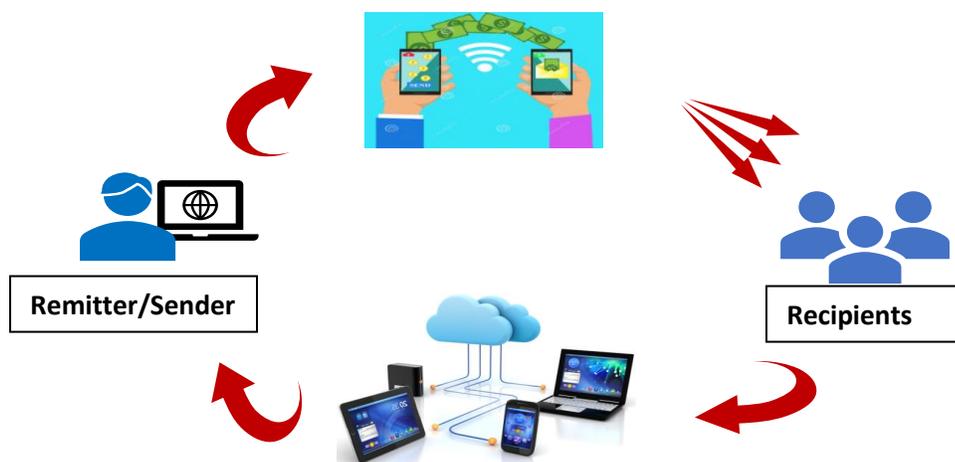
Most of the STRs, accounting for 95.64%, were filed for single individuals who received multiple remittances from several senders, both internationally and locally. The said individuals could possibly be the facilitators or the minor victims<sup>9</sup> themselves. However, it cannot be ascertained that the family members of said individuals are not engaged in child sexual exploitation activities or whether the subjects are not part of any organized crime groups or syndicates (e.g. the sender also sends remittances to other several Filipino individuals) because the information was limited only to that disclosed in the STRs.

More so, 3.51% of the total STRs explicitly identified family members who received multiple remittances from same senders. The recipient could possibly be engaged in family-run operations. It was also observed that 0.86% of the STRs filed identify possible large scale-operations due to its wide operations and accessibility to the public such as social media accounts that advertise and sell pornographic videos of minors; group of beneficiaries that are not related but are identified living within the same vicinity; individuals arrested for operating cybersex dens; individuals who receive remittances from legal entities abroad; and group of Filipino individuals who are identified to be exchanging funds related to child pornography. However, it cannot be established if the possible large scale-operations are part of organized networks and syndicates. It is still not clear to what extent organized crime groups and syndicates are involved in online sexual exploitation of children. The lack of large profits could be the reason why wide-scale involvement of organized crime groups and syndicates is limited.

Typologies and Indicators (Remitters)

**INTERNATIONAL REMITTANCES**

From the extracted STRs, the following typologies and indicators were gathered. These typologies and indicators illustrate the patterns of financial transactions concerning child pornography and may assist the financial institutions, LEAs in detecting and identifying suspicious financial transactions possibly linked with child pornography.



<sup>9</sup> Minors who are teenagers.

## Case Typology 1

Mr. S with address located in country N had remitted a total of PHP 2,425,088.06 via an MSB to seven individuals in the country with amounts ranging from PHP 1,947.00 to PHP 14,740.00. The declared purpose of transactions was for gift, budget and allotment to his supposed fiancé/wife/girlfriend. Female beneficiaries of remittances sent by Mr. S were also identified. Mr. S is suspected to be engaged in trafficking of children and livestreaming in the Philippines.

There was a total of one hundred 138 STRs involving Mr. S and the following indicators are present in all the STRs:

- Male sender from a western country
- Sender makes relatively low-value international or domestic remittances to a large number of beneficiaries with unjustified purpose and unknown relationship, mostly non-familial senders
- Association with human trafficking
- Wire transfers / Use of MSBs and banks

## Case Typology 2

Mr. T is 71 years of age, a resident of country A is allegedly engaged in flower shop business. He remitted funds ranging from PHP 700.00 to PHP 5,500.00 to forty-one (41) recipients, including minors, some of whom are family members. An inconsistency on the declared purpose of the remittances was noted. In the remittance forms, Mr. T declared that the remittances he has been sending are “gifts” to his supposed “friends”. However, the recipients declared that the remittances they received are either for their allowances, business and miscellaneous fees from their “friend” and/or “uncle”.

