

FIFTEENTH CONGRESS OF THE)
 REPUBLIC OF THE PHILIPPINES)
Third Regular Session)

HOUSE OF REPRESENTATIVES

H.B. No. 6379



Introduced by Rep. Bernadette Herrera-Dy

EXPLANATORY NOTE

Gambling is a continuously difficult activity for regulation by governments. The challenge lies in striking a balance between curbing the social ills and reaping the fiscal benefits created by gambling revenues.

The Philippine Amusement and Gaming Corporation, the government agency tasked with the operation and regulation of gambling activities throughout the country, is currently among the larger contributors of revenue to the Philippine government. Legal gambling operations also do a double duty in this regard, providing a boon to the local tourism industry, which in turn further serves to increase the revenues available for such government-supported projects.

But while the revenues generated from legal gaming activities have been channeled to development and social infrastructure projects, providing a needed source of government income, still much remains to be desired in financial accountability. Despite attempts to consolidate and clarify the powers of PAGCOR in a manner which would give the government control and operation of the bulk of gaming activities in the Philippines, these measures have failed to adequately synergize and streamline the powers, duties and activities of the PAGCOR.

Hence this legislation aims to address the major concerns such as the lack of focus on proper regulation, avoiding conflicts of interests and moral hazards, increasing vulnerability of regulators to issues with prospective investors/capitalists, limiting government funding risk exposure in investments among others.

This bill proposes a number of fixes to PAGCOR, including converting the entity from a government owned and controlled corporation to a purely government agency to be called the "Philippine Amusement and Gaming Commission," or PAGCOM. PAGCOM would be burdened with the sole responsibility of regulation of gaming activities, including licensing and enforcement, without the power to engage in gaming operations. In short, the new PAGCOM, designed to be purely regulatory, cannot do gaming business.

By clearly delineating, severing or divorcing in no uncertain terms the operation of gaming activities, on one hand, and regulation on the other, this bill hopes to create distance between those in charge of regulating gambling and those who stand to benefit from the revenue generated.

1 As a result, it is believed that through adequately delineating the authorities in operation and
2 regulation, gambling activities under the authority and control of present-day PAGCOR will be
3 better subjected to audit, economic and regulatory efficiency, neutral governance free from
4 potential conflict of interest, institutional efficiency, and transparency.

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6 In designing this bill, we draw from best practices primarily found in the US states of
7 Washington, Nevada, and New Jersey, jurisdictions which are reputed to hold tighter, if not more
8 effective regulatory frameworks where government and the private sector are made to interact in a
9 sustainable manner and under a clearly defined gaming regime. The same pattern has likewise
10 shown remarkable results for Singapore, Macau and in some European countries which follow the
11 same separation of functions, that is, gaming business, on one hand, regulatory activity, on the
12 other.

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14 As a transitory measure, this bill includes a privatization scheme which aims to bring PAGCOR's
15 current gaming operations into the fold of the private sector. For these purposes the services of the
16 Privatization Management Office of the Department of Finance may prove to be very useful in the
17 interim. This bill also mandates PAGCOM finances to audit and having PAGCOM finances pass
18 through the National Treasurer.

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20 Furthermore, and along the lines of best practices of jurisdictions which we examined, a number
21 of additional safeguards have been added in this bill, including rules concerning employment
22 restrictions for PAGCOM members, a measure directed to reduce conflict of interest opportunities
23 and additional oversight of PAGCOM activities by Congress through ex officio membership and
24 Congressional oversight. Comparative legal and policy experiences have shown that
25 Congressional oversight is needed to help insulate gaming activities from the entrenchment of
26 partisan or political special interests.

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28 Considering the large revenues from gaming activities is a vital source of economic development,
29 it is out of duty and responsibility, as policy makers, to ensure that Filipinos enjoy the benefits of
30 these funds by ensuring a gaming industry free from regulatory inefficiency and moral hazards.
31 Hence, the urgent approval of this bill is earnestly sought.

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BERNADETTE HERRERA-DY

1 FIFTEENTH CONGRESS OF THE)
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3 *Third Regular Session*)
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6 HOUSE OF REPRESENTATIVES
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9 HOUSE BILL No. 6379
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12 Introduced by Rep. Bernadette Herrera-Dy
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16 AN ACT CREATING THE PHILIPPINE AMUSEMENT AND GAMING COMMISSION,
17 HENCEFORTH TO BE KNOWN AS PAGCOM, SEPARATING THE OPERATION AND
18 REGULATION OF GAMING ACTIVITIES, DIRECTING THE PRIVATIZATION AND
19 DISPOSITION OF ALL ASSETS PERTAINING TO THE OPERATION OF GAMING
20 ACTIVITIES BY THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION,
21 REPEALING PRESIDENTIAL DECREE NO. 1869 AND REPUBLIC ACT NO. 9487 FOR
22 THESE PURPOSES, AND FOR OTHER PURPOSES.
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24
25 *Be it enacted in the Senate and House of Representatives of the Philippines in the*
26 *Congress assembled:*

27 **SEC. 1. Short Title.** This Act shall be known as the "**PAGCOM Act of 201__**."

