

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

FIFTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 4956

INTRODUCED BY REPRESENTATIVE PEDRO P. ROMUALDO

EXPLANATORY NOTE

The Philippine Charity Sweepstakes Office came into existence by virtue of Act No. 4130 approved in March 1935 replacing the National Charity Sweepstakes. Republic Act No. 1169, as amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157 were passed to strengthen and expand the capability of this Office as the principal office mandated for raising and providing funds for health programs, medical assistance and services, and charities of national character.

Through its 76 years of existence, the Philippine Charity Sweepstakes Office has contributed to the coffers of the government from the receipts of its sweepstakes operations. It was only after fifty (50) years of implementing the traditional sweepstakes that this Office has decided to introduce new innovations in the number games in 1995 similar to what was being implemented abroad. While it has drawn multitude of followers since its operation, the "charity purpose" for spending a small amount for the tickets have significantly changed the mindset and values of the people with the introduction of these innovative games of chance such as the Instant Sweepstakes, the Small Town Lottery, the Online Lottery varieties which includes the Suertes Lotto and EZ2 Lotto.

Every day poor people are enticed to purchase the different lotto games and they patiently queue on long lines using their hard-earned money to bet on the various lotto games instead of using these funds to purchase their basic necessities like food, water, medicines and tuition for their children. This gambling culture has seeped into the minds of many people especially the marginalized people that the only solution to their problem is not to work hard but just bet a mere ten pesos (P\ \10.00) or twenty (P\ 20.00) pesos and they can be instant millionaires and then it would solve a lot of their problems. Gambling also promoted the commission of crimes, like thievery just to have money to bet in the lotto. Do we continue to promote this kind of gambling addiction? The government has become a big gambling operator which licks the poor of their money instead of providing them with adequate social resources to improve their quality of life.

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It is for this reason that we are introducing these amendments which dwells on reverting back to the traditional Sweepstakes draws and to permanently stop the online lotto operations. We strongly believed that the illegal numbers game will dissipate if the Suertres Lotto and other PCSO Numbers-game will no longer be implemented. Gambling has been in existence since time immemorial but today it has grown into an industry worth billions of pesos if we combined other kinds of gambling. It is hoped that the unconscionable betting of online lotteries by many poor people will change and a shift to a more responsible and charity contribution will ensue. The Board can continue to introduce reforms to the traditional sweepstakes and utilize still existing franchise outlets in promoting these sweepstakes draws.

Aside from taking off this kind of lottery in the mandate of the PCSO, we are also expanding the number of members of the PCSO Board to enable equal representation from Luzon, Visayas and Mindanao to sit on the Board and tackle problems besetting these areas which require also equal attention and concern by the PCSO.

Included in this proposal is the increase of penalties of prohibited acts to discourage nefarious activities of unscrupulous people in connivance with individuals or officers of the PCSO who are representing important sectors familiar with the aspects of charity, health and legal work and undertakings.

The approval of this bill is earnestly sought.



PEDRO P. ROMUALDO
Lone District, CAMIGUIN

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3 HOUSE OF REPRESENTATIVES
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7 HOUSE BILL NO. 4958

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9 INTRODUCED BY REPRESENTATIVE PEDRO P. ROMUALDO
10

11
12 AN ACT
13 AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 1169 OTHERWISE
14 KNOWN AS THE CHARTER OF THE PHILIPPINE CHARITY SWEEPSTAKES
15 OFFICE (PCSO) AND FOR OTHER PURPOSES
16

17 *Be it enacted by the Senate and House of Representatives of the Philippines*
18 *in Congress assembled:*
19

20 SECTION 1. Section 1 is hereby amended to read as:

21 "The Philippine Charity Sweepstakes Office. — The Philippine Charity
22 Sweepstakes Office, hereinafter [designated] REFERRED AS the "Office" shall
23 be the principal government agency for raising and providing for funds for
24 health programs, medical assistance and SOCIAL INTERVENTION services,
25 and REGISTERED charities IN GOOD STANDING of national character, and as
26 such shall have the general powers conferred in section thirteen of Act
27 Numbered One thousand four hundred fifty-nine, as amended, and shall
28 have the FOLLOWING authority:

29 A. To hold and conduct charity sweepstakes races, [lotteries,] and
30 similar activities, in such frequency and manner, as shall be

determined, and subject to such rules and regulations as shall be promulgated by the Board of Directors.

