

SEVENTEENTH CONGRESS OF THE REPUBLIC}
OF THE PHILIPPINES }
First Regular Session }



17 MAY 24 P 2:00

SENATE
Senate Bill No. 1471

RECEIVED BY:

Introduced by SENATOR LACSON

**AN ACT
AMENDING PRESIDENTIAL DECREE NO. 1869 AS AMENDED BY
REPUBLIC ACT NO. 9487, OTHERWISE KNOWN AS
THE PAGCOR CHARTER**

EXPLANATORY NOTE

The Philippine Amusement and Gaming Corporation (PAGCOR) was created on January 1, 1977 under Presidential Decree (P.D.) No. 1067-A to operate and regulate all games of chance not otherwise permitted by other laws. Realizing that the supervision and management of all games of chance can only be effectively exercised if the operation and conduct of such games is operated by or thru a government-owned-and-controlled corporation and fully aware of its potential as a revenue source, President Marcos on the same day issued P.D. No. 1067-B granting PAGCOR a twenty-five (25) year franchise to operate and maintain gambling casinos. Said enabling laws and its amendments were later consolidated under P.D. 1869 in 1983.

On June 20, 2007, Republic Act (R.A.) No. 9487 amended P.D. No. 1869 by extending PAGCOR's franchise by twenty-five (25) years after July 11, 2008, renewable for another twenty-five (25) years, while also expanding and circumscribing its corporate powers.

By virtue of the foregoing, PAGCOR has a dual role: regulate and operate gambling casinos.

The proposed measure aims to address the impelling issues that arise from these conflicting roles. In order to promote a level-playing field in the gambling industry and avoid conflict of interests, PAGCOR should cede its role as operator of all gambling and gaming activities. Through such manner, it can focus and put premium to its regulatory authority, which is its governmental role.

Hence, all existing PAGCOR casinos, within one (1) year from the effectivity of this Act, shall be privatized. The proceeds from the sale of its assets shall be remitted to the Bureau of Treasury for appropriation by Congress.

The proposed legislation also seeks to erase doubts on the authority of PAGCOR to regulate newly-conceived and developed gaming and gambling activities, premises, and technologies (i.e. online or internet gaming websites).

This bill shall provide unequivocal regulatory authority to PAGCOR, and revitalize the operation of gaming corporations for the effective generation of funds, which will benefit the implementation of our priority programs. Hence, approval and passage of this measure the earliest possible time is earnestly requested.



PANFILO M. LACSON
Senator

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REPUBLIC ACT NO. 9487, OTHERWISE KNOWN AS
THE PAGCOR CHARTER**

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress Assembled:*

1 **SECTION 1.** – Section 1, Title 1 of Presidential Decree No. 1869 is hereby
2 amended to read as follows:

3

4 *Section 1. – Declaration of Policy.* It is hereby declared to be the
5 policy of the State to centralize and integrate all games of chance, GAMES
6 OF CARDS AND GAMES OF NUMBERS not heretofore authorized by
7 existing franchises, licenses or otherwise permitted by law in order to attain
8 the following objectives:

9

10 (a) To centralize, CONSOLIDATE and integrate the right and authority to
11 operate and conduct REGULATE AND LICENSE THE EFFICIENT
12 OPERATION AND CONDUCT OF ALL games of chance, GAMES OF
13 CARDS AND GAMES OF NUMBERS into one corporate entity to be
14 controlled, administered and supervised by the Government;

15

16 (b) [To establish and operate clubs and casinos, for amusement and
17 recreation, including sports gaming pools (basketball, football, lotteries,
18 etc.) and such other forms of amusement and recreation including games of
19 chance, which may be allowed by law within the territorial jurisdiction of
20 the Philippines and which will: (1) generate sources of additional revenue to
21 fund infrastructure and socio-civic projects, such as flood control programs,

1 beautification, sewerage and sewage projects, Tulungan ng Bayan Centers,
2 Nutritional Programs, Population Control and such other essential public
3 services; (2) create recreation and integrated facilities which will expand
4 and improve the country's existing tourist attractions; and (3) minimize, if
5 not totally eradicate, the evils, malpractices and corruptions that are
6 normally prevalent in the conduct and operation of gambling clubs and
7 casinos without direct government involvement.]

8

9 TO SERVE AS THE FRAMEWORK FOR OPERATING,
10 AUTHORIZING, LICENSING, AND REGULATING GAMBLING AND
11 GAMING WITHIN THE TERRITORIAL JURISDICTION OF THE
12 REPUBLIC OF THE PHILIPPINES;

13

14 (c) TO ENSURE THAT GAMBLING AND GAMING ARE
15 UNDERTAKEN IN A SOCIALLY RESPONSIBLE MANNER;

16

17 (d) TO ENSURE THAT GAMBLING AND GAMING ARE
18 UNDERTAKEN IN THE BEST INTERESTS OF THE PUBLIC, AND TO
19 MINIMIZE THE OPPORTUNITIES THAT GIVE RISE TO PROBLEM
20 GAMBLING, CRIME, CORRUPTION, MALPRACTICES AND SOCIAL
21 DISRUPTION;

22

23 (e) TO ENSURE THE PROTECTION OF VULNERABLE PERSONS,
24 SUCH AS MINORS AND PROBLEM GAMBLERS, FROM RISKS TO
25 THEIR WELL-BEING ARISING FROM GAMBLING OR GAMING;

26

27 (f) TO ENSURE THAT GAMBLING AND GAMING WILL NOT BE
28 USED FOR CRIMINAL OR ILLEGAL ACTIVITY;

29

30 (g) EXPAND AND IMPROVE THE COUNTRY'S TOURIST
31 ATTRACTIONS BY ESTABLISHING RECREATION AND
32 INTEGRATED FACILITIES; AND,

33

34 (h) TO LICENSE GAMBLING CASINOS, GAMING CLUBS, LEISURE
35 RESORTS AND OTHER SIMILAR RECREATION OR AMUSEMENT
36 PLACES, SPORTS BOOKS, GAMING POOLS, STUDIOS, ONLINE OR
37 INTERNET GAMING WEBSITES AND ALL OTHER FORMS OF

1 GAMING PREMISES OFFERING ALL FORMS OF GAMING OR
2 GAMBLING ACTIVITIES, EXISTING OR NEWLY CONCEIVED
3 WITHIN THE TERRITORIAL JURISDICTION OF THE PHILIPPINES.