Mr. T has been the subject in thirty-four (34) STRs with the following indicators of child pornography or OSEC:

- Sender is an elderly male foreigner from a western country characterized as high risk for child pornography
- Sender has multiple remittances to various individuals including minors located in hotspots for child pornography in the Philippines, mostly rural and depressed areas
- Wire Transfers / Use of MSBs
- Sender has relatively low-value international remittances to a large number of beneficiaries with unjustified purpose and relationship, mostly non-familial senders

### Case Typology 3

In November 20xx, the Financial Intelligence Unit A (FIU A) launched a legal action against Bank W for over 23 million alleged breaches. Bank W failed to carry out appropriate customer due diligence on transactions to Country P and Region S which are high risk jurisdictions for potential child sexual exploitation. The news reports triggered CPs to check any transactions involving Bank W.

The common indicators present in the STRs include: male foreign senders from Country B, a known country high risk for child pornography; most of the recipients are students with no apparent familial relationship with the sender and the declared purpose of remittances are for allowances and tuition fee, the recipients are located in hotspots for child pornography in the Philippines (City A, M, I and province C) and there is an increase in the volume and amount of transactions overtime of the offenders as well as the facilitators.

It was further observed that there were high value remittances from foreign companies in other countries that seem to have no legal business relationship with the recipients. The following indicators/typologies appear to deviate from that common for child pornography that may pose an indication of a large-scale syndicate involving child exploitation:

- Foreign entities sending high value remittances to female recipients in the Philippines with no legal or economic justification and has unknown business dealings
- The true relationship or dealings between the client and the remitters cannot be verified
- The amounts received by reporting institution's client and volume of transactions showed inconsistency with the declared monthly remittance.
- The remittances received were not aligned with the reporting institution's client's declared profile

In the first study, among the three main categories of OSEC according to scale of operation, only individual and family run operations were observed. Now, as a consequence of the Bank W case, there were identified deviations from the common indicators/typologies involving child exploitation that might possibly be related to a large-scale syndicate operation.

## **DOMESTIC REMITTANCES**

### **Case Typology 4**

Ms. M, a Filipino residing in province M., has been sending 248 domestic remittances ranging from PHP 300.00 to PHP 20,000.00 to various recipients from 2013 to 2019.

Ms. M is one of the recipients of funds from an American national who was arrested in February 20xx in City A for child pornography. All two hundred forty-eight (248) STRs involving Ms. M were submitted based on the news article on the arrest of the aforesaid American national. The following indicators are present in the STRs:

- Sender has transactions with an identified suspect for human trafficking who is under investigation for child exploitation.
- The amounts of the remittances are relatively low and below the reporting threshold
- Remittances were made mostly through international and domestic MSBs
- Sender made multiple remittances to different Filipino recipients located in hotspots for child pornography in the Philippines, mostly rural and depressed areas

### **Case Typology 5**

Internet search on Mr. T disclosed several news articles about his arrest in 2019. Mr. T was tagged as Country E's most wanted online sex offender. Mr. T was arrested in Barangay L, City C City and his arrest was considered as one of the biggest accomplishments of a coordinating body in the Philippines consisting of local and international law enforcement agencies against OSEC since its establishment. Eight (8) months after his arrest, he was sentenced to 20 years in prison for sexually abusing children and ordered to pay PHP 2 million in fines.

Mr. T remitted a total of PHP 248,500.00 with amounts ranging from PHP 1,000.00 to PHP 12,000.00 via a money service business to a sole beneficiary, her sister Ms. C of City I, Province L.

All the 107 STRs were filed based on the news articles regarding his arrest in 2019. The following indicators are present in the STRs:

- Remittances were made mostly through domestic MSBs
- Multiple and irregular payments or transactions in a month including same day payments
- The amounts of the remittances are relatively low and below the reporting threshold

## Case Typology 6

Mr. W, a national of Country C and residing in province P in the Philippines, made multiple remittances ranging from PHP 900.00 to PP 7,000.00 with total amount of PHP 131,900.00, to different Filipino recipients, both male and female. The remittances are supposedly “gifts” to his “friends”.

