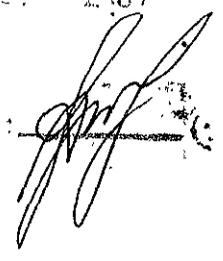


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FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



SENATE
S.B. No. 122

Introduced by Senator Juan Ponce Enrile

Explanatory Note

Presidential Decree 1869, the charter of the Philippine Amusement and Gaming Corporation (PAGCOR), was crafted during the Marcos administration to consolidate PAGCOR's various enabling laws, namely PD 1067-A, 1067-B, 1067-C, 1399, 1632, and their amendments.

P.D. No. 1869 covers, among others, the power and functions of PAGCOR, the nature and scope of its franchise, activities, and privileges, and the nature and scope of the regulatory powers granted to it.

Under P.D. 1869, PAGCOR is authorized to operate and, at the same time, is assigned the task to regulate all games of chance in the country with some exceptions. PAGCOR is also intended to serve as a channel to improve, promote and expand our tourism industry. Finally, PAGCOR is used as a mechanism to help in raising funds for the socio-civic and national development programs of the government.

In line with its mandate, PAGCOR has become a major benefactor to a number of public services and socio-civic project of the country. Such projects include programs for the alleviation of poverty, for the promotion of sports development in the country, for the improvement of the health and education of the people, and for the restoration of peace and order in the land.

The rising number of PAGCOR's gaming activities over the years in our major cities paved the way for the vibrant growth of the gaming industry, and this has made PAGCOR an important income earner of the government. Presently, PAGCOR earns an average income of over Twenty Billion Pesos(P20,000,000,000) a year for the government.

While PAGCOR contributes a hefty yearly sum of money to the government, there is still a wide room to expand its operations and to boost its earning capacity via the application of creative and modern business methods, strategies, and techniques, by broadening the nature and scope of its present corporate activities.

Its outmoded charter, however, has outlived its usefulness and is now a roadblock to the utilization of PAGCOR's full potential. Moreover, PAGCOR's franchise has been overtaken by new practices in the gaming industry and by the demand of the present business milieu, like globalization, privatization, mergers, joint ventures, and similar other aggressive corporate arrangements and practices.

This proposed measure intends to correct all of that. It intends to amend and modernize the charter of PAGCOR to provide it with potent and effective tools to realize its full potential as an income-generating agency of the government.

One of the changes being introduced in the proposed legislation is to include whatever newly conceived and developed games of chance and amusements activities there are that are not named or mentioned in PAGCOR's existing franchise. This is intended to remove any misgivings regarding PAGCOR's authority and power to engage in such newly conceived and developed games of chance and amusement activities.

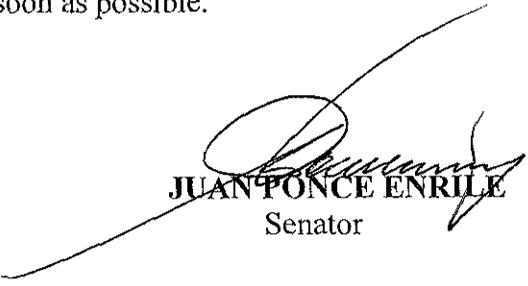
It is also the intent of the proposed measure to clarify and remove any doubt about PAGCOR's power to enter into joint ventures and similar undertakings. This is also essential to encourage, achieve, and promote competition in the gaming industry.

Under the proposed measure, PAGCOR will expand its authority, powers, functions, and operations beyond its present gaming activities.

PAGCOR will be given under the proposed measure an unequivocal authority and power to engage in activities that shall include the construction, establishment, maintenance, operation, and management of hotels, inns, clubs, resorts, convention centers, theme parks, aquariums, integrated amusement areas or communities, and other recreational and entertainment facilities, casinos where all forms of card games or games of numbers or other forms of games of chance are held and where bets are made, roulette tables, dice tables, slot or pinball machine parlors, bingo parlors and other places where other forms of lotteries are held, racetracks for all kinds of races, jai alai frontons, sports gaming pools, and other forms of games of chance or games of numbers, whether specifically included or mentioned in the proposed measure, or not, including newly conceived and developed games of chance or games of numbers that are not yet named, mentioned, or authorized in any existing franchises, or in any general gaming law of the country, or in any special laws such as Republic Act No. 7922, otherwise known as the Cagayan Special Economic Zone Act of 1995.