5 **SECTION 2.** - Section 2, Title II of Presidential Decree No. 1869 is hereby
6 amended to read as follows:

7 *Section 2. Creation and Purpose* - To implement this state policy
8 and pursue the objectives set forth in the preceding section, there is hereby
9 created a body corporate to be known as the Philippine Amusement and
10 Gaming Corporation, hereinafter referred to as the "Corporation", which
11 shall have its principal office in Metropolitan Manila. The Corporation may
12 establish such offices, agencies, subsidiaries, or branches in the Philippines
13 as its operations would require and its Board of Directors may determine.

14 THE CORPORATION IS HEREBY GIVEN THE AUTHORITY TO:

16 (a) OPERATE, LICENSE AND REGULATE GAMBLING CASINOS,
17 GAMING CLUBS AND OTHER SIMILAR RECREATION OR
18 AMUSEMENT PLACES, GAMING POOLS AND SPORTS-BOOKS;

20 (b) OPERATE, LICENSE AND REGULATE GAMING INCLUDING
21 ONLINE/INTERNET GAMING WHETHER ON LAND, WATER OR
22 AIR AUTHORIZED BY THIS ACT OR REGULATIONS; AND

24 (c) REGISTER, LICENSE, AND REGULATE ALLIED BUSINESSES
25 AUTHORIZED BY THIS ACT OR REGULATIONS.

27 **SECTION 3.** Section 6, Title II of Presidential Decree No. 1869 is hereby
28 amended to read as follows:

30 *Section 6. – Board of Directors.* The Corporation shall CONTINUE
31 TO be governed and its activities directed, controlled, and managed by its
32 Board of Directors composed of five (5) members, [three (3) of whom shall
33 come from the Government sector and shall be appointed by the President,
34 while the other two (2) shall be from the private sector, [who own at least
35 one (1) share of stock in the Corporation and who shall be elected by the
36 stockholders of the corporation in the annual general meeting or in a special

1 meeting called for such purpose] TO BE APPOINTED BY THE
2 PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES.

3

4 Each Director shall serve for a term of one (1) year and until
5 his/HER successor shall have been duly appointed and qualified.

6

7 **SECTION 4.** - Section 7, Title II of Presidential Decree No. 1869 is hereby
8 amended to read as follows:

9 *Section 7. – Powers, Functions and Duties of the Board of*
10 *Directors.* – The Board shall have the following powers, functions, and
11 duties:

12

13 a) To allocate and distribute, with the approval of the Office of the
14 President of the Philippines, the earnings of the Corporation earmarked to
15 finance [infrastructure and socio-civic projects] SOCIO-ECONOMIC
16 DEVELOPMENT PROJECTS;

17

18 b) To designate the commercial bank that shall act as the depository bank
19 of the Corporation and/or trustee of the funds of the Corporation;

20

21 c) To prepare and approve at the beginning of each calendar year the
22 budget that may be necessary under any franchise granted to it, to insure
23 the smooth operation of the Corporation; and to evaluate and approve
24 budgets submitted to it by other corporations or entities with which it
25 might have any existing contractual arrangement;

26

27 d) To submit to the Office of the President of the Philippines before the
28 end of February each year a list of all the [infrastructure and/or socio-
29 civic] SOCIO-ECONOMIC DEVELOPMENT PROJECTS that have been
30 financed from the Corporation's earnings, and to submit periodic or other
31 reports as may be required of it from time to time; and

32

33 e) TO PROMULGATE PERSONNEL POLICIES WITH THE
34 APPROVAL OF THE OFFICE OF THE PRESIDENT; AND,

1 f) To perform such other powers, functions and duties as may be directed
2 and authorized by the President of the Philippines or as may be necessary
3 or proper for the accomplishment of its purposes and objectives.

5 **SECTION 5.** - Section 10, Title IV of Presidential Decree No. 1869, as
6 amended by Republic Act 9487, is hereby further amended to read as follows:

8 *Section 10. Nature and Term of Franchise.* – Subject to the terms
9 and conditions established in this Decree, the Corporation is hereby
10 granted [from the expiration of its original term on July 11, 2008 another
11 period of twenty-five years, renewable for another twenty-five years,]
12 FOR PERIOD OF TWENTY-FIVE (25) YEARS, RENEWABLE FOR
13 ANOTHER TWENTY FIVE (25) YEARS THE rights and privileges and
14 authority to operate, [and] license AND REGULATE gambling casinos,
15 gaming clubs, [and other similar recreation or amusement places, gaming
16 pools, i.e. basketball, football, bingo, etc. except jai-alai] LEISURE
17 RESORTS AND OTHER SIMILAR RECREATION OR AMUSEMENT
18 PLACES, SPORTS BOOKS, GAMING POOLS, STUDIOS, ONLINE
19 OR INTERNET GAMING WEBSITES AND ALL OTHER FORMS OF
20 GAMING PREMISES OFFERING ALL FORMS OF GAMING OR
21 GAMBLING ACTIVITIES, EXISTING OR NEWLY-CONCEIVED,
22 whether on land, sea or air within the territorial jurisdiction of the
23 Philippines. THE FOREGOING SHALL BE WITHOUT LIMITATION
24 AS TO THE TECHNOLOGY UTILIZED IN PRODUCING OR
25 PLAYING SUCH FORMS OF GAMBLING OR GAMING. Provided,
26 That the corporation AND THE LICENSEE shall obtain the consent of the
27 local government unit that has territorial jurisdiction over the area chosen
28 as the site for any of [its] THE gaming operations OF THE LICENSEE.
29 THE PRESIDENT SHALL PROMULGATE THE NECESSARY RULES
30 FOR OBTAINING THE CONSENT OF THE LGU.

