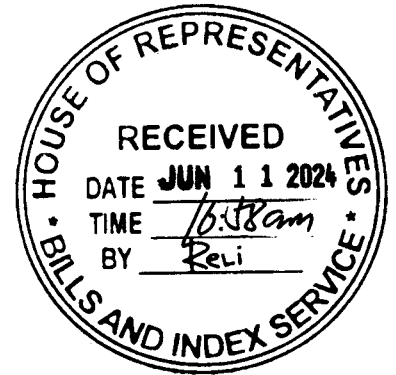


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

NINETEENTH CONGRESS
Third Regular Session



HOUSE BILL 10525

Introduced by
ACT Teachers Party-List Rep. FRANCE L. CASTRO,
GABRIELA Women's Party Rep. ARLENE D. BROSAS,
and KABATAAN Party-List Rep. RAOUL DANNIEL A. MANUEL

AN ACT
BANNING PHILIPPINE OFFSHORE GAMING OPERATORS (POGOs) AND
CRIMINALIZING THEIR OPERATIONS

EXPLANATORY NOTE

The Duterte administration laid the Philippines wide open for Philippine Offshore Gaming Operations (POGOs), promising myriad “economic benefits” the country will reap as “the next gaming capital.” These promises include “foreign investments” in the form of companies providing online gambling services to foreigners setting up shop here, new buildings erected in select gambling Edens, a tourism boom from China, and the vow of the President of “job generation” for Filipinos.

The groundwork started soon after Duterte sat in power, with the issuances all claiming clean intentions: regulate gambling. On August 26, 2016, the Philippine Amusement and Gaming Corporation (PAGCOR) issued its *Rules and Regulations for Philippine Offshore Gaming Operations* “to curtail the proliferation of illegal online games in the country as well as to ensure that online games are properly regulated.”¹ PAGCOR created the Ad Hoc Licensing Committee or “Task Force POGO” which later became the Offshore Gaming Licensing Department.

¹ Foreword, *PAGCOR Offshore Gaming Regulatory Manual*, July 3, 2018

On February 2, 2017, Duterte himself came out with Executive Order 13, *Strengthening the Fight against Illegal Gambling and Clarifying the Jurisdiction and Authority of Concerned Agencies in the Regulation and Licensing of Gambling and Online Gaming Facilities, and for Other Purposes*. This authorized PAGCOR, Cagayan Economic Zone Authority (CEZA), Aurora Pacific Economic Zone and Freeport Authority (APECO), and Authority of the Freeport Area of Bataan (AFAB) to issue licenses to operate online gambling activities.

Republic Act 11590 was enacted in September 2021. In the guise of regulating POGOs, it amended the National Internal Revenue Code and mandated the tax treatment of POGOs—thereby recognizing and making POGOs legitimate.

PAGCOR was proud of its numbers: POGOs contributed ₱657 million in just their first year, hitting ₱3.924 billion the next, and ₱7.365 billion in 2018. Before the COVID-19 pandemic, PAGCOR promised expected POGO revenues to reach ₱8 billion. All Duterte-era heads of agencies, such as Securities and Exchange Commission and Bureau of Internal Revenue, also proclaimed hefty revenues in fees and taxes from POGOs.

Never mind that what the Philippines essentially did was to make legal here what is illegal somewhere else, namely, China. Never mind that, with the influx of POGOs, it brought with it a swarm of crimes as testified to by police raids, and by the PAGCOR itself, Anti-Money Laundering Council, and various other agencies—rape, murder, illegal recruitment, human trafficking, prostitution, illegal detention, inhumane labor terms and conditions, money laundering, immigration bribery schemes, to name just a few. According to the Cybercrime Investigation and Coordinating Center, many POGOs started operating during the pandemic as “scam hubs” for fake online charity, fake shopping websites, fake online sellers, fake relative/friend dating and “romance scams,” fake foreign exchange investment, fake loans, and the like. One raided POGO in 2020 yielded, among others, enough firearms, ammunitions, and money to make a small squad or private army funded and (trigger) happy.

With this long list of felonies and the long years that POGOs were allowed to proliferate in the country, the 10-hectare POGO hub raided in Bamban under the probable auspices of suspended Mayor Alice Guo might be merely the tip of the iceberg.