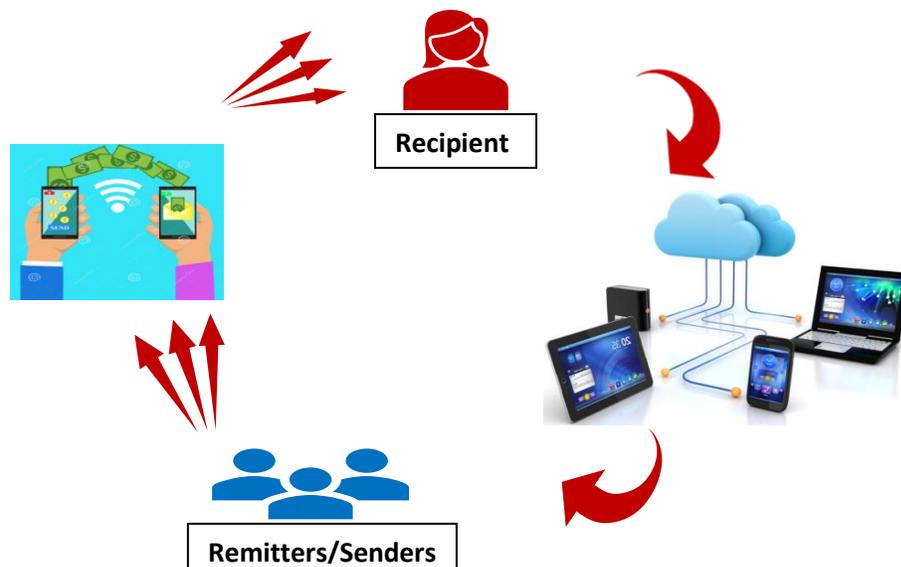
Thirty-seven (37) STRs were filed against Mr. W based on the internal investigation conducted by the reporting covered person(s) with the following indicators:

- Foreign national currently residing in the Philippines
- Remittances to individuals residing in the same geographic location as the remitter whose relationship/s with recipient is unknown
- Sender is sending multiple remittances to different Filipino recipients located in hotspots for child pornography in the Philippines, mostly rural and depressed areas
- Swift or abrupt increase in the volume and amount of transactions overtime of the offenders as well as the facilitators

### Typologies and Indicators (Beneficiaries)

#### INTERNATIONAL REMITTANCES

The following typologies and indicators illustrate how the patterns of financial transactions associated with child pornography are carried out in various ways.



### **Case Typology 7**

Ms. A with address in City L received a total of PHP 2,363,253.31 mostly from Mr. S of Country N. The remittances ranged from PHP 252.00 to PHP 56,269.00 during the period from 2015 to June 2020. All the 122 STRs involving Ms. A were filed based on the inquiry from the AMLC associating her with online sexual exploitation of children. The following indicators are present in all the STRs:

- Beneficiary is self-employed engaged in multi-level marketing
- Beneficiary receives multiple international remittances from a foreign national who appeared to have multiple send transactions to different Filipino individuals
- Beneficiary is transacting with individuals who are known to be sex offenders from another country
- Beneficiary is under investigation by law enforcement authorities for being a suspected facilitator of online sexual exploitation of children
- Beneficiary claimed remittances at least four times a month or at least twice a week from same MSB
- Purpose or details of transactions is mainly for gift

### **Case Typology 8**

Ms. C resides in City M, ranked second in terms of volume of STRs associated with child pornography with a total of 160 STRs. Ms. C received international remittances from male foreign nationals with whom she has no apparent familial relationship. It is learned that the foreign senders are also remitting to her alleged sisters and that one of her senders is an identified human trafficker. The remittances ranged from PHP 233.00 to PHP 7,566.78. The following indicators are present in all the 160 STRs:

- Beneficiaries are related to each other as family members or who have received remittances from same senders.
- Receiving multiple international remittances from a foreign national who appeared to have multiple send transactions to different Filipino individuals.
- Beneficiary is transacting with individuals who are known to be sex offenders from another country.
- Beneficiary has transactions with identified suspects for human trafficking who are subjects of investigation for child exploitation
- Relationships of the beneficiaries and senders are not properly identified.
- Remittances were made mostly through international and domestic MSBs.

## **DOMESTIC REMITTANCES**

### **Case Typology 9**

Ms. S, 52 years of age and residing in province Q received domestic remittances totaling PHP 150,500 with amounts ranging from PHP 500.00 to PHP 11,000.00. Most of the remittances allegedly came from her daughter and some of the common senders were identified as her relatives.

All the 41 STRs filed relating Ms. S were based on an inquiry from the AMLC associating her with cybersex and child pornography.

The following indicators are present in all the STRs:

- Beneficiary is unemployed and relies on remittances as source of income
- Beneficiary is under investigation by law enforcement agencies for being a suspected facilitator of online sexual exploitation of children
- Wire Transfers / Use of MSBs
- Remittances from male/female in the Philippines with whom the subject has unknown relationship/s

### **Case Typology 10**

Ms. P is the sister of Ms. T, Country E's most wanted online sex offender. Ms. P is also known as Rahelli in the dark web. The following indicators were present in all the 107 STRs filed involving Ms. P:

- The amounts of the remittances are relatively low and below the reporting threshold
- Remittances were made mostly through domestic MSBs
- Perez receives multiple remittances from same sender
- Perez is under investigation by law enforcement agencies for being a suspected facilitator of online sexual exploitation of children
- Remittances originated from arrested individuals suspected of child pornography.