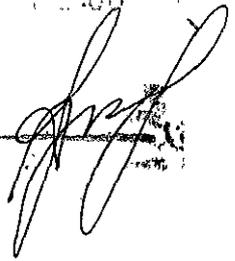
It is also made very clear in the proposed legislation that PAGCOR may engage in said activities, either by itself directly or indirectly through a joint venture with others.

It is with the above-cited reasons and objectives that I urge my colleagues to fully support the passage of this measure as soon as possible.



JUAN PONCE ENRILE
Senator

FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

2006


SENATE
S.B. No. 122

Introduced by Senator Juan Ponce Enrile

AN ACT
TO STRENGTHEN AND RATIONALIZE THE AUTHORITY, POWERS,
FUNCTIONS, AND ACTIVITIES OF THE PHILIPPINE AMUSEMENT AND
GAMING CORPORATION (PAGCOR) IN ORDER TO ENHANCE THE
GROWTH OF THE GAMING INDUSTRY, AMENDING FOR THIS PURPOSE
PRESIDENTIAL DECREE 1869, OTHERWISE KNOWN AS THE CHARTER OF
PAGCOR, AS AMENDED

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

1 SECTION 1. *Title.* – This Act shall be known as the “*Revised Philippine*
2 *Amusement and Gaming Corporation (PAGCOR) Act of 2007*”.

3
4 SEC. 2. Section 1, under Title I of Presidential Decree No. 1869, otherwise
5 known as the charter of the Philippine Amusement and Gaming Corporation, is hereby
6 amended to read as follows:

7
8 TITLE I – GENERAL PROVISIONS

9
10 SECTION 1. *Declaration of Policy* -- It is hereby declared a policy
11 of the State to [centralize and integrate all games of chance not heretofore
12 authorized by existing franchises or permitted by] **AUTHORIZE,**
13 **LICENSE, AND REGULATE ALL GAMES OF CHANCE, GAMES**
14 **OF CARDS AND GAMES OF NUMBERS WITHIN THE**
15 **TERRITORY OF THE PHILIPPINES AND TO GRANT THE**
16 **POWER TO AUTHORIZE, LICENSE, AND REGULATE ALL**

1 **SUCH GAMES OF CHANCE, GAMES OF CARDS, AND GAMES**
2 **OF NUMBERS TO THE PHILIPPINE AMUSEMENT AND**
3 **GAMING CORPORATION (PAGCOR),** in order to attain the
4 following objectives:

5
6 (a) To centralize [and integrate] **IN ONE GOVERNMENT**
7 **CORPORATE ENTITY THE POWER TO AUTHORIZE,**
8 **LICENSE, AND REGULATE** the right, **PRIVILEGE,** and authority to
9 operate and conduct games of chance, **GAMES OF CARDS, AND**
10 **GAMES OF NUMBERS** [*into one corporate entity to be controlled,*
11 *administered and supervised by the Government*] **WITHIN THE**
12 **TERRITORY OF THE PHILIPPINES, EXCEPT AS PROVIDED**
13 **HEREIN;** and,

14
15
16
17
18 (b) [To establish and operate clubs and casinos, for amusement and
19 recreation, including sports gaming pools (basketball) football, lotteries,
20 etc. and such other forms of amusement and recreation including games of
21 chance, which may be allowed by law within the territorial jurisdiction of
22 the Philippines and which will: (1) generate sources of additional revenue
23 to fund infrastructure and socio-civic projects, such as flood control
24 programs, beautification, sewerage and sewage projects, Tulungan Bayan
25 Centers, Nutritional Programs, Population Control and such other essential
26 public services; (2) create recreation and integrated facilities which will
27 expand and improve the country's existing *tourist attractions;* and (3)
28 maximize, if not totally eradicate, the evils, malpractices and corruptions
29 that are normally prevalent in the conduct and operation of gaming clubs

1 and casinos without direct government involvement.] **TO ENABLE THE**
2 **GOVERNMENT THROUGH PAGCOR TO CONSTRUCT,**
3 **ESTABLISH, MAINTAIN, OPERATE, AND MANAGE HERE OR**
4 **ABROAD HOTELS, INNS, CLUBS, RESORTS, CONVENTION**
5 **CENTERS, THEME PARKS, AQUARIUMS, INTEGRATED**
6 **AMUSEMENT AREAS OR COMMUNITIES, AND OTHER**
7 **RECREATIONAL AND ENTERTAINMENT FACILITIES,**
8 **CASINOS WHERE ALL FORMS OF CARD GAMES AND GAMES**
9 **OF NUMBERS OR OTHER FORMS OF GAMES OF CHANCE**
10 **ARE HELD AND WHERE BETS ARE MADE, ROULETTE**
11 **TABLES, DICE TABLES, SLOT OR PINBALL MACHINE**
12 **PARLORS, BINGO PARLORS AND OTHER PLACES WHERE**
13 **OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS**
14 **FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS**
15 **BETTING, AND OTHER FORMS OF GAMES OF CHANCE OR**
16 **GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED AND**
17 **DEVELOPED GAMES OF CHANCE OR GAMES OF NUMBERS**
18 **IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY**
19 **INCLUDED OR MENTIONED IN THIS ACT, OR NOT.**