B. Subject to the approval of the [Minister of Human Settlements] DEPARTMENT OF HEALTH, to engage in health and welfare-related investments, programs and activities which may be profit-oriented, by itself or in collaboration, association or joint venture with any person [, association, company,] or JURIDICAL entity whether domestic or foreign, except for the EXCLUSIVE activities mentioned in the preceding paragraph [(A)], for the purpose of providing for permanent and continuing sources of funds for health programs, including the expansion of existing ones, medical assistance and services, and/or charitable grants: [Provided, That such investments will not compete with the private sector in areas where investments are adequate, as may be determined by the National Economic and Development Authority.]

C. To undertake [any other activity] INVESTMENT ACTIVITIES that will enhance its funds generation operations and funds management capabilities, subject to the same limitations provided for in the preceding paragraph.

D. It shall have a Board of Directors, hereinafter designated the Board, composed of [five] SEVEN (7) members who shall be appointed, and whose compensation and term of office shall be fixed, by the President. THE PRESIDENT SHALL CHOOSE TWO (2) MEMBERS

WHO ARE RESIDENTS FROM ANY LUZON REGIONS, TWO (2) MEMBERS WHO ARE RESIDENTS FROM ANY VISAYAS REGIONS AND TWO (2) MEMBERS WHO ARE RESIDENTS FROM THE MINDANAO REGIONS. ALL MEMBERS OF THE BOARD SHALL HAVE AT LEAST FIVE (5) YEARS EXPERIENCE IN CHARITY WORK OR RELATED UNDERTAKINGS, OR MAY COME FROM THE LEGAL OR MEDICAL PROFESSION WITH AT LEAST FIVE (5) YEAR RELEVANT PRACTICE OR UNDERTAKING.

SECTION 2. Section 2 is hereby amended to read as:

"The general manager shall be appointed by the Board of Directors and he can be removed or suspended only for cause as provided by law. He shall have the direction and control of the Office in all matters which are not specifically reserved for action by the Board. Subject to the approval of the Board of Directors, he shall also appoint the personnel of the Office, except the Auditor and the personnel of the Office of the Auditor who shall be appointed by the [Auditor General] CHAIRMAN OF THE COMMISSION ON AUDIT".

SECTION 3. Section 3 is hereby amended to read as:

"Operating expenses. — The operating expenses of the Office shall be paid from its receipts AND SUBJECT TO REGULAR AUDIT. A REPORT OF THE AUDIT SHALL BE DISTRIBUTED TO THE OFFICE OF THE PRESIDENT, THE SENATE OF THE PHILIPPINES AND THE CONGRESS OF THE PHILIPPINES".

1 **SECTION 4.** Section 4 is hereby amended to read as:

2 "Holding of sweepstakes. — The Office shall hold charity horse race
3 sweepstakes under such regulations as shall be promulgated by the Board in
4 accordance with Republic Act No. 309: Provided, however, That when the
5 holding of a sweepstakes race to determine prizes is impossible due to war,
6 public calamity, or other unforeseen or fortuitous event, or when there is no
7 sufficient number of horses to determine the major prizes, the Board of
8 Directors may determine the procedure to be followed in the distribution of
9 prizes in the most just, equitable, and expeditious manner. The horse races
10 and the sale of tickets in the said sweepstakes shall be exempted from all
11 taxes, except that each ticket shall bear a [twelve-centavo internal revenue
12 stamp] APPROPRIATE DOCUMENTARY STAMP and [that from the total prize
13 fund as provided herein from the proceeds of the sale of tickets there shall
14 be deducted an amount equivalent to five per centum of such total prize
15 fund, which shall be paid to the Bureau of Internal Revenue not later than
16 ten days after each sweepstakes in lieu of the income tax heretofore
17 collected from sweepstakes prize winners: Provided, however, That any
18 prizes that may be paid out from the resulting prize fund, after said five per
19 centum has been deducted, shall be exempted from income tax.] TEN PER
20 CENTUM OF THE TOTAL PRIZE FUND SHALL BE DEDUCTED AND PAID
21 DIRECTLY TO THE BUREAU OF INTERNAL REVENUE NOT LATER THAN
22 FIFTEEN DAYS AFTER EACH DRAW IN LIEU OF THE INCOME TAX OF THE
23 WINNERS OF THE DRAW. The tickets shall be printed by the Government
24 and shall be considered government securities for the purposes of penalizing
25 forgery or alteration".