28 **SEC. 2. Acts Repealed in Entirety.** The Philippine Amusement and Gaming Corporation
29 (PAGCOR) franchise granted under Presidential Decree No. 1869, otherwise known as the
30 PAGCOR Charter, as amended by Republic Act No. 9487, is hereby repealed and in its place
31 shall be the following:

32 TITLE I

33 GENERAL PROVISIONS

34 Section 1. *Declaration of Policy.* — It is hereby declared to be the policy of the
35 State to centralize and delineate, on one hand, the regulation of all games of chance,
36 games of cards, and games of numbers permitted by law, and the operation of the same, on
37 the other, and thus create distance between those in charge of regulating gambling and
38 those who stand to benefit from the revenue generated. In particular, it shall be the State's
39 policy:

- 40 (a) To centralize all forms of regulation, including licensing and enforcement, of gaming
41 activities into one governmental entity;
42 (b) To clearly delineate and separate the operation of gaming activities, on one hand, and
regulation, on the other;

- 1 (c) To place the operation of gaming activities in the hands of the private sector by
2 privatizing PAGCOR's current gambling operations, while regulatory and legal reform
3 in the name of efficiency, transparency, and good governance, remain a continuing
4 effort;
- 5 (d) To enhance congressional oversight over the gaming sector;
- 6 (e) To introduce additional safeguards in the regulation and operation of gaming activities;
7 and,
- 8 (f) To reiterate the policy of the State as previously declared in Presidential Decree No.
9 1869, otherwise known as the PAGCOR Charter, as amended by Republic Act No.
10 9487, that is, to continue regulating the establishment and operation of clubs and
11 casinos, for amusement and recreation, including sports gaming pools (basketball,
12 football, lotteries, etc.) and such other forms of amusement and recreation including
13 games of chance, which may be allowed by law within the territorial jurisdiction of the
14 Philippines and which will: (1) generate sources of additional revenue to fund
15 infrastructure and socio-civic projects, such as flood control programs, beautification,
16 sewerage and sewage projects, and such other essential public services; (2) create
17 recreation and integrated facilities which will expand and improve the country's
18 existing tourist attractions; and (3) minimize, if not totally eradicate, the evils,
19 malpractices and the incidence of corruption that are normally prevalent in the conduct
20 and operation of gambling clubs and casinos without appropriate government
21 oversight.

22 23 **TITLE II**

24 **CREATION OF PHILIPPINE AMUSEMENT AND GAMING COMMISSION**

25 Section 2. *Philippine Amusement and Gaming Commission (PAGCOM); Creation*
26 *and Purpose.* — To implement State policy and pursue the objectives set forth in the
27 preceding section, there is hereby created a quasi judicial governmental agency to be
28 known as the Philippine Amusement and Gaming Commission, hereinafter referred to as
29 the Commission, which shall have its principal office in Metropolitan Manila. This
30 Commission has sole responsibility for the regulation of all gaming activities in the
31 Philippines, including all games of chance, games of cards, and games of numbers,
32 hereinafter referred to as "gaming activities."

33 The mandate of the Commission shall include the authority over the following:

- 34 a) Licensing of gaming activities as hereafter provided in Title IV;
- 35 b) Regulation of gaming activities as hereafter provided in Title V;
- 36 c) Enforcement of gaming policy, law and implementing rules, including the imposition
37 of sanctions, as hereafter provided in Title VI;
- 38 d) Supervise the privatization of PAGCOR's gambling operations pursuant to Title VIII;
- 39 e) Engage in social and development projects according to best practices, as hereafter
40 provided in Title IX; and
- 41 f) Exercise all necessary and incidental powers to ensure at all times the separation of
42 and distinction between the operation of gaming activities on one hand, and regulation
43 of the same, on the other, within the meaning and purpose of this Act.

1 Section 3. *Exceptions to the Commission's Authority and Jurisdiction.* —
2 Exceptions to the Commission's regulatory authority and jurisdiction shall pertain to: (a)
3 *Jai alai*, which is regulated pursuant to Presidential Decree No. 810; (b) gaming activities
4 within the vicinities defined under Republic Act 7922, otherwise known as the Cagayan
5 Special Economic Zone Act of 1995; (c) gaming activities within the vicinities defined
6 under Republic Act 9490, otherwise known as the Aurora Special Economic Zone Act of
7 2007; (d) activities regulated by the Philippine Charity Sweepstakes Office or PSO by
8 virtue of Republic Act 1169, Batas Pambansa Blg. 42, and Presidential Decree 1157; (e)
9 cockfighting and other gaming activities conducted by local government units pursuant to
10 Republic Act No. 7160, as amended, otherwise the Local Government Code of 1991; and
11 (f) horseracing, pursuant to Presidential Decree 420.

12 Section 4. *Prohibition to Engage in Gambling Operations.* — In no circumstance
13 shall the Commission operate, directly or indirectly, games of chance as defined herein, or
14 otherwise engage in any business falling under the Commission's regulatory and quasi
15 judicial powers.

16 Section 5. *Members: Eligibility.* — The Commission shall consist of five (5)
17 members who are eligible under the following criteria:

- 18 (a) Each member of the Commission shall be a citizen of the Philippines.
19 (b) No member of Congress, no person holding any elective office in the Government, nor
20 any officer or official of any political party is eligible for appointment to the
21 Commission.
22 (c) Not more than three members of the Commission shall be of the same major political
23 affiliation.
24 (d) No person actively engaged or having a direct pecuniary interest in gaming activities
25 shall be a member of the Commission.
26 (e) One member of the Commission must be a certified public accountant, have 5 years of
27 progressively responsible experience in general accounting, and have a comprehensive
28 knowledge of the principles and practices of corporate finance; or such person must
29 possess the qualifications of an expert in the fields of corporate finance and auditing,
30 general finance, gaming, or economics.
31 (f) One member of the Commission must be selected with special reference to his or her
32 training and experience in the fields of investigation, law enforcement, law, or gaming
33 law, and have 5 years of progressively responsible experience in said field.