Still, Duterte defended POGOs, and repeatedly.² Still, POGOs have operated—and continue to operate now, even after his term—to the detriment of their victims: not

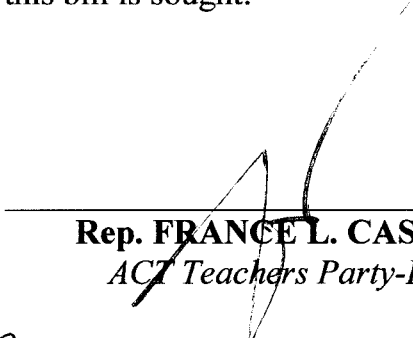
² Among his statements were:

(1) “I will assure you under my oath of office as President of this Republic, as elected by you, POGOs...are clean.” (March 2020) and

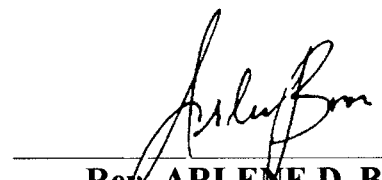
(2) “Now, why did I allow gambling? It’s because we don’t have money. x x x The most sensible thing is really just to encourage those activities [gambling].” (July 2021)

just the economy as a whole but, more importantly, the Filipinos caught in the POGO web of criminality. And their touted economic benefits have been declining, as the Department of Finance and other economic government agencies agree that the contributions of POGOs to government revenues have actually been negligible: it never went past 1% of GDP, even when it reached its peak in 2019. We even are at the risk of losing 0.8% to 1% of GDP, per the conservative estimate of the National Economic and Development Authority in December 2023.³

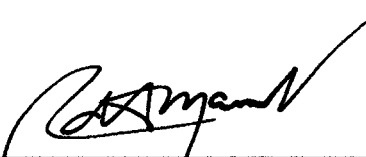
It is high time to ban POGOs and criminalize their operations. For these reasons, immediate approval of this bill is sought.



Rep. FRANCE L. CASTRO
ACT Teachers Party-List



Rep. ARLENE D. BROSAS
GABRIELA Women's Party



Rep. RAOUL DANNIEL A. MANUEL
KABATAAN Party-List

During the COVID pandemic, Duterte even ordered that POGOs be reopened amid the lockdowns.

³ *POGO contribution to economy remains dismal*. Simeon, Louise Maureen, The Philippine Star, 6 December 2023

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AN ACT
BANNING PHILIPPINE OFFSHORE GAMING OPERATORS (POGOs) AND
CRIMINALIZING THEIR OPERATIONS

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

SECTION 1. *Short Title.* – This Act shall be known as the *Anti-POGO Act of 2024*.

SEC. 2. *Declaration of Policy.* – It is a declared constitutional principle of the State that the maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy.

It is the policy of the State to ensure the development and protection of the spiritual, moral, social well-being of the people, especially the youth, the promotion and maintenance of peace, law, and order, and the promotion and preservation of moral values and human dignity.

It is therefore declared by the State that Philippine Offshore Gaming Operations (POGOs) conducted within the Philippines have increasingly become a social menace and a source of unimaginable corruption. It has made a mockery of our money-laundering, immigration, and tax laws. It has been a source of untold criminal offenses and heinous crimes related to the conduct of such operations, thereby making more vulnerable our people, including workers. But most of all, it has displaced hard-working Filipino people in favor of foreign workers. It has dissipated the energy and resources of our people and that there is a need to effectively combat this social menace because of its increasing danger to the citizens and the State.

SEC. 3. *Guiding Principles in Prohibiting POGOs.* – Government, through the agencies tasked with duties and responsibilities under this Act, shall be guided by the following:

- a. **General welfare clause.** The maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy.
- b. **Crime prevention.** Crime prevention is an increasingly important component of national strategies for public welfare, safety, and security. The prohibition of POGOs will immediately curtail violations of immigration land laws, laws against money-laundering, murder, kidnapping and serious illegal detention, human trafficking, as well as laws against bribery, extortion, and corruption of public officials, and a host other heinous crimes related to their operations.
- c. **Money-laundering prevention.** The prohibition of POGOs will immediately stop money-laundering activities committed in the course of the operations of POGOs, and will protect our financial system from the influx of capital from illegal sources.
- d. **Vice prevention.** As with crime prevention, vice prevention is also an important component of national strategies for public welfare, safety, and security, as well as the protection of the family as a sacred institution. The prohibition of POGOs will prevent at-risk behavior and escalation of problematic behavior of people who are into or prone to gambling.
- e. **Address immigration corruption and Filipino labor displacement.** The prohibition of POGOs will immediately curtail, if not stop, immigration bribery and corruption due to the influx of foreign POGOs and POGO workers, as well as stop Filipino labor displacement due to foregone job creation resulting from the preference for so-called foreign investments such as POGOs.