32 WHEN THE GAMING PREMISES ARE LOCATED INSIDE
33 ECONOMIC ZONES, THE ENDORSEMENT FROM THE ECONOMIC
34 ZONE AUTHORITY SHALL BE IN LIEU OF THE CONSENT OF THE
35 LGU. THE RULES IN OBTAINING THE ENDORSEMENT OF
36 ECONOMIC ZONES AUTHORITY SHALL FOLLOW THE RULES IN

1 OBTAINING THE CONSENT OF THE LGU AS FAR AS
2 APPLICABLE.

3

4 The operation of slot machines and other gambling paraphernalia
5 and equipment, shall not be allowed in establishments open or accessible
6 to the general public unless the site of these operations are three-star
7 hotels and resorts accredited by the Department of Tourism authorized by
8 the corporation and by the local government unit concerned.

9

10 The authority and power of the PAGCOR to authorize, license and
11 regulate games of chance, games of cards and games of numbers shall not
12 extend to: (1) games of chance authorized, licensed and regulated or to be
13 authorized, licensed and regulated by, in, and under existing franchises or
14 other regulatory bodies; [(2) games of chance, games of cards and games
15 of numbers authorized, licensed, regulated by, in, and under special laws
16 such as Republic Act No. 7922;] and [(3)] (2) games of chance, games of
17 cards and games of numbers like cockfighting, authorized, licensed and
18 regulated by local government units. The conduct of such games of
19 chance, games of cards and games of numbers covered by existing
20 franchises, regulatory bodies or special laws, to the extent of the
21 jurisdiction and powers granted under such franchises and special laws,
22 shall be outside the licensing authority and regulatory powers of the
23 PAGCOR.

24

25 **SECTION 6.** – Section 12, Title IV of Presidential Decree No. 1869 is
26 hereby amended to read as follows;

27

28 *Section 12. – Socio-Economic Development Fund.* After deducting
29 five percent (5%) as Franchise Tax (,) ON THE GROSS GAMING
30 REVENUE (GGR) OF PAGCOR, the 50% share of the Government in
31 [the aggregate gross earnings of] the Corporation's GROSS GAMING
32 REVENUE (GGR) [from this franchise] shall immediately be set aside
33 [and allocated to fund the following infrastructure and socio-civil projects
34 within the Metropolitan Manila area] FOR THE SOCIO-ECONOMIC

1 DEVELOPMENT FUND TO BE ADMINISTERED BY THE BUREAU
2 OF TREASURY.

- 3
- 4 [a. Flood Control
5 b. xxx
6 c. xxx
7 d. xxx
8 e. xxx
9 f. xxx
10 g. xxx]

11

12 [In addition to the priority infrastructure and socio-civic projects
13 within the Metropolitan Manila specifically enumerated above, the share
14 of the Government in the aggregate may also be appropriated and
15 allocated to fund and finance infrastructure and/or socio-civic projects
16 throughout the Philippines as may be directed and authorized by the
17 Office of the President of the Philippines.]

18

19 THE MANDATORY EARMARKED CONTRIBUTIONS OF THE
20 CORPORATION UNDER THE FOLLOWING LAWS SHALL
21 CONTINUE UNLESS ALREADY COMPLETED: (1) PHILIPPINE
22 SPORTS COMMISSION UNDER RA NO. 6847; (2) BOARD OF
23 CLAIMS UNDER RA NO. 7309; (3) DIVIDEND LAW OR RA NO.
24 7656; (4) DANGEROUS DRUGS BOARD UNDER RA NO. 9165;
25 (5).NATIONAL ATHLETES AND COACHES BENEFITS AND
26 INCENTIVES UNDER RA NO. 10699; (6) RENEWABLE ENERGY
27 TRUST FUND UNDER RA NO. 9513; (7) NATIONAL ENDOWMENT
28 FUND FOR THE CULTURE AND THE ARTS UNDER RA NO. 10066;
29 AND (8) EARLY CHILDHOOD CARE AND DEVELOPMENT
30 UNDER RA NO. 10410.

31

32 IN ADDITION THERETO, THE REVISED ARMED FORCES OF
33 THE PHILIPPINES (AFP) MODERNIZATION PROGRAM UNDER
34 REPUBLIC ACT NO. 10349 SHALL ALSO BE ENTITLED TO A FIVE
35 PERCENT (5%) SHARE IN THE GROSS GAMING REVENUES OF
36 PAGCOR LESS THE FRANCHISE TAX AND FIFTY PERCENT (50%)
37 GOVERNMENT SHARE.

1
2 PROVIDED, THAT LOCAL GOVERNMENT UNITS HOSTING
3 LICENSED GAMBLING CASINOS SHALL BE ENTITLED TO A
4 SHARE OF THE NET INCOME OF THE CORPORATION IN THE
5 AMOUNT TO BE DETERMINED AND FIXED BY THE BOARD
6 AFTER TAKING INTO CONSIDERATION THE INCOME DERIVED
7 FROM SAID CASINOS AND THE DEVELOPMENT PROJECTS TO
8 BE FUNDED.

9
10 **SECTION 7.** – Section 13, Title IV of Presidential Decree 1869 shall be
11 amended to read as follows;

12
13 *Section 13. Exemptions. –*

14
15 (1) xxx

16 xxx

17
18 (2) *Income and Other Taxes. –*

19 (a) *Franchise Tax -* [Franchise Holder: No tax of any kind or form,
20 income or otherwise, as well as fees, charges or levies of whatever nature,
21 whether National or Local, shall be assessed and collected under this
22 Franchise from the Corporation; nor shall any form of tax or charge attach
23 in any way to the earnings of the Corporation, except a Franchise Tax of
24 five (5%) percent of the gross revenue or earnings derived by the
25 Corporation from its operation under this Franchise. Such tax shall be due
26 and payable quarterly to the National Government and shall be in lieu of
27 all kinds of taxes, levies, fees or assessments of any kind, nature or
28 description, levied, established or collected by any municipal, provincial,
29 or national government authority.] EXCEPT FOR A FRANCHISE TAX
30 OF FIVE PERCENT (5%) OF ITS GROSS GAMING REVENUE AND
31 AS PROVIDED UNDER THIS ACT, PAGCOR AND ITS LICENSED
32 OPERATORS SHALL BE EXEMPTED FROM ALL KINDS OF
33 TAXES, LEVIES FEES, ASSESSMENTS OR CHARGES, OF ANY
34 KIND, NATURE OR DESCRIPTION, LEVIED, ESTABLISHED, OR
35 COLLECTED BY ANY CITY, MUNICIPAL, PROVINCIAL OR
36 NATIONAL GOVERNMENT AUTHORITY.