20
21 **THE AUTHORITY AND POWER OF PAGCOR TO**
22 **AUTHORIZE, LICENSE, AND REGULATE GAMES OF CHANCE,**
23 **GAMES OF CARDS AND GAMES OF NUMBERS SHALL NOT**
24 **EXTEND TO: (1) GAMES OF CHANCE AUTHORIZED,**
25 **LICENSED, AND REGULATED OR TO BE AUTHORIZED,**
26 **LICENSED, AND REGULATED BY, IN, AND UNDER EXISTING**
27 **FRANCHISES OR OTHER REGULATORY BODIES; AND (2)**
28 **GAMES OF CHANCE, GAMES OF CARDS, AND GAMES OF**
29 **NUMBERS AUTHORIZED, LICENSED, AND REGULATED OR**

1 SEC. 4. Section 3 under Title II of PD 1869 is hereby amended to read as follows:

2

3 SEC. 3. *Corporate Powers* – [The Corporation] **PAGCOR** shall

4 have the following powers and functions, among others:

5

6 a) to prescribe its By-Laws;

7

8 b) to adopt, alter and use a corporate seal;

9

10 c) to own real or personal property, and to sell, alienate, mortgage,
11 encumber or otherwise dispose the same;

12

13 d) to make **ALL KINDS OF** contracts, and to sue and be sued;

14

15 e) to employ such officers and personnel as may be necessary or proper
16 to carry on its **OPERATIONS AND** businesses;

17

18 f) to acquire, lease or maintain, whether on land, on water, or in the air,
19 personal property and such other equipment, instruments, machines,
20 devices, tools, and facilities as may be necessary, appropriate, or
21 proper to carry out its purposes and to serve and maintain its
22 businesses;

23

24 g) to import, buy, sell, or otherwise trade or deal in merchandise, goods,
25 wares, and objects of all kinds and descriptions that may be necessary,
26 **APPROPRIATE**, or proper to carry out the purposes for which it has
27 been created;

28

- 1 h) to enter into, make, **CONCLUDE**, perform, and carry out contracts of
2 every kind **AND NATURE** and for any lawful purpose [pertaining to
3 the business of the Corporation, or in any manner incident thereto, as
4 principal, agent or otherwise, with any reason, firm, association, or
5 corporation], **WHICH ARE NECESSARY, APPROPRIATE,**
6 **PROPER, OR INCIDENTAL TO ANY BUSINESS OR**
7 **PURPOSE OF PAGCOR, INCLUDING BUT NOT LIMITED TO**
8 **INVESTMENT AGREEMENTS, JOINT VENTURE**
9 **AGREEMENTS, MANAGEMENT AGREEMENTS, AGENCY**
10 **AGREEMENTS, WHETHER AS PRINCIPAL OR AS AN**
11 **AGENT, MANPOWER SUPPLY AGREEMENTS, OR ANY**
12 **OTHER SIMILAR AGREEMENTS OR ARRANGEMENTS**
13 **WITH ANY PERSON, FIRM, ASSOCIATION, OR**
14 **CORPORATION;**
15
- 16 i) to borrow money from local or foreign **BANKS, FINANCIAL**
17 **INSTITUTIONS, OR OTHER** sources as may be necessary or
18 proper for its operations **OR BUSINESS;**
19
- 20 j) to invest its funds as [the Corporation] **IT** may deem necessary or
21 proper in any activity related to its [principal] **CORPORATE OR**
22 **BUSINESS** operation, including in [any] bonds and securities issued
23 or guaranteed by the Government of the *Philippines*, **OR ISSUED**
24 **OR GUARANTEED BY ANOTHER GOVERNMENT OWNED**
25 **OR CONTROLLED FINANCIAL CORPORATION;**
26
- 27 k) [to perform such other powers and functions as may be provided by
28 law; and] **TO LEASE, CONSTRUCT, ESTABLISH, MAINTAIN,**
29 **OPERATE, AND MANAGE HOTELS, INNS, CLUBS,**