SEC. 4. *Definition of Terms.* – For purposes of this Act, the following terms shall be understood as follows:

1. *E-casino* is the operation of live casino games or random number generator-based games;
2. *Foreign-based operator* is a person in any foreign country that engages the services of local gaming agents and service providers for its offshore gaming operations;
3. *Gaming* is the participation in gambling activities such as but not limited to casino games, facilitation of wagers in the operation of predicting the outcomes and results of sporting and/or gambling events;
4. *Gaming laboratory* refers to any person, whether located in the Philippines or not, responsible for the testing of gaming systems and software of all offshore gaming operations and service providers, and ensuring that the same pass technical standards established and accepted by gaming jurisdictions worldwide;
5. *Gaming paraphernalia* are apparatus, furnishing, or accessories used in or are necessary for the conduct of gaming operations;
6. *Local gaming agent* refers to any person in the Philippines who will represent the foreign-based operator in the Philippines;
7. *Offshore gaming* refers to online games of chances or sporting events via the internet using a network and software or program, exclusively to offshore authorized players. It is broadly categorized into three (3) groups, namely, e-casino, pure sports betting, and sports betting on regulated wagering events (SBRWE);
8. *Person* refers to natural or juridical person as defined by law;
9. *POGO* refers to any person which either conduct offshore gaming operations themselves or engage service providers;
10. *POGO hub* is a complex which houses any of the operations in the Philippines, as well as other logistical, administrative, and support services for offshore gaming operations;
11. *Service provider* refers to any person in the Philippines who provides components of offshore gaming operations in the Philippines such as, but not limited to customer relations services provider, strategic support provider, IT support provider, gaming software platform provider, live studio and streaming provider, and special-class BPO;
12. *Sports betting* is the acceptance and/or facilitation of wagers in operations of predicting the outcomes and results of sporting events such as football, basketball or any collegiate, amateur, or professional games; and
13. *Sports betting on regulated wagering events* is where the gaming events are regulated under the jurisdiction of other countries, including live event audio and visual feeds to customers which are regulated by a foreign government.

SEC. 5. *Prohibited Acts.* – It shall be prohibited for any person to conduct online games of chance or sporting events via the internet using a network and software or program, exclusive to offshore authorized players, within Philippine territory. This prohibition includes the following acts:

- a. Facilitation of any offshore gaming through any means or device within Philippine territory;
- b. Acceptance of any form of betting for purposes of offshore gaming operations;
- c. Acting as a service provider for offshore gaming operations in the Philippines as defined under this Act;
- d. Creation of a POGO hub in the Philippines;
- e. Establishment of a gaming laboratory in the Philippines or providing services as a gaming laboratory;
- f. Possession of gaming paraphernalia; and
- g. Aiding in, protecting, or abetting the conduct of any act or activity prohibited under this Act.

SEC. 6. *Revocation of Licenses Granted to POGOs.* – Any license granted by the Philippine government to POGOs, foreign-based operators, service providers, and local gaming agents for purposes of offshore gaming operations in the Philippines, whether through Philippine Amusement and Gaming Corporation (PAGCOR) or agencies and wherever situated, are deemed withdrawn, revoked, or denied upon effectivity of this Act.

SEC. 7. *Predicate Offense.* – Violation of the provisions of this Act shall constitute “unlawful activity” under RA 9160 or the *Anti-Money Laundering Act (AMLA) of 2001*, as amended, and shall therefore be subject to a separate prosecution for money laundering offense in accordance therewith. For purposes of AMLA:

- a. Any person with participation in or knowledge of any offshore gaming operations in the Philippines is considered a “covered person” and
- b. Transactions entered into with the use of any local or foreign currency for purposes of offshore gaming operations in the Philippines is considered a “suspicious transaction.”

SEC. 8. *Ban on Employment for POGOs; Human Trafficking Offense.* – The employment, engagement, training, or apprenticeship by any person, by means of recruitment, hiring, obtaining, provision, offer, transport, transfer, or receipt of an individual, whether Filipino or alien, for purposes of offshore gaming operations in the Philippines shall constitute a violation of RA 10364 or the *Expanded Anti-Trafficking*

in Persons Act of 2012, and shall therefore be subject to a separate prosecution for trafficking in persons in accordance therewith.

SEC. 9. *Responsibility of Agencies Issuing Visas and Work Permits.* – The Department of Labor and Employment (DOLE) is hereby prohibited from issuing any work permit to any person for purposes of offshore gaming operations. The Bureau of Immigration and other agencies of government tasked by law to issue visas and work permits to aliens are likewise prohibited from issuing any visa or Alien Employment Permit for offshore gaming operations in the Philippines.