1
2 THE INCOME OF LICENSED GAMING PERSONNEL AND
3 LICENSED SUPPLIERS SHALL BE TAXABLE UNDER THE
4 RELEVANT TAX LAWS AND TAX REGULATIONS, EXCEPT FOR
5 INCOME OF LICENSED SUPPLIERS FROM CONTRACTS WITH
6 THE CORPORATION.

7
8 PAGCOR'S AND LICENSED OPERATOR'S GAMING
9 PREMISES INSIDE ECONOMIC ZONES SHALL BE SUBJECT TO
10 TAX ON GROSS GAMING REVENUE AT THE PREFERENTIAL
11 RATE PROVIDED IN THE ECONOMIC ZONE LAW IN LIEU OF
12 THE 5% FRANCHISE TAX ON GROSS GAMING REVENUE, OTHER
13 TAXES, FEES, CHARGES, OR LEVIES, NATIONAL OR LOCAL.
14 PROVIDED, THAT THE ECONOMIC ZONE AUTHORITY MAY
15 IMPOSE REASONABLE FEES FOR ACTUAL SERVICES
16 RENDERED TO THE GAMING PREMISES IN ACCORDANCE WITH
17 ADMINISTRATIVE ORDER NUMBER 31 SERIES OF 2012 AND
18 JOINT DOF, DBM, NEDA CIRCULAR NUMBER 01 – 13 OR ITS
19 AMENDMENTS.

20
21 (b) Others: xxx

22
23 The fee or remuneration of [foreign] entertainers contracted by the
24 Corporation or LICENSED operator in pursuance of this provision shall
25 be free from any tax.

26
27 (3.) xxx

28
29 (4) xxx

30
31 **SECTION 8.** – Section 14, Title IV of Presidential Decree 1869 is hereby
32 amended to read as follows:

33
34 *Section 14. – Other Conditions. –*

35
36 *(1)Place.* – The Corporation AND THE LICENSED operator shall
37 conduct the gambling activities or games of chance on land, water or AIR

within the territorial jurisdiction of the Republic of the Philippines. When conducted on water, the Corporation AND THE LICENSED OPERATOR shall have the right to dock the floating casino(s) OR CRUISE SHIPS in any part of the Philippines where MARINE vessels/boats are authorized to dock [the floating casinos] under the customs and maritime laws, AND WITH THE CONSENT OF THE LGU. WHILE THE VESSEL IS IN TRANSIT, SECURING THE CONSENT FOR THE GAMING BEING CONDUCTED FROM THE LGUS EXERCISING JURISDICTION OVER THE WATERS IT IS TRAVERSING SHALL BE DISPENSED WITH.

(2)xxx

(3)xxx

(4) Persons not allowed to play -

(a) Government officials [connected directly with the operation of the Government or any of its agencies];

(b)Members of the Armed Forces of the Philippines, [including Army, Navy, Air Force or Constabulary] THE PHILIPPINE NATIONAL POLICE, AND OTHER UNIFORMED PERSONNEL; AND.

(c) Persons under 21 years of age or students of any school, college or university in the Philippines.

From these are excepted the personnel employed by the casinos, special guests, or those who at the discretion of the Management may be allowed to stay in the premises.

(5) *Operation of related services.* – The Corporation is authorized to operate such necessary and related services (,) [shows and entertainment]. Any income that may be realized from these related services shall not be included as part of the income of the corporation for the purpose of applying the franchise tax, but the same shall be considered as a separate income of the Corporation and shall be subject to income tax.

1 (6)NATURE OF LICENSE ISSUED BY PAGCOR. - ANY
2 LICENSE GRANTED UNDER THIS ACT IS A MERE PRIVILEGE
3 AND NOT A VESTED RIGHT.

4

5 SUCH LICENSE MAY BE SUSPENDED OR CANCELLED AT
6 ANY TIME UPON ORDER OF THE BOARD FOR GROUNDS
7 PROVIDED UNDER THIS ACT OR REGULATIONS.

8

9 NO NEW CONTRACT, LICENSE, GRANT OF AUTHORITY,
10 AUTHORITY TO OPERATE, AND ANY SIMILAR DOCUMENT
11 SHALL BE CO-TERMINUS WITH PAGCOR'S EXISTENCE OR
12 FRANCHISE AND ANY RENEWAL THEREOF OR FOR AN
13 INDEFINITE PERIOD.

14

15 LICENSED OPERATORS SHALL BE DIRECTLY LIABLE
16 FOR ANY COMPLAINT OR LIABILITY THAT MAY ARISE FROM
17 THEIR TRANSACTIONS WITH THEIR PLAYERS AND THE
18 PUBLIC.

19

20 ANY LICENSE ISSUED UNDER THIS ACT OR REGULATIONS
21 SHOULD NOT BE TRANSFERRED TO ANY PERSON, WITHOUT
22 PRIOR CONSENT OF THE BOARD AND ONLY IF THE
23 TRANSFeree MEETS THE REQUIREMENTS OF THIS ACT AND
24 REGULATIONS.

25

26 THE BOARD MAY IMPOSE ADDITIONAL CONDITIONS FOR
27 THE TRANSFER TO ENSURE THAT THE TRANSFeree WILL
28 COMPLY WITH THE OBLIGATIONS OF THE ORIGINAL
29 LICENSEE.

30

31 (7)*INVESTIGATION OF APPLICANT.* - UPON RECEIPT OF AN
32 APPLICATION FOR A LICENSE, THE BOARD SHALL CAUSE SUCH
33 INVESTIGATIONS AND INQUIRIES AS ARE NECESSARY TO ENABLE
34 IT TO CONSIDER THE APPLICATION PROPERLY.

THE INVESTIGATION SHOULD BE EXHAUSTIVE, EXACTING, AND INTRUSIVE SO AS TO ENSURE THAT GAMING IS KEPT FREE OF CORRUPT OR CRIMINAL INFLUENCE.

