

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. 7657



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Many times has this nation been rocked by large-scale fraud of endemic proportions, affecting the poor sectors of our society.

The number of victims which runs to hundreds and even thousands, has obviously been the result of well-advertised and effective sales propaganda and other promotional shows circulated in newspapers, aired in radio stations and televisions, and other media for long periods of time.

Meantime, unaware that the promoted products, goods or services are non-existent or are incapable of performing as advertised, doomed to failure, the hapless victims continue to shell out whatever small amounts they have hoping that they will in the future achieve or acquire the much propagated ventures or plans.

Enough is enough of the so-called flopping or failed pre-need plans, unfinished subdivision or condominiums, pyramiding schemes and similar artifices and deceptive schemes that had victimized thousands and thousands of our countrymen.

It is pathetic to note that until now, victims of these frauds had found themselves helpless in bailing themselves out from the financial woes wrought by those who have enriched themselves.

Hence, the bill's purpose is to stop the propagation of false or fraudulent advertising of products, goods and services which cannot be delivered or performed and save our poor people from being victimized by the professional charlatans whose obvious motive is to milk their victims.

In view of the foregoing, immediate approval of this measure is earnestly sought.


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

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AN ACT
PENALIZING FALSE OR FRAUDULENT ADVERTISING AND FOR OTHER
PURPOSES

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

1 **SECTION 1. *False or Fraudulent Advertising, Prohibited.*** - It shall be unlawful for any
2 person, firm or corporation to advertise or promote his or its products, goods and services,
3 underwrite any obligation, such as pre-need educational, medical or other related services,
4 through newspapers, magazines, radio, television, internet or other means accessible to the public
5 view, such as billboards, flyers, newsletters, leaflets, etc. when such products, goods, services or
6 pre-need benefits are inexistent, in whole or in part, or are incapable of being produced,
7 delivered, performed, paid or discharged, and which false or fraudulent advertising shall have
8 induced another to part with his money or valuable consideration to buy, acquire or avail of such
9 products, goods, services or pre-need benefits.

10
11 **SEC. 2. *Prima Facie Evidence of False or Fraudulent Advertising.*** - The failure or
12 inability of such person, firm or corporation to fully or completely produce, deliver, perform, pay
13 or discharge the obligation, products, goods or services so promoted or advertised, within a
14 period of ninety (90) days from date of written demand from the person defrauded shall be prima
15 facie evidence of a violation of this Act.

16
17 **SEC. 3. *Liability under this Act, Distinction other Crimes Committed.*** - The liability of
18 persons found violating this Act shall be distinct from and in addition to the penalties that such
19 person, firm or corporation shall incur under the Revised Penal Code and other special laws:
20 *Provided, however,* That the prosecution for violation of this Act shall proceed independently
21 and regardless of the status, stage or result of the prosecution under the Revised Penal Code or
22 other special laws: *Provided, further,* That no filing fee shall be imposed for the commencement
23 of the criminal charge under this Act.

1 **SEC. 4. *Liability, if Violator is a Corporation or Unregistered Entity.*** - If the violation
2 under this Act is committed by a corporation, partnership or other unregistered entity, the
3 directors, president, treasurer, general manager or one performing similar functions and other
4 corporate officers or persons responsible for such false or fraudulent advertisement shall be
5 personally liable for such violation.
6

7 **SEC.5. *Multiple Liability.*** - Any person found violating this Act shall be charged and
8 convicted with as many counts of such violations as there are victims who have been defrauded
9 by reason of such false or fraudulent advertising.
10

11 **SEC 6. *Penalty.*** - Any person found liable for violating this Act shall be sentenced to an
12 imprisonment of not less than one (1) year but not exceeding six (6) years or a fine of not less
13 than twice the value of the amount defrauded: *Provided*, That in case the person convicted fails
14 or refuses to pay the fine, he shall suffer subsidiary imprisonment at the rate of P200 per day but
15 not exceeding six (6) years.
16

17 **SEC. 7. *Effectivity.*** - This Act shall take effect fifteen (15) days after publication in the
18 Official Gazette and in two (2) newspapers of general circulation.

Approved,