SEC. 10. *Compliance Monitoring.* – Not later than one (1) year after the date of effectivity of this Act and annually thereafter, the responsible agencies such as but not limited to Department of Justice (DOJ), National Bureau of Investigation (NBI), Department of the Interior and Local Government (DILG), Philippine National Police, PAGCOR, DOLE, and the Anti-Money Laundering Council shall submit to the President of the Philippines and to both Houses of Congress Compliance Monitoring Reports which shall contain their actions and accomplishments as regards the implementation of this Act.

SEC. 11. *Penalties.* – Subject to Sections 7 and 8 hereof, violations of the provisions of this Act shall be punishable as follows:

- a. First offense: imprisonment of not less than four (4) years and not more than six (6) years and a fine of not less than One Hundred Thousand Pesos (₱100,000) nor more than Three Hundred Thousand Pesos (₱300,000), with the amount at the discretion of the court;
- b. Second offense: imprisonment of not less than six (6) years and not more than eight (8) years and a fine of not less than Two Hundred Thousand Pesos (₱200,000) nor more than Five Hundred Thousand Pesos (₱500,000), with the amount at the discretion of the court; and
- c. Third and succeeding offenses: imprisonment of not less than seven (7) years and not more than ten (10) years and a fine of not less than Five Million Pesos (₱5,000,000) nor more than Ten Million Pesos (₱10,000,000), with the amount at the discretion of the court.

If the offender is a juridical person, the penalties shall be imposed on the entity's responsible officers, such as, but not limited to, the president, chief executive officer, general partner, or partner directly responsible for the violation.

If the offender is an alien, he or she shall summarily be deported after service of sentence and shall forever be barred from re-entering the Philippines.

Any person convicted under this Act shall not be subject to probation.

SEC. 12. *Liability of Government Officials and Employees.* – Government officials and employees violating this Act shall, in addition to the penalties in the preceding section, suffer perpetual absolute disqualification from public office as defined in Article 31 of the Revised Penal Code, including the loss of all rights to retirement benefits for any office currently and previously held.

SEC. 13. *Immunity from Probation.* – Any person who serves as a witness for the government or, voluntarily or by virtue of a subpoena, produces documents material to the investigation or prosecution of persons for violations of this Act, shall be immune from criminal prosecution, subject to compliance with the provisions of Presidential Decree 1732 or the *Decree Providing Immunity from Criminal Prosecution of Government Witnesses*, as well as the pertinent provisions of the Rules of Court.

SEC. 14. *Prosecution, Judgment, and Forfeiture.* – In addition to what is provided under Sections 7 and 8 hereof, any prosecution or conviction under this Act shall be without prejudice to other proceedings under the Revised Penal Code and pertinent laws.

Upon conviction, all buildings or other structure or facilities, materials, equipment, and instruments used directly or indirectly in activities in violation of this Act, as well as the proceeds of such illegal act or activity, shall be confiscated and forfeited in favor of the government and may be disposed of in accordance with existing laws, rules, and regulations.

SEC. 15. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the DOJ, DILG, DOLE, and PAGCOR shall jointly issue the implementing rules and regulations: *Provided, That* failure of the these agencies to promulgate the IRR within the prescribed period shall not be a bar to the effectivity of the provisions of this Act, as well as the liabilities of responsible officials under pertinent laws and rules for nonfeasance and malfeasance.

SEC. 16. *Appropriations.* – The funds necessary to implement the provisions of this Act shall be charged against the current year's appropriations of the concerned national government agencies. Thereafter, such funds as may be necessary for the continued

implementation of this Act shall be included in their respective budgets under the annual General Appropriations Acts.

SEC. 17. *Repealing Clause.* – Republic Act 11590 or *An Act Taxing Philippine Offshore Gaming Operations, Amending for the Purpose Sections 22, 25, 27, 106, [and] 108, and Adding New Sections 125-A and 228(G) of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes* is hereby repealed.

Section 10 of Presidential Decree 1869, series of 1983, RA 7922, RA 10083, RA 9728, and Executive Order 13, series of 2017, insofar as the mandates of agencies to issue licenses to persons for offshore gaming operations in the Philippines, are hereby amended and modified accordingly.

Furthermore, RA 9160 and RA 10364, insofar as Sections 7 and 8, respectively, are hereby amended accordingly.

All other laws, decrees, ordinances, administrative issuances, rules and regulations, or any part thereof, which are inconsistent with this Act are repealed or amended accordingly.

SEC. 18. *Separability Clause.* – If, for any reason, this Act or any portion thereof is declared unconstitutional, the remaining provisions of this Act shall not be affected thereby.

SEC. 19. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or at least two (2) newspapers of general circulation.

Adopted,