34 Section 6. *Members: Appointment and Terms.*

- 35 (a) The term of office of each member of the Commission is six (6) years. The President
36 shall appoint the members of the Commission. The members of the Commission shall
37 be appointed within thirty days of approval of this Act and expiring as follows: one
38 member of the Commission for a term expiring two (2) years from the date of
39 appointment; one member of the Commission for a term expiring three (3) years from
40 the date of appointment; one member of the Commission for a term expiring four (4)
41 years from the date of appointment; one member of the Commission for a term
42 expiring five (5) years from the date of appointment; one member of the Commission
43 for a term expiring six (6) years from the date of appointment. Their successors, all of
44 whom shall be appointed by the President, shall serve six (6) year terms provided that
45 no member shall serve more than two (2) terms of six (6) years each. In case of a

vacancy, it shall be filled by appointment by the President for the unexpired portion of the term in which said vacancy occurs. All members shall devote full time to their duties of office and shall not pursue or engage in any other business, occupation, or other gainful employment.

- (b) In addition to the members of the Commission there shall be four (4) *ex officio* members without vote from Congress consisting of: (1) Two members of the Senate, one from the majority political party and one from the minority political party, both to be appointed by the President of the Senate; (2) two members of the House of Representatives, one from the majority political party and one from the minority political party, both to be appointed by the Speaker of the House of Representatives; such appointments shall be for the term of three (3) years or for the period in which the appointee serves as a legislator, whichever expires first; members may be reappointed; vacancies shall be filled in the same manner as original appointments are made. Such *ex officio* members who shall collect data deemed essential to future legislative proposals and exchange information with the Commission shall be deemed engaged in legislative business while in attendance upon the business of the Commission.
- (c) The President may remove any member of the Commission for misfeasance, malfeasance, or nonfeasance in office. Removal may be made after: (a) The member has been served with a copy of the charges against the member; and (b) A public hearing before the Office of the President is held upon the charges, if requested by the member charged. The request for a public hearing must be made within ten (10) days after service upon such member of the charges. If a hearing is not requested, a member is removed effective ten (10) days after service of charges upon the member. A record of the proceedings at the public hearing must be kept on file with the Commission and a certified true copy of the same shall be concurrently filed with the Office of the President. Such record shall be made available to the public, upon request, subject only to reasonable conditions the Commission may require. Removal of any member of the Commission shall disqualify such member for reappointment. Notwithstanding the provisions of this subsection, the President may preventively suspend the member charged for a maximum period of six months.
- (d) Notwithstanding any provision of this or any other Act, any Commissioner or employee of the Commission shall automatically forfeit his office or position upon the finality of conviction of any crime.

Section 7. *Organization and Employees.*

- (a) Upon appointment of the initial membership, the Commission shall meet at a time and place designated by the Office of the President and proceed to organize itself, electing one (1) of such members as Chair and Chief Executive Officer of the Commission who shall serve for one (1) year from the election; thereafter a Chair shall be elected annually.
- (b) The Commission shall appoint an executive secretary who shall serve at its pleasure and shall be responsible for the conduct of its administrative affairs. No person shall be eligible for such appointment unless he shall have at least 5 years of responsible experience in public or business administration or possesses broad management skills.
- (c) The Commission may establish, and from time to time alter, such plan of organization as it may deem expedient, and may incur reasonably necessary expenses within the limits of funds available to it.

- 1 (d) The Commission may employ such other personnel as it deems necessary. All
2 employees of the Commission shall be party to the provisions of the Civil Service
3 Law. Notwithstanding the provisions of any other law to the contrary, the Commission
4 may employ legal counsel, including the Office of the Solicitor General, who may be
5 called to represent the Commission in any proceeding to which it is a party, and who
6 shall render legal advice to the Commission upon its request. The Commission may
7 contract for the services of other professional, technical, and operational personnel and
8 consultants as may be necessary to the performance of its responsibilities under this
9 Act.

10 Section 8. *Compensation.* — Each member of the Commission shall receive an
11 annual salary to be fixed and established by the President. It is hereby directed that,
12 subject to the availability of funds, the amount of Fifty Million Pesos, or so much thereof
13 as may be needed to carry out the purposes of this Act, be set aside out of the funds of the
14 National Treasury and made available for expenditure by the Commission.

15 Section 9. *Meetings.*

- 16 (a) A majority of the members shall constitute a quorum of the Commission provided that
17 all actions of the Commission relating to the regulation of licensing under this Act
18 shall require an affirmative vote by at least four members of the Commission.
- 19 (b) All meetings of the Commission are open to the public except for investigative
20 hearings, which may be conducted confidentially at the discretion of the Commission.
- 21 (c) The Commission shall have the authority to conduct investigative hearings concerning
22 the conduct of gaming activities and gaming operations as well as the enforcement of
23 the provisions of this Act.
- 24 (d) Investigative hearings may be conducted by one or more members with the
25 concurrence of a majority of the Commission.

26
27 TITLE III – EMPLOYMENT RESTRICTIONS

28 Section 10. *Pre-employment Restrictions.*

- 29 (a) No person shall be appointed to or employed by the Commission if, during the period
30 commencing three (3) years prior to appointment or employment, said person held any
31 direct or indirect interest in, or any employment by, any person which is licensed as a
32 gaming licensee or has an application for such a license pending before the
33 Commission.
- 34 (b) Prior to appointment or employment, each member of the Commission and each
35 employee of the Commission shall swear or affirm that he possesses no interest in any
36 business or organization licensed by or registered with the Commission.
- 37 (c) Each member of the Commission shall file a financial disclosure statement listing all
38 assets and liabilities, property and business interests, and sources of income of said
39 member and said member's spouse and shall provide a financial disclosure statement
40 listing all assets and liabilities, property and business interests, and sources of income
41 of the parents, brothers, sisters, and children of said member. Such statement shall be
42 under oath and shall be filed at the time of appointment and annually thereafter.