1 **RESORTS, CONVENTIONS CENTERS, THEME PARKS,**
2 **AQUARIUMS, INTEGRATED AMUSEMENT AREAS OR**
3 **COMMUNITIES, AND OTHER RECREATIONAL AND**
4 **ENTERTAINMENT FACILITIES, CASINOS WHERE ALL**
5 **FORMS OF CARD GAMES OR GAMES OF NUMBERS OR**
6 **OTHER FORMS OF GAMES OF CHANCE ARE HELD AND**
7 **WHERE BETS ARE MADE, ROULETTE TABLES, DICE**
8 **TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO**
9 **PARLORS AND OTHER PLACES WHERE OTHER FORMS**
10 **OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS**
11 **OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, AND**
12 **OTHER FORMS OF GAMES OF CHANCE OR GAMES OF**
13 **NUMBERS, INCLUDING NEWLY CONCEIVED AND**
14 **DEVELOPED GAMES OF CHANCE OR GAMES OF**
15 **NUMBERS IRRESPECTIVE OF WHETHER THEY ARE**
16 **SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT,**
17 **OR NOT;**

18
19 **L) TO PARTICIPATE IN THE OWNERSHIP OR IN THE**
20 **MANAGEMENT OF BUSINESS ENTITIES, FIRMS,**
21 **PARTNERSHIPS, CORPORATIONS, ASSOCIATIONS, JOINT**
22 **VENTURES, OR OTHER FORMS OF INVESTMENT**
23 **ARRANGEMENTS, WHICH ARE RELATED TO OR**
24 **CONNECTED WITH ITS BUSINESSES, OPERATIONS,**
25 **POWERS, AND FUNCTIONS;**

26
27 **M) TO CREATE, ORGANIZE, OR OTHERWISE ESTABLISH,**
28 **ALONE OR IN ASSOCIATION WITH OTHERS,**
29 **SUBSIDIARIES AND, WHEN APPROPRIATE AND FEASIBLE,**

1 TO LIST THE SHARES OF STOCK OF SUCH SUBSIDIARIES
2 AND OFFER SUCH SHARES OF STOCK FOR SALE TO THE
3 GENERAL PUBLIC THROUGH THE STOCK MARKET, AS
4 THE EXIGENCIES OF THE BUSINESSES OF PAGCOR'S
5 SUBSIDIARIES OR OF ITS OWN BUSINESSES MAY
6 REQUIRE;

7
8 N) TO CONSTRUCT, ESTABLISH, MAINTAIN, OPERATE, AND
9 MANAGE TRANSPORTATION FACILITIES LIKE
10 AIRFIELDS, AIRPORTS, AIRCRAFTS, WHARVES, SHIPS,
11 VESSELS, AND LAND TRANSPORTATION VEHICLES AND
12 EQUIPMENT AS ITS OPERATIONS AND BUSINESSES OR
13 THE OPERATIONS AND BUSINESSES OF ITS
14 SUBSIDIARIES MAY REQUIRE;

15
16 O) TO OWN ALIENABLE AND DISPOSABLE PUBLIC
17 AGRICULTURAL LANDS (WHETHER RECLAIMED FROM
18 RIVERS, LAKES, BAYS, OR SEAS, OR NOT) BY GRANT OR
19 BY PURCHASE FROM THE GOVERNMENT AND TO HOLD
20 LANDS OF THE PUBLIC DOMAIN OTHER THAN PUBLIC
21 AGRICULTURAL LANDS, INCLUDING ISLETS AND
22 ISLANDS, BY LEASE FROM THE GOVERNMENT,
23 WHETHER SUCH LANDS OF THE PUBLIC DOMAIN ARE
24 ALIENABLE AND DISPOSABLE OR NOT;

25
26 P) THE PROVISIONS OF ANY LAW TO THE CONTRARY
27 NOTWITHSTANDING, TO RECLAIM LANDS FROM
28 RIVERS, LAKES, BAYS, OR SEAS AND TO LET OUT SUCH

1 **LANDS AS ITS OPERATIONS AND BUSINESSES MAY**
2 **REQUIRE;**

3
4 **Q) TO EXERCISE THE POWER OF EMINENT DOMAIN**
5 **WHENEVER IT IS NEEDED TO CARRY OUT ITS PURPOSES**
6 **OR WHENEVER IT IS NECESSARY TO SERVE THE PUBLIC**
7 **INTEREST; AND,**