1 **SECTION 5.** Section 5 is hereby amended to read as:

2 "The Board of Directors of the Philippine Charity Sweepstakes is
3 hereby authorized to fix heights of race horses IN CONSULTATION WITH THE
4 PHILIPPINE RACING COMMISSION to run in each sweepstakes race as
5 provided for in this Act".

6 Only horses born in the Philippines that have run for a prize previously in
7 any race may participate in any sweepstakes race under this Act. The Board
8 of Directors of the Philippine Charity Sweepstakes shall fix the dates of
9 registration, measurement, and declaration of horses to participate in any
10 sweepstakes race. No horse owner shall be permitted to register more than
11 one entry that may participate in any sweepstakes race.

12 **SECTION 6.** Section 6 is hereby amended to read as:

13 "Allocation of Net Receipts. - From the gross receipts from the sale of
14 sweepstakes tickets, whether for sweepstakes races, **[lotteries,]** or similar
15 activities, shall be deducted the printing cost of such tickets, which in no
16 case shall exceed two percent of such gross receipts to arrive at the net
17 receipts. The net receipts shall be allocated as follows:

18 A. xxx...

19 B. Thirty percent (30%) shall be set aside as contributions to the charity
20 fund from which the Board of Directors, in consultation with the [Ministry of
21 Human Settlement] DEPARTMENT OF HEALTH on identified priority
22 programs, needs, and requirements OF DISTRICT AND PROVINCIAL
23 HOSPITALS IN FOURTH TO FIFTH CLASS LOCAL GOVERNMENT UNITS AND

1 in specific communities and with approval of the Office of the President, shall
2 make payments or grants for health programs, including the expansion of
3 existing ones, medical assistance and services and/or REGISTERED charities
4 of GOOD STANDING AND national character, such as the Philippine National
5 Red Cross, under such policies and subject to such rules and regulations as
6 the Board may from time establish and promulgate. The Board may apply
7 part of the contributions to the charity fund to approved investments of the
8 Office pursuant to Section 1 (B) hereof, but in no case shall such application
9 to investments exceed ten percent (10%) of the net receipts from the sale of
10 sweepstakes tickets in any given year.

11 Any property acquired by an institution or organization with funds given to it
12 under this Act shall not be sold or otherwise disposed of without the
13 approval of the Office of the President, and that in the event of its
14 dissolution all such property shall be transferred to and shall automatically
15 become the property of the Philippine Government. THE BENEFICIARIES OF
16 THESE FUNDS SHALL SUBMIT A YEARLY REPORT ON THE STATUS OF
17 OWNERSHIP OF THE PROPERTY TO THE BOARD.

18 C. xxx...

19 D. xxx...

20 **SECTION 7.** Section 7 is hereby amended to read as:

21 "Annual Report of the Board. - The Board shall submit, during the
22 month of July of each year, a FINANCIAL report to the President of the
23 Philippines, THE SENATE OF THE PHILIPINES AND THE HOUSE OF

1 REPRESENTATIVES [and to both House of Congress on the activities of the
2 Office]”.

3 **SECTION 8.** Section 8 is hereby amended to read as:

4 “PROHIBITED ACTS [Acts penalized]. – [The following shall be
5 punished by imprisonment of not less than one month and not more than
6 three years]:

7 (a) Any person who, without being a duly authorized agent of the Office,
8 sells tickets of the Office, or, being such agent, sells tickets, fractions or
9 coupons thereof not issued by the Office, representing or tending to
10 represent an interest in tickets issued by the Office SHALL BE PUNISHABLE
11 BY IMPRISONMENT OF NOT LESS THAN ONE (1) MONTH BUT NOT MORE
12 THAN FOUR (4) YEARS IMPRISONMENT AND A FINE OF NOT LESS THAN
13 FIVE THOUSAND PESOS (P\ 5,000.00) BUT NOT MORE THAN FIFTY
14 THOUSAND PESOS (P\ 50,000.00).