- 1 (d) Each employee of the Commission, except for secretarial and clerical personnel, shall
2 file a financial disclosure statement listing all assets and liabilities, property and
3 business interests, and sources of income of said employee and said employee's
4 spouse. Such statement shall be under oath and shall be filed at the time of
5 employment and annually thereafter.

6 Section 11. *Employment Restrictions.*

- 7 (a) The Commission shall, no later than three (3) months after commencing activities,
8 promulgate a Code of Ethics. This Code of Ethics shall include, but not be limited to,
9 provisions that address the propriety of relationships and dealings between the
10 Commission and its staff, and licensees and applicants for licensure under this Act.

- 11 (b) The Codes of Ethics promulgated by the Commission shall not be in conflict with the
12 laws of the State, except, however, that said Codes of Ethics may be more restrictive
13 than any law of the State.

- 14 (c) The Codes of Ethics shall include, but not be limited to provisions that:

- 15 1. No Commission member or employee shall be permitted to gamble in any
16 establishment licensed by the Commission except in the course of his duties.
- 17 2. No Commission member or employee shall solicit or accept employment from any
18 person licensed by or registered with the Commission or from any applicant for a
19 period of four (4) years after termination of service with the Commission.
- 20 3. No Commission member or employee shall act in his official capacity in any
21 matter wherein he or his spouse, child, parent, or sibling has a direct or indirect
22 personal financial interest that might reasonably be expected to impair his
23 objectivity or independence of judgment.
- 24 4. No Commission employee shall act in his official capacity in a matter concerning
25 an applicant for licensure or a licensee who is the employer of a spouse, child,
26 parent, or sibling of said Commission when the fact of the employment of such
27 spouse, child, parent, or sibling might reasonably be expected to impair the
28 objectivity and independence of judgment of said Commission employee.
- 29 5. No spouse, child, parent, or sibling of a Commission member shall be employed in
30 any capacity by an applicant for a gaming license or a gaming licensee nor by any
31 holding, intermediary, or subsidiary company thereof.
- 32 6. No Commission member shall meet with any person, except for any other member
33 of the Commission or employee of the Commission, or discuss any issues
34 involving any pending or proposed application or any matter whatsoever which
35 may reasonably be expected to come before the Commission, or any member
36 thereof, for determination unless the meeting or discussion takes place on the
37 business premises of the Commission, provided, however, that Commission
38 members may meet to consider matters requiring the physical inspection of
39 equipment or premises at the location of the equipment or premises. All meetings
40 or discussions subject to this paragraph shall be noted in a log maintained for this
41 purpose and available for inspection.

- 42 (d) No Commission member or employee shall have any interest, direct or indirect, in any
43 applicant or in any person licensed by or registered with the Commission during his
44 term of office or employment.

1 (e) Each Commission member and employee of the Commission, including legal counsel,
2 shall devote his entire time and attention to his duties and shall not pursue any other
3 business or occupation or other gainful employment; provided, however, that
4 secretarial and clerical personnel may engage in such other gainful employment as
5 shall not interfere with their duties to the Commission or division; and provided
6 further, however, that other employees of the Commission may engage in such other
7 gainful employment as shall not interfere or be in conflict with their duties to the
8 Commission, upon approval by the Commission.

9 (f) No member of the Commission or employee of the Commission shall:

- 10 1. Use his official authority or influence for the purpose of interfering with or
11 affecting the result of an election or a nomination for office;
- 12 2. Directly or indirectly coerce, attempt to coerce, command or advise any person to
13 pay, lend, or contribute anything of value to a party, committee, organization,
14 agency or person for political purposes; or
- 15 3. Take any active part in political campaigns or the management thereof; provided,
16 however, that nothing herein shall prohibit a person from voting as he chooses or
17 from expressing his personal opinions on political subjects and candidates.

18 (g) Any consultant or other person under contract for services to the Commission shall be
19 deemed to be a special State employee for purposes of determining conflict of interest;
20 such person and any corporation, firm, or partnership in which he has an interest or by
21 which he is employed shall not represent any person or party other than the
22 Commission before the Commission.

23 Section 12. *Post-employment restrictions.*

24 (a) No member of the Commission shall hold any direct or indirect interest in, or be
25 employed by, any applicant or by any person licensed by or registered with the
26 Commission for a period of four (4) years commencing on the date his membership on
27 the Commission terminates.

28
29 (b) No employee of the Commission may acquire any direct or indirect interest in, or
30 accept employment with, any applicant or any person licensed by or registered with
31 the Commission, for a period of two (2) years commencing at the termination of
32 employment with the Commission, except that a secretarial or clerical employee of the
33 Commission may accept such employment at any time after the termination of
34 employment with the Commission. At the end of two (2) years and for a period of two
35 (2) years thereafter, a former employee or agent who held a policy-making
36 management position at any time during the five (5) years prior to termination of
37 employment may acquire an interest in, or accept employment with, any applicant or
38 person licensed by or registered with the Commission upon application to and the
39 approval of the Commission upon a finding that the interest to be acquired or the
40 employment will not create the appearance of a conflict of interest and does not
41 evidence a conflict of interest in fact.

42
43 (1) Notwithstanding the provisions of the above subsection, if the employment of a
44 Commission employee, other than an employee or agent who held a policy-making

1 management position at any time during the five (5) years prior to termination of
2 employment, is terminated as a result of a reduction in the workforce at the
3 Commission, the employee or agent may, at any time prior to the end of the two
4 (2) year period, accept employment with any applicant or person licensed by or
5 registered with the Commission upon application to and the approval of the
6 Commission upon a finding that the employment will not create the appearance of
7 a conflict of interest and does not evidence a conflict of interest in fact. The
8 decision of the Commission shall be final.