*THE INVESTIGATION SHALL EXTEND TO ANY ASSOCIATE AND
RELATIVE OF THE APPLICANT, SO AS TO ENABLE IT TO CONSIDER
THE APPLICATION THOROUGHLY.*

*ALL EXPENSES FOR THE INVESTIGATIONS SHALL BE FOR
THE ACCOUNT OF THE LICENSEE.*

(8) SUSPENSION AND CANCELLATION OF LICENSE. THE BOARD MAY SUSPEND OR CANCEL A LICENSE ISSUED UNDER THIS ACT OR REGULATIONS IF ANY OF THE FOLLOWING OCCURS:

(A) THE LICENSEE IS NOT, OR IS NO LONGER, IN THE EVALUATION OF THE BOARD, A SUITABLE PERSON TO HOLD THE LICENSE;

(B) THE LICENSEE IS CONVICTED OF ANY SERIOUS OFFENSE UNDER ANY LAW, EVEN IF THE CONVICTION IS IN THE MEAN TIME UNDER APPEAL OR THE LICENSEE WAS ABLE TO SECURE REDUCTION OR COMMUTATION OF SENTENCE, BY MEANS ALLOWED BY LAW, OR PAROLED

*AN OFFENSE IS SERIOUS FOR PURPOSES OF THIS ACT
AND REGULATIONS IF IT IS PUNISHABLE BY IMPRISONMENT OF
AT LEAST FOUR (4) YEARS, REGARDLESS OF THE ACTUAL
PENALTY IMPOSED;*

**(C) THE LICENSEE CONTRAVENES A CONDITION OF
THE LICENSE;**

(D) THE LICENSEE FAILS TO DISCHARGE HIS FINANCIAL COMMITMENTS UNDER THIS ACT OR REGULATIONS;

(E) THE LICENSEE IS BANKRUPT OR UNDER REHABILITATION:

(F) THE LICENSEE OBTAINED THE LICENSE BY A
MATERIALLY FALSE OR MISLEADING REPRESENTATION OR IN
SOME OTHER IMPROPER WAY; OR,

(G) THE LICENSE IS REQUIRED TO BE SUSPENDED TO ENSURE THAT THE PUBLIC INTEREST IS NOT AFFECTED IN AN ADVERSE AND MATERIAL WAY, OR THE INTEGRITY OF THE CONDUCT OF GAMING IS NOT JEOPARDIZED IN ANY WAY.

*A SUSPENSION OR CANCELLATION UNDER THIS SECTION
SHALL BE BY WRITTEN NOTICE GIVEN TO THE LICENSEE AND
SHALL TAKE EFFECT UPON RECEIPT OR TENDER IF THE
LICENSEE REFUSES RECEIPT OR OTHERWISE CANNOT BE
SERVED NOTICE.*

(9) PREVENTION OF MONEY LAUNDERING. THE CORPORATION AS THE SUPERVISING AUTHORITY OVER THE GAMING INDUSTRY SHALL IMPLEMENT REGULATIONS TO COMBAT MONEY LAUNDERING (ML) AND TERRORIST FINANCING (TF) IN THE INDUSTRY PURSUANT TO REPUBLIC ACT NO. 9160 AS AMENDED, AND REPUBLIC ACT NO. 10168.

THE BOARD MUST DEVELOP REGULATIONS TO MINIMIZE THE RISKS OF ML AND TF, WHICH SHOULD INCLUDE:

(a) CUSTOMER DUE DILIGENCE PROCEDURES;

(b) RECORDS TO BE KEPT OF SUSPICIOUS TRANSACTIONS:

(c) REGULAR TRAINING ON MINIMIZING THE RISKS OF ML AND TF:

1 (d) ACQUIRING INFORMATION ON ACTIVITIES, TECHNOLOGY,
2 AND OTHER DEVELOPMENTS THAT INCREASE THE RISKS OF ML
3 AND TF;

5 (e) ISSUANCE OF REGULATING ORDERS AGAINST LICENSEES
6 WHICH HAVE INADEQUATE ML OR TF PROCEDURES;

8 (f) AUDIT OF LICENSEES' PROCEDURES TO ENSURE
9 COMPLIANCE WITH THE REGULATIONS;

11 (g) COOPERATION WITH LAW ENFORCEMENT AUTHORITIES
12 FOR THE PREVENTION OR PROSECUTION OF ML AND TF;

14 (h) STRICT REGULATION ON FOREIGN JUNKET PROGRAMS
15 AND TRANSACTIONS; AND

17 (i) OTHER MATTERS THAT WILL MINIMIZE THE RISKS OF ML
18 AND TF IN GAMING.

20 **SECTION 9.** The transitory provisions on Title VII of Presidential Decree No.
21 1869 is hereby amended and repealed and in lieu thereof, insert the following new
22 Sections, to wit:

24 SECTION 17. – DEFINITION OF TERMS. IN THIS ACT THE
25 FOLLOWING TERMS ARE DEFINED:

27 A. “CHEATING” MEANS IMPROVING THE CHANCES OF WINNING
28 IN GAMING OR OF ALTERING ITS OUTCOME BY DECEPTION,
29 INTERFERENCE, OR MANIPULATION OF A GAME OF CHANCE,
30 WITH THE USE OF ANY EQUIPMENT, OR ANY PERSON
31 FACILITATING GAMING, INCLUDING BUT NOT LIMITED TO:

33 (a) ALTERING THE AMOUNT OF A PRIZE OR FREQUENCY THE
34 PRIZE IS AWARDED;

36 (b) ALTERING THE AMOUNT OF THE WAGER;

(c) ALTERING THE AMOUNT OF THE CREDIT;

(d) MANIPULATING ANY COMPONENT OF A GAMING DEVICE
IN A MANNER CONTRARY TO THE DESIGNED AND NORMAL
OPERATIONAL PURPOSE FOR THE COMPONENT;

(e) ATTEMPTS AND CONSPIRACY TO CHEAT.

