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SENATE
S. B. No. **1529**

RECEIVED BY: *[Signature]*

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

Gambling has been condemned by the Church as a bane to the welfare of the people. Instead of saving his few pesos for his necessities, Juan dela Cruz is often tempted to part with his precious money and gamble them away in masiao, jueteng, etc.

This vice has already been modernized. It can now be found in the internet, the information superhighway to which millions of people are hooked. As even minors traverse the sites of the World Wide Web, the possibility of kids being enticed to gamble is high because of the tempting prizes that are awarded, like vacation trips, computers, cars, and even cash. Indeed, one can never know if the gambling site is just a scam to milk money out of the victim.

At present, there are no regulations on the Internet concerning gambling. It is up to each country to form their own laws prohibiting or regulating Internet gambling within their own jurisdictions.

This bill seeks to prohibit Internet gambling, to protect the citizens of our country from the cheats preying on people easily lured by the promises of beautiful gifts and large amounts of money.

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO *[Signature]*

- (i) expressly authorized and operated in accordance with our laws, exclusively for placing, receiving, or otherwise making a bet or wager; and
 - (ii) by which a person located within Philippine jurisdiction must subscribe to be authorized to place, receive, or otherwise make a bet or wager, and must be physically located within Philippine jurisdiction in order to be authorized to do so;
 - (B) an effective consumer verification and age verification system, expressly authorized and operated in accordance with our laws, in which jurisdiction it is located, to ensure that all applicable legal and regulatory requirements for lawful gambling are met; and
 - (C) appropriate data security standards to prevent unauthorized access by any person who has not subscribed or who is a minor.
- (3) "Foreign jurisdiction" means a jurisdiction of foreign country or political subdivision thereof.
- (4) "Gambling business" means a business that is conducted at a gambling establishment, or that –
- (A) involves
 - (i) the placing, receiving, or otherwise making of bets or wagers; or
 - (ii) the offering to engage in the placing, receiving, or otherwise making of bets or wagers;
 - (B) involves one (1) or more persons who conduct, finance, manage, supervise, direct, or own all or part of such business; and
 - (C) has been or remains in substantially continuous operation for a period in excess of ten (10) days or has a gross revenue of Twenty Thousand Pesos (P20,000) or more from such business during any 24-hour period.
- (5) "Information assisting in the placing of a bet or wager"
- (A) means information that is intended by the sender or recipient to be used by a person engaged in the business of betting or wagering to accept or place a bet or wager; and
 - (B) does not include –
 - (i) information concerning parimutuel pools that is exchanged exclusively between or among one (1) or more racetracks or other parimutuel wagering facilities licensed by the government or approved by the foreign jurisdiction in which the facility is located, and one (1) or more parimutuel wagering facilities licensed by the government or approved by the foreign jurisdiction in which the

facility is located, if that information is used only to conduct common pool parimutuel pooling under applicable law.

- (ii) information exchanged exclusively between or among one (1) or more racetracks or other pari-mutuel wagering facilities licensed by the government or approved by the foreign jurisdiction in which the facility is located, if the information is used only for processing bets or wagers made with that facility under applicable law;
 - (iii) information exchanged exclusively between or among one (1) or more wagering facilities that are located within the country and are licensed and regulated by our laws, and any support service, wherever located, if the information is used only for the pooling or processing of bets or wagers made by or with the facility or facilities under applicable law;
 - (iv) any news reporting or analysis of wagering activity, including odds, racing or even results, race and event schedules, or categories of wagering; or
 - (v) any posting or reporting of any educational information on how to make a bet or wager or the nature of betting or wagering.
- (6) "Interactive computer service" means any information service, system, or access software provider that uses a public communication infrastructure or operates in interstate or foreign commerce to provide or enable computer access by multiple users to a computer server, including specifically a service or system that provides access to the Internet.
- (7) "Internet" means the international computer network of interoperable packet switched data networks.
- (8) "Parimutuel" means a system of betting (as on a horse race) in which those who bet on the winner share the total stakes minus a small percent for the management.
- (9) "Person" means any individual, association, partnership, joint venture, corporation, State or political subdivision thereof, or any other government, organization or entity (including any governmental entity).
- (10) "Private network" means a communications channel or channels. Including voice or computer data transmission facilities, that use either –
- (A) private dedicated lines; or
 - (B) the public communications structure, if the infrastructure is secured by means of the appropriate private communications technology to prevent unauthorized access.
- (11) "Subscriber"
- (A) means any person with a business relationship with the interactive computer service provider through which such person receives access to the system, service or network of that provider, even if no formal subscription agreement exists; and

- (B) includes registrants, students who are granted access to a university system or network, and employees who are granted access to the system or network of their employer.

SECTION 3. *Gambling Businesses Prohibition* —

Subject to section 4, it shall be unlawful for a person engaged in a gambling business to use the Internet or any other interactive computer service —

- (1) to place, receive, or otherwise make a bet or wager; or
- (2) to send, receive, or invite information assisting in the placing of a bet or wager.

SECTION 4. *Applicability*.