- 9
- 10 (c) No Commission member or person employed by the Commission shall represent any
11 person or party other than the State before or against the Commission for a period of
12 two (2) years from the termination of his office or employment with the Commission.
- 13
- 14 (d) No partnership, firm, or corporation in which a former Commission member or
15 employee has an interest, nor any partner, officer, or employee of any such
16 partnership, firm, or corporation shall make any appearance or representation which is
17 prohibited to said former member, employee, or agent; provided, however, that
18 nothing herein shall prohibit such partnership, firm, or corporation from making such
19 appearance or representation on behalf of a licensed gaming operator.
- 20
- 21 (e) Notwithstanding any post-employment restriction imposed by this section, nothing
22 herein shall prohibit a former Commission member or employee, at any time after
23 termination of such membership or employment, from acquiring an interest in, or
24 soliciting or obtaining employment with, any person licensed as a gaming operator or
25 any applicant for such licensure.

26 27 **TITLE IV – DUTIES**

28 Section 13. *Duties of the Commission.* — The Commission shall have general
29 responsibility for the implementation of this Act, as hereinafter provided, including,
30 without limitation, the responsibility:

- 31 (a) To hear and decide promptly and in reasonable order all license, registration,
32 certificate, and permit applications, and causes affecting the granting, suspension,
33 revocation, or renewal thereof, for the operation of gaming activities in such manner
34 and at such locations that the Commission may determine;
- 35 (b) To hear and decide promptly and in reasonable order all license, registration,
36 certificate, and permit applications, and causes affecting the granting, suspension,
37 revocation, or renewal thereof, to any person, association, or organization engaged in
38 the selling, distributing, or otherwise supplying or in the manufacturing of devices for
39 those activities authorized by this Act;
- 40 (c) To conduct all hearings pertaining to administrative and civil violations of this Act or
41 regulations promulgated hereunder;
- 42 (d) To promulgate such regulations as in its judgment may be necessary to fulfill the
43 policies of this Act;

- 1 (e) To collect all license and registration fees and taxes imposed by this Act and the
2 regulations issued pursuant hereto, including such fees as shall provide to the
3 Commission not less than an amount of money adequate to cover all costs incurred by
4 the Commission relative to licensing under this Act and the enforcement by the
5 Commission of the provisions of this Act and rules and regulations adopted pursuant
6 thereto;
- 7 (f) To levy and collect penalties for the violation of provisions of this Act and the
8 regulations promulgated hereunder;
- 9 (g) To prescribe the manner and method of payment of taxes, fees, and penalties to be paid
10 to or collected by the Commission;
- 11 (h) To be present through its inspectors and agents at all times, as deemed necessary,
12 during the operation of any gaming activities for the purpose of certifying the revenue
13 thereof, receiving complaints from the public relating to the conduct of gaming
14 activities, examining records of revenues and procedures, and conducting periodic
15 reviews of operations and facilities for the purpose of evaluating current or suggested
16 provisions of this Act and the regulations promulgated thereunder;
- 17 (i) To require that any license holder maintain records as directed by the
18 Commission and submit such reports as the Commission may deem necessary;
- 19 (j) To cooperate with and secure the cooperation of government agencies in investigating
20 any matter within the scope of its duties and responsibilities;
- 21 (k) To review and rule upon any complaint by a licensee regarding any investigative
22 procedures which are unnecessarily disruptive of gaming activities. The need to
23 inspect and investigate shall be presumed at all times. The disruption of a licensee's
24 operations shall be proved by clear and convincing evidence, which evidence shall
25 establish that: (1) the procedures had no reasonable law enforcement purpose, and (2)
26 the procedures were so disruptive as to inhibit unreasonably gaming activities; and
- 27 (l) To publish and make available at the office of the Commission or elsewhere to anyone
28 requesting it a list of the Commission licensees, including the name, address, type of
29 license, and license number of each licensee.
- 30 (m) To determine indicative sale or transfer valuations of assets identified for privatization
31 or disposition by the Privatization Management Office, in accordance with its duties
32 under Title VIII. Such appraisal assessments and valuations shall be based on the audit
33 report by the Commission on Audit or by a reputable third-party appraisal firm, in
34 accordance with Title VIII: *Provided*, that any valuations approved by the Commission
35 on Audit shall not be deemed a condonation, waiver, or extinguishment of any
36 obligation by any third party to such assets.

37
38 Section 14. *Denials and Sanctions.* — The Commission shall assure, to the extent
39 required by this Act, that licenses, approvals, certificates, or permits shall not be issued to
40 nor held by, nor shall there be any material involvement, directly or indirectly, with the
41 licensed gaming operation or the ownership thereof by, unqualified or disqualified persons
42 or persons whose operations are conducted in a manner not conforming with the
43 provisions of this Act and the regulations promulgated thereunder. In enforcing the
44 provisions of this Act, the Commission shall have the power and authority to deny any

1 application; limit or restrict any license, registration, certificate, permit, or approval;
2 suspend or revoke any license, registration, certificate, permit, or approval; and, impose a
3 penalty on any person licensed, registered, or previously approved for any cause deemed
4 reasonable by the Commission pursuant to rules and regulations promulgated thereby.