### Age Range of Suspected Facilitators

The STRs received by the AMLC include the dates of birth of the beneficiaries (or suspected facilitators). The chart below illustrates the distribution of the age of suspected facilitators. Multiple transactions of a single beneficiary are treated as one before producing the chart below.

It is evident that majority of the suspected facilitators, based on the STRs from 2019 to first semester of 2020, or about 72%, belong to the age range between 20 and 40. About 43% of that majority are early young adults (age 20 to 30). This observation was also noted in the 2019 study where about 70 % belong to the age range between 20 and 40 and about 45% of that majority are early young adults (age 20 to 30).

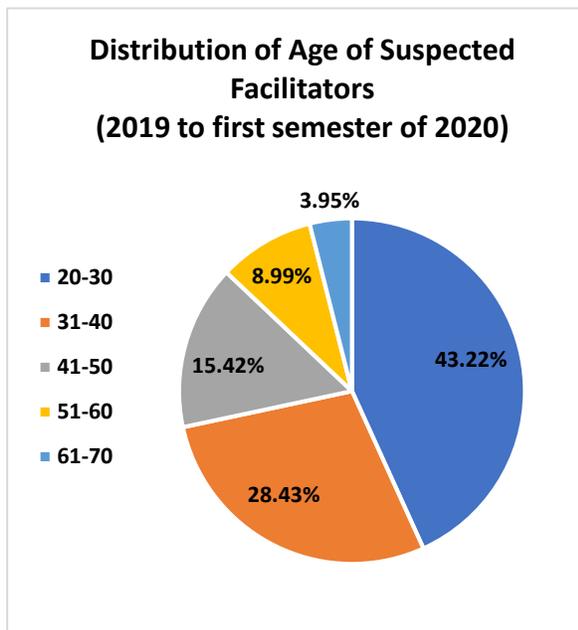


Figure L

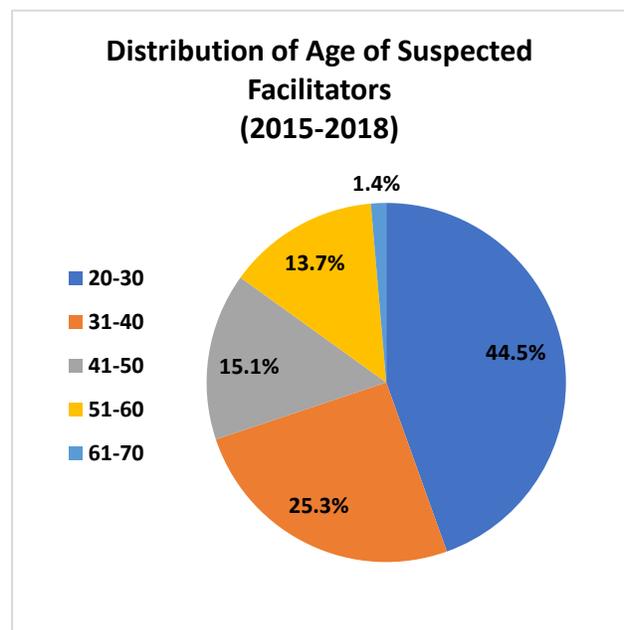


Figure M

### Value Range of the Funds Received by Suspected Facilitators

One of the common financial indicators and suspicious triggers in child pornography is that the remitter, usually a male from a western country or the Middle East, conducts low-dollar (\$100 and below) transactions with multiple non-familial counterparties located in the Philippines and/or other Asian Pacific nations.

Based on this indicator, the amounts involved are usually low in value, particularly \$100 and below (PHP 5,000.00 and below). Figures P and Q attest to this illustrating that majority (about 74%) of the amounts involved in the crime of child pornography, particularly online sexual exploitation of children, are in the range of PHP 5,000.00 and below.