B. "ENGAGING IN GAMING" OR "ENGAGING IN GAMBLING" MEANS TO DO IN ANY MANNER DIRECTLY OR INDIRECTLY TAKE PART IN GAMING WHETHER ON AIR, LAND, OR WATER INCLUDING BUT NOT LIMITED TO:

(a) BEING A PATRON IN GAMING;

(b) ALLOWING ANY FORM OF GAMING IN ANY PLACE, BUILDING, VESSEL, OR OTHER MEANS OF TRANSPORTATION OWNED OR CONTROLLED BY HER/ HIM;

(c) ACTING AS FINANCIER, MAINTAINER, MANAGER, OR OPERATOR OF GAMING;

(d) ACTING IN THE INTEREST OF THE FINANCIER, MAINTAINER, MANAGER, OR OPERATOR OF GAMING, SUCH AS, BUT NOT LIMITED TO, AN ACCOUNTANT, CASHIER, CHECKER, GUARD, RUNNER, DEALER, USHER, WATCHER, OR ANY OTHER OFFICIAL OR EMPLOYEE IN GAMING;

(e) COLLECTING, SOLICITING, OR PRODUCING WAGERS IN BEHALF OF A GAMING OPERATOR;

(f) POSSESSING ANY LOTTERY LIST, PAPER, OR OTHER MATTER CONTAINING LETTERS, FIGURES, SIGNS, OR SYMBOLS PERTAINING TO OR IN ANY MANNER USED IN GAMING;

(g) PROVIDING ANY OTHER FORM OF SUPPORT OR SERVICE TO FACILITATE THE CONDUCT OF GAMING;

1
2 C. "GAME OF CHANCE" IS THAT WHICH DEPENDS MORE ON
3 CHANCE OR HAZARD THAN ON SKILL OR ABILITY, IN CASE OF
4 DOUBT A GAME IS DEEMED TO BE ONE OF CHANCE.

5
6 THE FOREGOING SHALL BE WITHOUT LIMITATION AS TO
7 THE TECHNOLOGY EMPLOYED IN THE PLAYING OF SUCH GAME
8 OF CHANCE.

9
10 D. "GAMING OR GAMBLING" IS THE PLAYING OF GAMES OF
11 CHANCE OR ANY ACTIVITY WHETHER ON AIR, LAND, OR WATER
12 WHICH HAVE ALL THE FOLLOWING ELEMENTS:

13
14 (a)MAKING OF WAGERS CONSISTING OF MONEY, ARTICLES
15 OF VALUE, OR REPRESENTATIVE OF VALUE;

16
17 (b)FOR A POSSIBILITY OF WINNING A PRIZE CONSISTING OF
18 MONEY, ARTICLES OF VALUE, OR REPRESENTATIVE OF VALUE;
19 AND

20
21 (c)WHERE WINNING THE PRIZE IS DETERMINED BY A GAME
22 OF CHANCE.

23
24 THE FOREGOING SHALL BE WITHOUT LIMITATION AS TO
25 THE TECHNOLOGY UTILIZED OR THE MEANS TO TRANSMIT A BET
26 OR WAGER IN THE GAME OF CHANCE, ACTIVITY, OR ANY
27 ELEMENT.

28
29 IT INCLUDES, BUT IS NOT LIMITED TO:

30
31 (a)ANY GAME USING DICE;

32
33 (b)BLACK JACK; LUCKY NINE; POKER AND ITS DERIVATIVES;
34 MONTE; BACCARAT; CUAJAO; PANGGUINGUE AND OTHER CARD
35 GAMES; PAIK QUE; HIGH AND LOW;

(c) *MAHJONG, DOMINO, AND OTHER GAMES USING PLASTIC TILES AND THE LIKES:*

(d) SLOT MACHINES, ROULETTE, PINBALL, COLORED GAMES,
AND OTHER SIMILAR MECHANICAL OR ELECTRICAL
CONTRAPCTIONS AND DEVICES;

(e) BETTING ON THE OUTCOME OF GAMES OR CONTESTS OF SKILL SUCH AS: BASKETBALL, BOXING, VOLLEYBALL, BOWLING, PINGPONG AND OTHER FORMS OF INDIVIDUAL OR TEAM CONTESTS; DOG RACING, HORSE RACING, BOAT RACING, CAR RACING AND OTHER FORMS OF RACES; AND.

(f) ANY OTHER GAME OR SCHEME, WHETHER UPON CHANCE OR SKILL, WHEREIN WAGERS CONSISTING OF MONEY, ARTICLES OF VALUE OR REPRESENTATIVE OF VALUE ARE AT STAKE OR MADE.

THE FOREGOING SHALL BE WITHOUT LIMITATION AS TO
THE TECHNOLOGY UTILIZED IN SUCH ACTIVITIES.

E. "GAMING MACHINE" OR "GAMING DEVICE" MEANS ANY MECHANICAL OR ELECTRICAL CONTRAPTION AND DEVICES WHICH FUNCTIONS SUCH THAT IT MAY BE USED FOR THE PURPOSE OF PLAYING A GAME OF CHANCE, THE TERM ALSO INCLUDES PARTS, PARAPHERNALIA, SOFTWARE, AND ANY OTHER COMPONENT USED FOR THEIR OPERATION

THE FOREGOING SHALL BE WITHOUT LIMITATION AS TO
THE TECHNOLOGY UTILIZED BY SUCH MACHINE OR DEVICE.

F. "GAMING PREMISES" REFER TO PLACES OR SITES USED FOR THE PURPOSE OF GAMING OR GAMBLING

G. "INTERNET GAMING", "INTERACTIVE GAMING", "ONLINE GAMING", "REMOTE GAMING" OR OTHER TERMS OF SIMILAR

1 *IMPORT MEANS GAMING IN WHICH PERSONS PARTICIPATE IN*
2 *GAMING BY THE USE OF REMOTE COMMUNICATION*
3 *TECHNOLOGY.*

4
5 *INTERNET GAMING WITH AT LEAST ONE OF ITS ELEMENTS*
6 *IN THE PHILIPPINES SHALL BE TREATED AS AN ENTIRE SYSTEM*
7 *ALTHOUGH THE OTHER ELEMENTS ARE FOUND IN OTHER*
8 *COUNTRIES AND SHALL INCLUDE INTERNET GAMING WITH ALL*
9 *ITS ELEMENTS OUTSIDE THE PHILIPPINES BUT SOLICIT OR*
10 *ACCEPT BETS FROM PERSONS INSIDE THE PHILIPPINES.*