15 (b) Any person who sells tickets issued by the Office at a price greater than
16 the price stated on the ticket SHALL BE PUNISHABLE BY IMPRISONMENT OF
17 NOT LESS THAN ONE (1) MONTH BUT NOT MORE THAN ONE (1) YEAR
18 IMPRISONMENT AND A FINE OF NOT LESS THAN FIVE THOUSAND PESOS
19 (P\ 5,000.00) BUT NOT MORE THAN FIFTY THOUSAND PESOS (P\
20 10,000.00).

21 (c) Any officer or employee of a hospital or other charitable or hygienic
22 institution or organization who uses funds obtained from the Office under
23 this Act for purposes other than those herein authorized SHALL BE
24 PUNISHABLE BY IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR BUT

1 NOT MORE THAN SIX (6) YEARS AND A FINE OF NOT LESS THAN TEN
2 THOUSAND PESOS (P\ 10,000.00) BUT NOT MORE THAN ONE HUNDRED
3 THOUSAND PESOS (P\ 100,000.00). PROVIDED HOWEVER, THAT THE
4 IMPRISONMENT PENALTY AND FINE CAN BE INCREASED DEPENDING ON
5 THE GRAVITY OF THE OFFENSE AND THE AMOUNT OF FUNDS MALVERSED,
6 NOTWITHSTANDING OTHER CASES FILED AGAINST THESE GOVERNMENT
7 PERSONNEL AND PRIVATE INDIVIDUALS.

8 **SECTION 9.** Section 10 is hereby amended to read as:

9 "The Board of Directors [of the Sweepstakes], with the approval of the
10 President of the Philippines, shall promulgate rules and regulations for the
11 holding of SWEEPSTAKES DRAWS[**lotteries**]; shall fix the number and price
12 of the tickets for the same and number of tickets usually given gratis to the
13 ticket vendors; fix the number and amount of prizes; fix the date when the
14 sale of tickets shall close; and designate the dates and place or places where
15 such SWEEPSTAKES DRAWS [**lotteries**] shall be held".

16 **SECTION 10.** Insert New Section to read as:

17 "EXISTING LEASE CONTRACTS AND OTHER RELATED AGREEMENTS. -
18 ALL CONTRACTS AND AGREEMENTS ENTERED INTO BY THE PCSO WITH
19 PERSONS OR JURIDICAL ENTITIES DOMESTIC OR FOREIGN RELATED TO
20 THE OPERATION OF ONLINE LOTTERY AND SIMILAR ACTIVITIES WILL NO
21 LONGER BE EXTENDED OR RENEWED AFTER TWO (2) YEARS FROM THE
22 EFFECTIVITY OF THIS LAW.

1 CONSISTENT WITH THE PROVISIONS OF THIS ACT, ALL ON-LINE
2 LOTTERIES WILL CEASE TO OPERATE AFTER TWO (2) YEARS FROM THE
3 EFFECTIVITY OF THIS LAW.

4 THE BOARD SHALL PREPARE THE NECESSARY GUIDELINES IN THE
5 WINDING DOWN OF OPERATIONS OF ALL ONLINE LOTTERY OPERATIONS
6 NATIONWIDE AND SHALL SUBMIT A REPORT OF THIS TO THE OFFICE OF
7 THE PRESIDENT, THE SENATE OF THE PHILIPPINES AND HOUSE OF
8 REPRESENTATIVES THREE (3) MONTHS PRIOR TO THE DEADLINE PROVIDED
9 IN THIS SECTION AND THREE (3) MONTHS AFTER THE CLOSURE OF ALL
10 ONLINE OPERATIONS HAVE BEEN FULLY IMPLEMENTED”.

11 **SECTION 11.** Separability Clause.- If any section or provision of this Act is
12 declared unconstitutional or invalid, the other sections or provisions not
13 affected thereby shall continue to be in force and effect.

14 **SECTION 12.** Repealing Clause.- All laws, parts of laws, executive orders,
15 ordinances, rules and regulations which are inconsistent with the provisions
16 of this Act are hereby repealed, amended or modified accordingly.

17 **SECTION 13.** Effectivity. — This Act shall take effect after publication in two
18 (2) newspapers of general circulation.

19 Approved,

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