- (1) In general — Subject to paragraph (2), the prohibition in section 3 does not apply to

(A) any otherwise lawful bet or wager that is placed, received or otherwise made wholly intrastate for the Philippine Charity Sweepstakes Office lotto, if

- (i) each such lotto is expressly authorized, and licensed or regulated, under applicable state law;
- (ii) the bet or wager is placed on an interactive computer service that uses a private network; and
- (iii) each person placing or otherwise making the bet or wager is physically located when such bet or wager is placed at a facility that is open to the general public;

(B) any otherwise lawful bet or wager that is placed, received, or otherwise made on an intrastate basis on a live horse race, or the sending, receiving, or inviting of information assisting in the placing of such bet or wager, if such bet or wager, or the transmission of such information, as applicable, is —

- (i) expressly authorized, and licensed or regulated by applicable laws;
- (ii) placed on a closed-loop subscriber-based service; and
- (iii) subject to the regulatory oversight and minimum standards for the accounting, regulatory inspection, and auditing of all such bets or wagers transmitted;

(C) any otherwise lawful bet or wager that is placed, received, or otherwise made for a fantasy sports league game or contest.

- (2) Inapplicability to bets or wagers made by agents or proxies —

(A) In general – Paragraph (1) (A) does not apply in any case in which a bet or wager is placed, received, or otherwise made by the use of an agent or proxy using the Internet or an interactive computer service.

(B) Rule of construction – Nothing in this paragraph may be construed to prohibit the owner operator of a parimutuel wagering facility that is licensed by the state from employing an agent in the operation of the account wagering system owned or operated by the parimutuel facility.

SECTION 5. *Interactive Computer Service Providers.* -

(1) Eligibility – For the purposes of this section, an interactive computer service provider is described in this paragraph only if the provider has established and reasonably implements a policy that provides for the termination of the account of a subscriber of the service system or network of the provider upon the receipt by the provider of a notice described in section 5, paragraph (4).

(2) Use of facilities or services – Nothing in this law may be construed to impose, or to provide any basis for, liability against an interactive computer service provider described in paragraph (1) whose facilities or services are used by another person to engage in an activity prohibited by that section –

(A) arising out of any transmitting, routing, or providing of connections for the material or activity including intermediate and temporary storage in the course of such transmitting, routing, or providing connections by the provider, if –

- (i) the material or activity was initiated by or at the direction of a person other than the provider;
- (ii) the transmitting, routing, or providing of connections is carried out through an automatic process without selection of the material or activity by the provider;
- (iii) the provider does not select the recipients of the material or activity, except as an automatic response to the request of another person; and
- (iv) the material or activity is transmitted through the system or network of the provider without modification of its content; or

(B) with respect to material or activity at an online site residing on a computer served owned, controlled, or operated by or for the provider, unless the provider fails to comply within a reasonable time with a notification under section 5, paragraph (4) with respect to the particular material or activity at issue.

(3) *Protection of privacy* – Nothing in this section may be construed to impose or authorize an obligation on an interactive computer service provider described in paragraph (1) to –

(A) monitor material or use of its service; or

(B) except as required by an order of the court, to gain access to, or remove, or to disable access to material in any case in which such conduct is prohibited by law.

(4) *Notice to interactive computer service providers*—

(A) *In general* – If an interactive computer service provider receives from a law enforcement agency, acting within its jurisdiction, a written or electronic notice described in subparagraph (B), that a particular online site residing on a computer server owned, controlled, or operated by or for the provider is being used to violate any provisions of this Act, the provider shall not be liable if, in a reasonably expeditious manner –

(i) the provider removes or disables access to the material or activity residing at that online site that allegedly violates this Act; or

(ii) if the provider does not own, operate or control the site at which the subject material or activity resides, the provider notifies a law enforcement agency that –

(I) recipient of such notice; and

(II) upon receipt of a subpoena, the provider will cooperate with the law enforcement agency in identifying the person or persons who control the site.

(B) *Notice* – A notice is described in this subparagraph if it –

(i) identifies the material or activity that allegedly violates this Act;

(ii) provides information reasonably sufficient to permit the provider to locate the material or activity;

(iii) is supplied to any agent of a provider, if information regarding such designation is readily available to the public; and

(iv) provides information that is reasonably sufficient to permit the provider to contact the law enforcement agency that issued the notice, including –

(I) the name of the law enforcement agency; and

(II) the name and telephone number of an individual to contact at the law enforcement agency, and, if available, the electronic mail address of that individual.

SECTION 6. *Penalties.* - A person engaged in a gambling business who violates any provisions of this Act shall be –

- (1) fined in an amount equal to not more than the greater of –
 - (A) the amount that such person received in bets or wagers as a result of engaging in that business in violation of this Act; or
 - (B) Two Hundred Thousand Pesos (P200,000);
- (2) imprisoned not more than Four (4) years; or
- (3) both.

SECTION 7. *Permanent Injunctions.* - Upon conviction of a person under section 6, the court may, as an additional penalty, enter a permanent injunction enjoining the transmission of bets or wager or information assisting in the placing of a bet or wager.

SECTION 8. *Separability Clause.* - If any provision, or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 9. *Repealing Clause.* - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rules or regulations or part thereof, contrary to or inconsistent with the provision of this Act is hereby repealed, modified, or amended accordingly.

SECTION 10. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved.

FN 1654