5 Section 15. *Reports and Recommendations.*

- 6 (a) The Commission shall carry on a continuous study of the operation and administration
7 of gaming control laws which may be in effect in other jurisdictions, literature on this
8 subject which may from time to time become available, laws which may affect the
9 operation of gaming activities, and the reaction of citizens to existing and potential
10 features of gaming under this Act. It shall be responsible for ascertaining any defects
11 in this Act or in the rules and regulations issued thereunder, formulating
12 recommendations for changes in this Act to prevent abuses thereof, guarding against
13 the use of this Act as a cloak for the carrying on of illegal gambling or other criminal
14 activities, and insuring that this Act and the rules and regulations shall be in such form
15 and be so administered as to serve the true purposes of this Act. The Commission shall
16 make to the Office of the President and Congress an annual report of all revenues,
17 expenses, and disbursements, and shall include therein such recommendations for
18 changes in this Act as the Commission deems necessary or desirable. The Commission
19 shall also report recommendations that promote more efficient operations of the
20 Commission. The Commission shall report immediately to the Office of the President
21 and Congress any matters which in its judgment require immediate changes in the laws
22 in order to prevent abuses and evasions of this Act or of rules and regulations
23 promulgated hereunder, or to rectify undesirable conditions in connection with the
24 operation and regulation of gaming activities.
- 25 (b) The Commission shall cause to be made and kept a record of all proceedings held at
26 public meetings of the Commission. A verbatim transcript of those proceedings shall
27 be prepared by the Commission upon the request of any Commissioner or upon the
28 request of any other person and the payment by that person of reasonable costs of
29 preparation. A copy of a transcript shall be made available to any person upon
30 reasonable request and payment of the costs of preparing the copy.
- 31 (c) A certified true copy of the minutes of every meeting of the Commission and of any
32 regulations finally adopted by the Commission shall be forthwith delivered to the
33 Office of the President and Congress.
- 34 (d) The Commission shall keep and maintain a list of all applicants for licenses and
35 registrations under this Act together with a record of all actions taken with respect to
36 such applicants, which file and record shall be open to public inspection; provided,
37 however, that the foregoing information regarding any applicant whose license or
38 registration has been denied, revoked, or not renewed shall be removed from such list
39 after five (5) years from the date of such action.
- 40 (e) The Commission shall maintain such other files and records as may be deemed
41 desirable.
- 42 (f) All information and data pertaining to an applicant's criminal record, family, and
43 background furnished to or obtained by the Commission from any source shall be
44 considered confidential and shall be withheld in whole or in part, except that any
45 information shall be released upon the lawful order of a court of competent jurisdiction
46 or to a duly authorized law enforcement agency.

- 1
- 2 (g) Notice of the contents of any information or data released, except to a duly authorized
- 3 law enforcement agency pursuant to subsection f. of this section, shall be given to any
- 4 applicant, registrant, or licensee in a manner prescribed by the rules and regulations
- 5 adopted by the Commission.
- 6 (h) The following information to be reported periodically to the Commission by a licensee
- 7 shall not be considered confidential and shall be made available for public inspection:
- 8 1. A licensee's gross revenue from all gaming activities; and
- 9 2. All quarterly and annual financial statements presenting historical data, which are
- 10 submitted to the Commission, including all annual financial statements which have
- 11 been audited by an independent certified public accountant.

12 Section 16. *Necessary and Incidental Powers.* The Commission may exercise any

13 proper power or authority necessary to ensure at all times the separation of and distinction

14 between the operation of gaming activities on one hand, and regulation of the same, on the

15 other, as well as perform the duties assigned to it by law. No specific enumeration of

16 duties in this Act shall be read to limit the authority of the Commission to administer this

17 Act.

18

19 TITLE V – REQUIRED REGULATIONS

20 Section 17. *Required Regulations.* — The Commission shall, without limitation on

21 the duties conferred in the preceding title, include within its regulations the following

22 specific provisions in accordance with the provisions of this Act:

- 23 (a) Prescribing the methods and forms of application which any applicant shall follow and
- 24 complete prior to consideration of his application by the Commission;
- 25 (b) Prescribing the methods, procedures, and form for delivery of information concerning
- 26 any person's family, habits, character, associates, criminal record, business activities,
- 27 and financial affairs;
- 28
- 29 (c) Prescribing procedures for the fingerprinting of an applicant, employee of a licensee,
- 30 or registrant, or other methods of identification which may be necessary in the
- 31 judgment of the Commission to accomplish effective enforcement of restrictions on
- 32 access to the restricted areas of the gaming facility;
- 33 (d) Prescribing the manner and procedure of all hearings conducted by the Commission,
- 34 including special rules of evidence applicable thereto and notices thereof;
- 35 (e) Prescribing the manner and method of collection of payments of taxes, fees, and
- 36 penalties;
- 37 (f) Defining and limiting the areas of operation, the rules of authorized games, odds, and
- 38 devices permitted, and the method of operation of such games and devices;
- 39 (g) Prescribing grounds and procedures for the revocation or suspension of operating
- 40 certificates and licenses;
- 41 (h) Governing the manufacture, distribution, sale, and servicing of gaming devices and
- 42 equipment;

- 1 (i) Prescribing for gaming operations the procedures, forms, and methods of management
2 controls, including employee and supervisory tables of organization and responsibility,
3 and minimum security standards, including security personnel structure, alarm, and
4 other electrical or visual security measures; provided, however, that the Commission
5 shall grant an applicant for a gaming license broad discretion concerning the
6 organization and responsibilities of management personnel who are not directly
7 involved in the supervision of gaming activities;
- 8 (j) Prescribing the qualifications of, and the conditions pursuant to which, engineers,
9 accountants, and others shall be permitted to practice before the Commission or to
10 submit materials on behalf of any applicant or licensee; provided, however, that no
11 member of Congress, nor any firm with which said member is associated, shall be
12 permitted to appear or practice or act in any capacity whatsoever before the
13 Commission regarding any matter whatsoever, nor shall any member of the family of
14 the President or of a member of Congress be permitted to so practice or appear in any
15 capacity whatsoever before the Commission regarding any matter whatsoever;
- 16 (k) Prescribing minimum procedures for the exercise of effective control over the internal
17 fiscal affairs of a licensee, including provisions for the safeguarding of assets and
18 revenues, the recording of cash and evidence of indebtedness, and the maintenance of
19 reliable records, accounts, and reports of transactions, operations and events, including
20 reports to the Commission;
- 21 (l) Providing for a minimum uniform standard of accountancy methods, procedures, and
22 forms; a uniform code of accounts and accounting classifications; and such other
23 standard operating procedures as may be necessary to assure consistency,
24 comparability, and effective disclosure of all financial information, including
25 calculations of percentages of profit by games, tables, gaming devices and slot
26 machines;
- 27 (m) Requiring quarterly financial reports and the form thereof, and an annual audit
28 prepared by a certified public accountant attesting to the financial condition of a
29 licensee and disclosing whether the accounts, records, and control procedures
30 examined are maintained by the licensee as required by this Act and the regulations
31 promulgated hereunder; and
- 32 (n) Governing the gaming-related advertising of licensees, their employees, and agents,
33 with the view toward assuring that such advertisements are in no way deceptive.
- 34

