

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City

SEVENTEENTH (17<sup>th</sup>) CONGRESS  
First Regular Session



**House Bill No. 4324**

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Introduced by REPRESENTATIVE ERIC L. OLIVAREZ

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**EXPLANATORY NOTE**

Last October of 2014, an incident with the PCSO and a man claiming he won the 12 million jackpot prize on LOTTO sparked and made headlines. The incident was considered novel or first of its kind.

Antonio Failon Mendoza of Calaca, Batangas claimed that he won P12 million in the October 2 draw. However, his daughter allegedly used a flat iron on the crumpled ticket with the honest intention of storing the paper to its previous smoothed-out condition. She did so because of the fear that the crumpled ticket might not be readable in the PCSO machine. However, upon ironing the said paper, a big part of the ticket print got erased because of the incident, making it useless and impossible to read by the PCSO's machine after all.

The paper where the winning numbers of Mr. Mendoza was printed on was a thermal paper, just like all the other LOTTO tickets produced by the PCSO. Hence when the paper was exposed to heat, the same easily changed its color and made most of the alleged winning numbers unreadable.

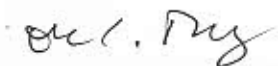
Nonetheless, the authorized personnel from the lotto outlet where MR. Mendoza purchased his lotto ticket testified that the latter's claim was legitimate and the winning numbers drawn by PCSO on October 02, 2014 indeed corresponded to the numbers of Mr. Mendoza. Despite the comprehensive investigation on his claim, Mr. Mendoza was not able to claim his 12-million peso prize from the PCSO.

Using thermal paper to print lotto tickets may not be a very wise idea after all. It is well known to the commercial industry that one of the significant disadvantages of thermal paper is the fact that the same is not durable. It is not therefore advisable to use thermal paper for documents that are supposed to last for a while and this makes for a bad record-keeping. Another disadvantage of using thermal paper is when the documents printed thereon accidentally get exposed to some heat. The whole document changes color and like in most cases it darkens to a point where nothing can be seen. This is exactly what happened in the case of Mr. Mendoza.

Now, the instant bill is drafted to avoid the happening of such unfortunate incidents in the future and to remedy the exact situation which Mr. Mendoza had to go through. In other words, to significantly reduce the risk of ticket spoilage (having unreadable numbers on a lotto ticket), this bill seeks to require PCSO to change the kind of paper it uses to print out lotto tickets. Instead of using a thermal paper which is easily obscured by mere scratches or exposure even to a low level of heat, the PCSO will now have to print the tickets on a non-thermal paper, any recyclable paper or any kind of a more durable paper which ensures that the printings thereon cannot be easily erased or obscured by simple scratches and crumples, and can withstand reasonable amount of heat as well. In this way, the winning person like Mr. Mendoza will have a better protection from ticket spoilage and will have a better chance of claiming his prize.

It must be noted that most of the people joining the lottery and purchasing lotto tickets are from the lower class to lower middle class of our society. Most of these people did not have education and therefore they cannot be reasonably expected to know or be aware that a lotto ticket is printed on a thermal paper, much less can we expect them to know what they must not do to the said ticket considering its nature. These people joining the lottery use their hard-earned money hoping for even the slightest chance to change their lives and escape poverty. They must be given the fairest opportunity to win and claim their prize upon winning and this bill definitely contributes to the attainment of such purpose.

It is only for this reason that the approval of this bill is being sought.

  
**ERIC L. OLIVAREZ**

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House Bill No. \_\_\_\_\_

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**AN ACT REQUIRING THE PHILIPPINE CHARITY  
SWEEPSTAKES OFFICE (PCSO) TO PRINT THE LOTTO  
TICKETS ON A NON-THERMAL PAPER OR ANY KIND OF  
RECYCLABLE PAPER WHICH ENSURES THAT THE PRINTINGS  
THEREON CANNOT BE EASILY ERASED OR OBSCURED BY  
SIMPLE SCRATCHES AND CRUMPLES, AND CAN  
WITHSTAND REASONABLE HEAT, THEREBY REDUCING THE  
POSSIBILITY OF TICKET SPOILAGE.**

**Section 1. Short Title.** This Act shall be known as the  
PCSO Lottery Paper Act of 2016.

**Section 2. Coverage.** This Act shall cover all kinds of  
lottery or similar games being operated/implemented now and in  
the future by PCSO in the Philippines nationwide, provided that  
the said lottery or game involves tickets which the public have to  
purchase, and present upon winning.

### ***Section 3. Definition of Terms.***

***Lottery*** - a means of raising money by selling numbered tickets and giving prizes to the holders of numbers drawn at random.

***Thermal paper*** - a special fine paper that is coated with a chemical that changes color when exposed to heat. It is used in thermal printers and particularly in inexpensive or lightweight devices such as adding machines, cash registers, credit card terminals, and lottery tickets.

***Recyclable Paper*** - for purposes of this Act, the term recyclable paper is a paper that is reconstituted into paper again. The best paper to be using is 100% post-consumer recycled paper that is made from paper scrap that can, no longer be used for its intended purpose by the consumer, which is reprocessed into paper again. This paper is collected from offices, households and industry by local councils and scrap paper merchants.

***Durable and heat-resistant paper*** - for purposes of this Act, the term heat-resistant paper pertains only to kinds of paper which do not get the printing thereon easily erasable despite being scratched, crumpled, dampened, or exposed to a reasonable amount of heat. This however does not mean that the paper itself must be totally indestructible or fire-durable.

**Section 4. Lottery Tickets must be printed on a non-thermal paper, any recyclable paper or any durable and heat-resistant paper.** The PCSO shall print the tickets used in any lottery or similar games operated by the said office/agency in the country, on a non-thermal paper, any recyclable paper or any kind of durable and heat-resistant paper which ensures that the printings thereon cannot be easily erased or obscured by simple scratches and crumples, and can withstand reasonable heat.

**Section 5. Period of Compliance.** The PCSO shall comply with the requirements and provisions of this Act within three (3) months from the effectivity of this Act.

**Section 6.** The procurement process of raw materials (i.e. new non thermal papers, any recycle paper and/or durable, heat resistant papers) needed for compliance with this Act shall be in accordance with the existing rules and procedures for the old papers being used by PCSO before the effectivity of this Act.

**Section 7. Implementing Rules and Regulations.** The Philippine Charity Sweepstakes Office (PCSO) with the approval of the Office of the President shall promulgate the Implementing Rules and Regulations to carry out the provisions of this Act. Such rules and regulations shall take effect upon their publication in three (3) newspapers of general circulation.

**Section 8. Repealing Clause.** – All laws, presidential decrees, letters of instructions, executive orders, rules and regulations insofar as they are inconsistent with this Act, are hereby repealed or amended as the case may be.

**Section 9. *Separability Clause.*** – In the event that any provision of this Act or any portion thereof is declared unconstitutional by a competent court, the other provisions shall not be affected thereby and shall remain valid and enforceable.

**Section 10. *Effectivity Clause.*** – This Act shall take effect after its complete publication in at least three (3) newspapers of general circulation.

**APPROVED.**