Range of remittances	2015 to 2018	2019 to 1st semester of 2020	Increase (decrease)
Below PHP 1,000	25.8%	10.97%	(15%)
PHP 1,001 to PHP 3,000	32.6%	41.83%	9%
PHP 3,001 to PHP 5,000	16.2%	21.06%	5%
PHP 5,001 to PHP 10,000	14.9%	21.58%	7%

It was observed that there was significant increase (about 9%) in amounts of transactions ranging from PHP 1,001 to PHP 3,000, and increases in PHP 3,001 to PHP 5,000 (about 5%) and PHP 5,001 to PHP 10,000 (about 7%) that led to significant decrease of about 15% in the amounts of transactions in the PHP 1,000 and below range. This would indicate increase in demand for child sexual exploitation materials which could be the driving factor for the increase in prices.

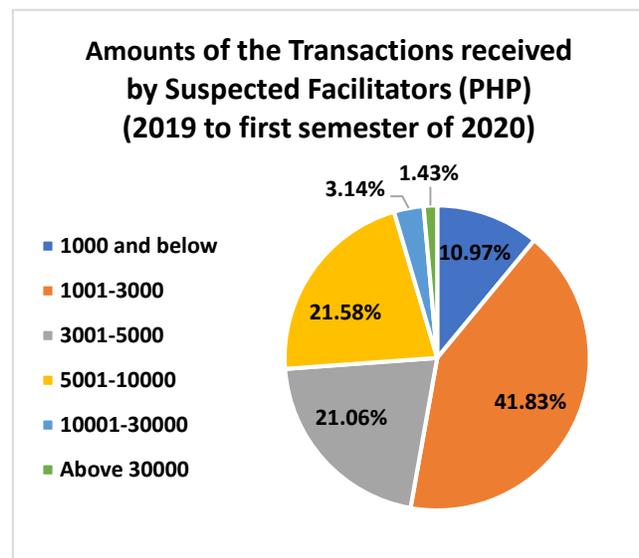


Figure N

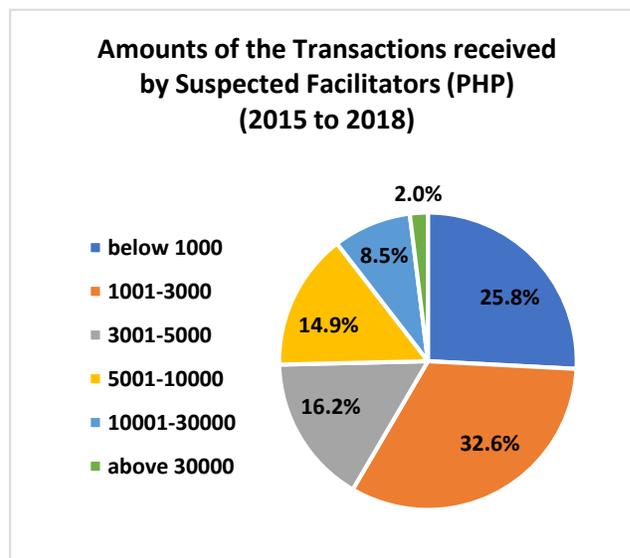


Figure O

## Conclusion

This post-study shows that CPs became proactive in reporting STRs as a result of their awareness of activities related to child pornography. This awareness of the CPs has resulted in the significant increase in STR submissions. The MSBs remained as top channel of the proceeds of the crime of child pornography. New trends, however, were identified, such as the use of EMIs and VCEs in moving funds intended for child pornography. It was also identified that sharing typologies, indicators, and POIs related to child pornography with the private sector is effective in identifying payments related to child pornography.

The report also revealed a possible existence of organized crime groups and syndicates involved in child exploitation activities due to multiple links between senders and beneficiaries. Child pornography in the Philippines is predominantly cross-border in nature, but localized setting is also evident because of the domestic remittances related to child pornography. It was also noted that some of the top-sending countries identified in the first study remain to be in the top 20 sending countries based on the 01 January 2019 to 30 June 2020 STR data. As to beneficiary-locations, Pampanga was identified as the top recipient location for international remittances related to child pornography, both as to volume and value of STRs while Cebu was recognized as the top beneficiary location for domestic remittances associated in the crime of child pornography.

An increase in consideration paid for CSAE materials was also noted in this study. In terms of the age of facilitators, majority of them still belong to ages between 20 and 40. Also, new indicators to child pornography were identified such as financial transactions of foreign nationals who are currently residing in the Philippines performing unlawful acts and have been sending domestic remittances to individuals residing in the same or nearby the sender's place of residency; and beneficiaries of some remittances were identified as minors or students.

## Estimative language

Certain words are used in this assessment to convey confidence and analytical judgement regarding the probability of a development or event occurring. Judgements are often based on incomplete or fragmentary information and are not fact, proof or knowledge. The figure below describes the relationship of the terms to each other.