35 **TITLE VI**
36 **ENFORCEMENT**

37 Section 18. *Enforcement Powers.*— The Commission or its authorized
38 representative may:

- 39 (a) Make necessary public or private investigations to determine whether any person has
40 violated or is about to violate this Act or any rule or order hereunder, or to aid in the
41 enforcement of this Act or in the prescribing of rules and forms hereunder; and
- 42 (b) Inspect the books, documents, and records of any person lending money to or in any
43 manner financing any license holder or applicant for a license or receiving any income
44 or profits from the use of such license for the purpose of determining compliance or

1 Section 26. *Identification.*— Each applicant or licensee may be photographed for
2 investigative and identification purposes in accordance with rules of the Commission.
3

4 Section 27. *Character Determination; Confidentiality.*— An application to receive a
5 license under this Act or rules adopted pursuant thereto constitutes a request for
6 determination of the applicant's and those person's with an interest in the applicant,
7 general character, integrity, and ability to engage or participate in, or be associated with,
8 gaming or related activities impacting the State. Any written or oral statement made in the
9 course of an official investigation, proceeding, or process of the Commission by any
10 member, employee, or agent thereof or by any witness, testifying under oath, which is
11 relevant to the investigation, proceeding, or process, is absolutely privileged and shall not
12 impose any liability for slander, libel, or defamation, or constitute any grounds for
13 recovery in any civil action.

14 Section 28. *Financial Interests.*— No applicant or licensee shall give or provide,
15 or offer to give or provide, directly or indirectly, any compensation or reward or any
16 percentage or share of the money or property played or received through gaming activities,
17 except as authorized by this Act, in consideration for obtaining any license, authorization,
18 permission, or privilege to participate in any way in gaming or related operations.
19

20 **TITLE VIII**

21 **PRIVATIZATION OF PAGCOR'S GAMING OPERATIONS**

22 Section 29. *Conduct of Audit and Accounting of Assets.* — The Philippine
23 Amusement and Gaming Commission, the Department of Finance, through its
24 Privatization Management Office, and the Commission on Audit shall accomplish a
25 complete inventory and account of all assets of PAGCOR for the purpose of determining
26 the following:

- 27 1. Nature of the asset;
- 28 2. Amount and value of the asset;
- 29 3. Description of the asset;
- 30 4. Purpose of use of the asset, and;
- 31 5. Nature, description, amount and value, and purpose of any and all other rights and
32 obligations pertaining to such assets;
- 33

34 *Provided, that nothing in this Act shall be construed to prevent or preclude the*
35 *engagement of a third party by the Privatization Management Office for the purpose of*
36 *conducting appraisals of any of the aforesaid assets in the course of preparing the*
37 *privatization or disposition plans as provided for by this Act; provided further, that the*
38 *assets of PAGCOR shall refer to any and all assets owned and utilized in furtherance*
39 *of the operation of all gaming activities of PAGCOR.*
40

41 Section 30. *Powers and Functions of the Privatization Management Office*
42 *Under this Act.* — As provided for in the previous section, all the assets aforementioned

1 shall be audited, accounted and appraised for the purpose of privatization and disposition
2 in accordance with the provisions of this Act. Hence, the Privatization Management Office
3 shall, pursuant to Executive Order No. 323, series of 2001, as amended, take possession
4 of, conserve, provisionally manage, and dispose of all PAGCOR assets identified for
5 privatization and disposition by the Commission.

6 The Privatization Management Office, pursuant to Executive Order No. 323, series
7 of 2001, and the provisions of this Act, shall perform the following additional duties:

- 8 1. Create and put into practice a marketing program for the proper promotion and
9 subsequent disposition of the assets designated for privatization and disposition by
10 the Commission;
- 11 2. Execute and deliver legal documents over such assets, including but not limited to,
12 contracts of sale and contracts to sell, absolute deeds of sale, contracts of trust,
13 among others, for the purposes of conveying title to or taking possession of the
14 assets;
- 15 3. Engage and contract additional services from public or private individuals and
16 institutions as may be necessary in the fulfillment of its tasks under this Act;
- 17 4. Adopt internal rules and regulations in relation to the promotion and disposition of
18 the assets; and
- 19 5. Submit reports to the Commission on a monthly, quarterly and yearly basis on the
20 status, performance and achievements of the disposition program.

21
22 Any and all sales, transfers and conveyances of PAGCOR assets pursuant to the
23 privatization and disposition provided for by this Act, or any divestment or transmission of
24 any and all rights over such assets, until approved or ratified by the Commission, shall not
25 be considered final and executory and shall not convey any rights of ownership.

26 Section 31. *Remittance of Proceeds of Privatization.*—All proceeds or receipts
27 from the privatization, sale or disposition of the Assets, except portions thereof for
28 reasonably necessary operational expenses of the Commission, or such amount approved
29 by the Commission to be refunded to the PMO under the preceding section, shall be
30 remitted to the Gaming Revolving Fund as defined in Title IX hereunder.