11
12 *THE FOREGOING SHALL BE WITHOUT LIMITATION AS TO*
13 *THE TECHNOLOGY UTILIZED IN SUCH ACTIVITY.*

14 *H. "REMOTE COMMUNICATION" MEANS COMMUNICATION*
15 *USING THE INTERNET, TELEPHONE, TELEVISION, RADIO, OR ANY*
16 *OTHER KIND OF ELECTRONIC OR OTHER TECHNOLOGY FOR*
17 *FACILITATING COMMUNICATION.*

18
19 SECTION 18. – ILLEGAL GAMBLING. - IT IS AN OFFENSE
20 FOR ANY PERSON TO ENGAGE IN GAMING OR GAMBLING
21 ACTIVITIES WITHOUT BEING AUTHORIZED UNDER THIS ACT,
22 OR BY ANY REGULATIONS OR OTHER PERTINENT LAWS.

23
24 SECTION 19.– MISREPRESENTING THE SEAL OF THE
25 BOARD OR PAGCOR. - IT IS AN OFFENSE FOR ANY PERSON TO
26 USE A SYMBOL OR
27 REPRESENTATION IDENTICAL WITH THAT OF THE BOARD OR
28 PAGCOR, OR WHICH SO RESEMBLES THE BOARD'S OR
29 PAGCOR'S SYMBOL OR REPRESENTATION AS TO DECEIVE OR
30 CAUSE CONFUSION, OR LIKELY TO DECEIVED OR TO CAUSE
31 CONFUSION WITH THE USE OF SUCH SYMBOL OR
32 REPRESENTATION.

33
34 SECTION 20. – UNAUTHORIZED DISCLOSURE OF
35 CUSTOMER IDENTITY. - IT IS AN OFFENSE FOR ANY PERSON
36 WHO POSSESSES RECORDS OF CUSTOMER INFORMATION, TO

1 KNOWINGLY RELEASE, DISSEMINATE, OR OTHERWISE MAKE
2 OR COPY THE RECORDS OR ANY INFORMATION CONTAINED
3 THEREIN AVAILABLE TO OR DISCUSS WITH ANY PERSON NOT
4 ENTITLED TO SUCH INFORMATION UNDER THIS ACT OR ITS
5 REGULATIONS.

6

7 SECTION 21. – CHEATING. - IT IS AN OFFENSE FOR ANY
8 PERSON TO DO ANY OF THE FOLLOWING:

9

10 (A) CHEAT AT GAMING;

11

12 (B) DO ANYTHING FOR THE PURPOSE OF ASSISTING
13 ANOTHER TO CHEAT AT GAMING.

14

15 IT IS IMMATERIAL WHETHER A PERSON WHO CHEATS
16 ACTUALLY IMPROVED HIS CHANCE OF WINNING OR
17 ACTUALLY WINS ANYTHING.

18

19 THE FOLLOWING FRAUDULENT ACTS SHALL ALSO BE
20 CONSIDERED CHEATING:

21

22 (a) ALTERING OR MISREPRESENTING THE OUTCOME OF A
23 GAME OF CHANCE OR ANY EVENT ON WHICH WAGERS HAVE
24 BEEN MADE, WHEN THE OUTCOME IS MADE SURE BUT
BEFORE IT IS REVEALED;

25

26 (b) PLACING OR CHANGING A BET OR TO DETERMINE THE
27 COURSE OF PLAY AFTER ACQUIRING KNOWLEDGE OF THE
28 OUTCOME OF THE GAME OF CHANCE OR ANY EVENT THAT
29 AFFECTS THE OUTCOME OF THE GAME OF CHANCE OR WHICH
30 IS THE SUBJECT OF THE BET OR TO AID ANYONE IN
31 ACQUIRING SUCH KNOWLEDGE FOR THE PURPOSE OF
32 PLACING OR CHANGING OR DETERMINING THE COURSE OF
33 PLAY CONTINGENT UPON THAT EVENT OR OUTCOME.

34

35 (c) CLAIMING MONEY OR ANYTHING OF VALUE IN OR FROM A

1 GAME OF CHANCE, WITHOUT HAVING MADE A WAGER OR TO
2 CLAIM, COLLECT OR TAKE AN AMOUNT GREATER THAN THE
3 AMOUNT WON.

4

5 (d) INDUCING ANOTHER TO PLAY AT ANY PLACE WHERE
6 GAMES OF CHANCE IS BEING OPERATED IN VIOLATION OF
7 THE PROVISIONS OF THIS ACT OR REGULATIONS.

8

9 (e) OFFERING ANYTHING OF VALUE TO ANYONE FOR THE
10 PURPOSE OF INFLUENCING THE OUTCOME OF AN GAME OF
11 CHANCE, EVENT, OR CONTEST UPON WHICH A WAGERS ARE
12 MADE.

13

14 SECTION 22. – TAMPERING WITH GAMING DEVICE. - IT IS
15 AN OFFENSE FOR ANY PERSON:

16

17 (a) TO MANIPULATE ANY GAMING DEVICE OR ANY
18 COMPONENT OF A GAMING DEVICE, IN A
19 MANNER CONTRARY TO THE DESIGN AND NORMAL
20 OPERATIONAL PURPOSE OF THE DEVICE OR COMPONENT
21 WITHOUT ANY LICENSE OR AUTHORITY UNDER THIS ACT OR
22 REGULATIONS.

23

24 (b) TO MARK, ALTER OR OTHERWISE MODIFY
25 ANY GAMING DEVICE IN A MANNER THAT
26 AFFECTS THE RESULT OF A WAGER BY DETERMINING WIN OR
27 LOSS OR ALTERS THE NORMAL CRITERIA OF RANDOM
28 SELECTION THAT AFFECTS THE OPERATION OF A
29 GAME OR THAT DETERMINES THE OUTCOME OF A GAME.