31 Section 32. *Reporting Requirements.*—The Commission shall, on a semi-annual
32 basis, submit to the President and to Congress a report on the status of disposition of the
33 Assets, which shall include, among others, a description of the individual assets privatized
34 and disposed of, their purchasers, the consideration received, and the terms of payment as
35 agreed upon.

36 Section 33. *Reimbursement.* The Privatization Management Office shall be
37 reimbursed for any and all reasonable expenses incurred in the management and
38 disposition of the assets, subject to pertinent laws, rules and regulations.

40 TITLE IX

41 FUNDS

42 Section 34. *Gaming Revolving Fund.* — There is hereby created the gaming
43 revolving fund which shall consist of all moneys receivable for licensing, penalties,

1 forfeitures, and all other moneys, income, or revenue received by the Commission. All
2 moneys received by the Commission or any employee thereof shall be deposited each day
3 in a depository approved by the national treasurer and transferred to the national treasurer
4 to be credited to the gaming revolving fund. Disbursements from the revolving fund shall
5 be on authorization of the Commission or a duly authorized representative thereof. No
6 appropriation shall be required to permit expenditures and payment of obligations from
7 such fund. All expenses relative to Commission business, including but not limited to
8 salaries and expenses of Commission employees, shall be paid from the gaming revolving
9 fund. A five (5%) tax on gross revenue shall likewise be deposited in the gaming
10 revolving fund.

11 Section 35. *Development Fund.* — After deducting the five (5%) percent gross
12 revenue tax, a fifty (50%) percent tax shall be applied, with earnings immediately set aside
13 in the development fund and allocated to fund infrastructure and socio-civil projects
14 nationwide.

15 Development fund moneys shall be deposited in a depository approved by the
16 national treasurer and transferred to the national treasurer to be credited to the
17 development fund. The Commission holds the power to allocate and distribute, with the
18 approval of the Office of the President, the development fund.

19 The Commission shall submit to the Office of the President before the end of
20 February of each year a list of all the infrastructure and/or socio-civic projects that might
21 have been financed from the development fund, and submit such periodic or other reports
22 as may be required of it from time to time.

23 24 TITLE X

25 GOVERNMENT AUDIT

26 Section 35. *Auditor.* — The Commission of Audit may appoint a representative
27 who shall be the Auditor of the Commission and such personnel as may be necessary to
28 assist said representative in the performance of his duties. The salaries of the Auditor or
29 representative and his staff shall be fixed by the Chairman of the Commission on Audit,
30 with the advice of the Commission.

31 32 TITLE XI

33 TRANSITORY PROVISIONS

34
35 Section 36. *Early Retirement Plan; Separation Pay.* — All personnel of PAGCOR
36 who shall not be transferred to the Commission shall be governed by an early retirement
37 plan. For this purpose the Commission shall design and promulgate such early retirement
38 plan as soon as practicable and in no case beyond six (6) months from the date of
39 effectivity of this Act.

40 In the absence of an early retirement plan, severance pay of PAGCOR personnel
41 who shall not be transferred to the Commission shall be governed by applicable retirement
42 laws, notably, Republic Act 8291, Republic Act 660, Republic Act 1616, Republic Act

7699, or Presidential Decree 1146, as the case may be, and rules and regulations issued pursuant to such laws.

TITLE XII

ADMINISTRATIVE CODE OF 1987

Section 37. *Applicability of the Administrative Code of 1987.* — Executive Order No. 292 (1987), otherwise known as the Administrative Code of 1987, shall apply in supplementary character.

TITLE XIII

CRIMINAL, CIVIL, AND ADMINISTRATIVE LIABILITY

Section 38. *Criminal, Civil, and Administrative Liability.* — Any person, natural or juridical, foreign or domestic, found to have violated any of the provisions of this Act shall be subject to the penalties of imprisonment of not less than six (6) months nor more than five (5) years and a fine of not less than one hundred thousand pesos (P100,000.00) but not exceeding two million pesos (P2,000,000.00), without prejudice to any civil or administrative liability which may also arise therefrom, and without prejudice to the applicability of special laws and offenses arising under the Revised Penal Code.

If the violator is a government official, he or she shall suffer absolute perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

If the violator is a juridical entity as defined under Philippine laws, or defined under the laws of its home state or place/s of business, including its representatives, agents, or offices wherever situated, the penalty shall be imposed upon any person or officer thereof who knows or ought to have known the commission or existence of the violation of the provisions of this Act. Any person, natural or juridical, foreign or domestic, who/which assists, cooperates, or conspires in the commission of violations as defined in this Act shall be subject to the graduated penalties based on the aforementioned penalties, taking into consideration their participation and culpability under the regime of the Revised Penal Code.

In determining imposable penalty/ies, the Commission, courts, or appropriate agency, as the case may be, shall consider the nature and extent of the business, its market reach, and the extent to which it is syndicated or organized in its conduct of illegal operations both foreign and domestic.

SEC. 4. Separability Clause. — In the event that any provision of this Act is declared unconstitutional, invalid, or illegal, the constitutionality, validity, or legality of the remainder of the provisions of this Act shall not be affected thereby.

SEC. 5. Repealing Clause. — Republic Act No. 9487 and Presidential Decree No. 1869 are repealed in their entirety. All other laws, decrees, executive orders, administrative orders, rules or regulations, inconsistent herewith are hereby repealed, amended or modified accordingly.

SEC. 6. Effectivity. — This Act shall take effect fifteen (15) days following the completion of its publication in two (2) national newspapers of general circulation.

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Approved,