30

31 (c) TO USE COUNTERFEIT OR UNAPPROVED CARDS,
32 CHIPS, CURRENCIES, TICKETS, TOKENS, AND OTHER
33 PARAPHERNALIA IN GAMING. THIS INCLUDES POSSESSION OF
34 THE EQUIPMENT, PRODUCTS, AND MATERIALS THAT ARE
35 INTENDED FOR USE OR DESIGNED FOR USE IN

1 MANUFACTURING, PRODUCING, FABRICATING, PREPARING,
2 TESTING, ANALYZING, PACKAGING, STORING
3 OR CONCEALING SUCH COUNTERFEIT PARAPHERNALIA.

4

5 (d) TO HAVE ON HIS PERSON OR IN HIS
6 POSSESSION WITHIN A GAMING ESTABLISHMENT
7 ANY DEVICE WHICH IS DESIGNED OR SUITABLE
8 FOR THE PURPOSE OF CHEATING IN GAMING.

9

10 (e) OTHER THAN A DULY AUTHORIZED EMPLOYEE OF A
11 LICENSED OPERATOR, TO HAVE ON HIS PERSON OR IN
12 HIS POSSESSION WITHIN A LICENSED PREMISES ANY KEY OR
13 DEVICE DESIGNED FOR THE PURPOSE OF, OR SUITABLE FOR
14 OPENING, ENTERING OR AFFECTING THE OPERATION OF ANY
15 GAME OF CHANCE, DROPBOX OR ANY ELECTRONIC OR
16 MECHANICAL DEVICE CONNECTED TO THE GAME OF CHANCE
17 OR DROPBOX OR FOR REMOVING MONEY OR OTHER
18 CONTENTS FROM THEM.

19

20 (F) AT A LICENSED GAMING PREMISES TO USE ANY DEVICE TO
21 (a) PREDICT THE OUTCOME OF THE GAME; TRACK OF THE
22 CARDS PLAYED; (b) ANALYZE THE PROBABILITY OF THE
23 OCCURRENCE OF AN EVENT RELATING TO THE GAME OF
24 CHANCE; OR (c) ANALYZE THE STRATEGY FOR PLAYING OR
25 BETTING TO BE USED IN THE GAME OF CHANCE.

26

27 SECTION 23. – PENALTIES. ANY PERSON CONVICTED FOR
28 AN OFFENSE UNDER THIS ACT SHALL SUFFER THE PENALTY
29 OF IMPRISONMENT OF NOT LESS THAN SIX (6) YEARS BUT NOT
30 MORE THAN TWELVE (12) YEARS AND/OR A FINE OF ONE
31 HUNDRED THOUSAND PESOS (P100,000.00) TO ONE MILLION
32 PESOS (P1,000,000.00) BUT IN NO CASE SHALL IT BE LOWER
33 THAN TRIPLE THE AMOUNT OF MONEY OR VALUE INVOLVED
34 IN THE OFFENSE.

35

36 SECTION 10. *SUNSET PROVISION.* - WITHIN ONE (1) YEAR
37 AFTER THE EFFECTIVELY OF THIS ACT, THE CORPORATION SHALL

1 BEGIN TO DIVEST ITSELF OF ITS AUTHORITY OF ENGAGING AND
2 OPERATING ON ITS OWN CASINOS WHICH DIRECTLY COMPETE WITH
3 THE PRIVATE SECTOR BY SELLING IN WHOLE OR IN PART THE CASINO
4 OPERATION IN PLACES WHERE THE CORPORATION OPERATES WITH
5 THE END IN VIEW THAT THREE (3) YEARS THEREAFTER, THE
6 CORPORATION'S ROLE IN THE CASINO OPERATIONS SHALL BE PURELY
7 REGULATORY; PROVIDED, THAT, THE INTER-AGENCY PRIVATIZATION
8 COUNCIL AND THE PRIVATIZATION MANAGEMENT OFFICE
9 ESTABLISHED UNDER EXECUTIVE ORDER NO. 323, SERIES OF 2001 IN
10 COORDINATION WITH THE CORPORATION SHALL PRIVATIZE AND
11 DISPOSE IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT AND
12 OTHER PERTINENT LAWS ALL THE ASSETS OF THE CORPORATION
13 RELATED TO ITS GAMBLING AND GAMING OPERATIONS. A COMPLETE
14 AND THOROUGH ACCOUNTING AND INVENTORY OF SAID ASSETS TO
15 DETERMINE ITS AMOUNT AND VALUE AND ENSURE THAT THE
16 GOVERNMENT WILL GET THE BEST PRICE SHALL BE MADE AS SOON AS
17 POSSIBLE AFTER THE PASSAGE OF THIS ACT. THE PROCEEDS OF SUCH
18 SALE, EXCEPT THE ADMINISTRATIVE AND OPERATIONAL EXPENSES,
19 SHALL BE REMITTED TO THE BUREAU OF TREASURY FOR
20 APPROPRIATION BY CONGRESS.; PROVIDED, FURTHER, THAT ALL
21 OFFICERS AND EMPLOYEES SEPARATED FROM THE SERVICE AS A
22 RESULT OF THE PRIVATIZATION, IF ENTITLED THERETO, SHALL BE
23 PAID A SEPARATION PAY AND OTHER BENEFITS IN ACCORDANCE WITH
24 EXISTING LAWS, RULES AND REGULATIONS WHICH SHALL BE OVER
25 AND ABOVE EXISTING RETIREMENT BENEFITS. SEPARATED
26 PERSONNEL, IF QUALIFIED, SHALL BE GIVEN PREFERENCE IN THE
27 HIRING OF THE MANPOWER REQUIREMENTS OF THE PRIVATIZED
28 CASINOS.

29

30 **SECTION 11.** *Separability Clause.* -If for any reason, any section or
31 provision of this Act is declared unconstitutional or invalid, such other sections or
32 provisions not affected thereby shall remain in full force and effect.

33

34 **SECTION 12.** *Repealing Clause.* - All laws, orders, rules or regulations or
35 parts thereof, which are inconsistent with this Act, are hereby repealed and/or
36 modified accordingly.

37

This bill shall provide unequivocal regulatory authority to PAGCOR, and revitalize the operation of gaming corporations for the effective generation of funds, which will benefit the implementation of our priority programs. Hence, approval and passage of this measure the earliest possible time is earnestly requested.



PANFILO M. LACSON
Senator