8
9 [~~I~~] R) [to do anything and everything necessary, proper, desirable,
10 convenient, or suitable for the accomplishment of any of the purposes
11 or the attainment of any of the objectives or the furtherance of any of
12 the powers herein stated, either alone or in association with other
13 corporations, firms or individuals, and to do every other act or thing
14 incidental, pertaining to, growing out of, or connected with, the
15 aforesaid purposes, objects or powers, or any part thereof.] **TO DO**
16 **ALL SUCH OTHER ACTS AND THINGS, EITHER ALONE OR**
17 **WITH OTHER CORPORATIONS, FIRMS, OR INDIVIDUALS,**
18 **WHICH MAY BE NECESSARY, PROPER, DESIRABLE,**
19 **CONVENIENT, SUITABLE, OR INCIDENTAL FOR THE**
20 **ATTAINMENT AND ACCOMPLISHMENT OF THE**
21 **PURPOSES, OBJECTIVES, OR POWERS GRANTED TO IT IN**
22 **THIS ACT.**

23
24 SEC. 5. Section 4 of PD 1869 is hereby amended to read as follows:

25
26 SEC. 4. *Authorized Capital Stock.* — [The Corporation shall have
27 an authorized capital stock divided into one million voting and no par
28 values shares, to be subscribed, paid for and voted as follows:

- 1 a) 550,000 shares of stock to be subscribed to and paid for by the
2 Government of the Republic of the Philippines at an original issue
3 value of P200.00 per share; and,
4 b) 450,000 shares remaining may be subscribed to by persons or entities
5 acceptable to the Board of Directors at issue value to be determined
6 by such Board of Directors.]

7
8
9 [The voting power pertaining to shares of stock subscribed to by
10 the Government of the Republic of the Philippines shall be vested in the
11 President of the Philippines or in such person or persons as he may
12 designate.]

13 [The voting power pertaining to shares of stock subscribed by
14 private persons or entities shall be vested in them.]

15
16 **PAGCOR'S AUTHORIZED CAPITAL STOCK OF ONE**
17 **MILLION (1,000,000) VOTING NO PAR VALUE SHARES, OF**
18 **WHICH FIVE HUNDRED FIFTY THOUSAND (550,000)**
19 **EQUIVALENT TO FIFTY FIVE (55%) PERCENT OF THE**
20 **ENTIRE ORIGINAL 1,000,000 VOTING, NO PAR VALUE**
21 **SHARES HAD BEEN PREVIOUSLY SUBSCRIBED AND PAID**
22 **FOR BY THE REPUBLIC OF THE PHILIPPINES AT AN ISSUE**
23 **VALUE OF TWO HUNDRED PESOS (P200.00) PER SHARE, IS**
24 **HEREBY INCREASED TO TWO (2,000,000) MILLION VOTING**
25 **NO PAR VALUE SHARES.**

26
27 **UNLESS CONGRESS SHALL AUTHORIZE AND ALLOW**
28 **A LOWER PERCENTAGE, AT LEAST FIFTY FIVE (55%)**
29 **PERCENT OF THE OUTSTANDING ISSUED SHARES OF STOCK**

1 **OF PAGCOR SHALL, AT ALL TIMES, BE OWNED BY THE**
2 **REPUBLIC OF THE PHILIPPINES.**

3
4 **IF REQUIRED FOR ANY PURPOSE, QUALIFYING**
5 **SHARES MAY BE ISSUED TO INDIVIDUALS, WHO SHALL**
6 **HOLD THE QUALIFYING SHARES ISSUED TO THEM IN**
7 **TRUST FOR THE REPUBLIC OF THE PHILIPPINES.**

8
9 **EXCEPT FOR THE REPUBLIC OF THE PHILIPPINES, NO**
10 **OTHER STOCKHOLDER OF PAGCOR SHALL OWN OR HOLD**
11 **MORE THAN TEN (10%) PERCENT OF THE OUTSTANDING**
12 **ISSUED SHARES OF STOCK OF PAGCOR.**

13
14 **NO UNISSUED SHARES OF STOCK OF PAGCOR SHALL**
15 **BE SOLD WITHOUT A THOROUGH EXAMINATION AND**
16 **VALUATION OF THE ASSETS, BUSINESSES, AND**
17 **INVESTMENTS OF PAGCOR BY A RELIABLE AND**
18 **REPUTABLE APPRAISER OR APPRAISERS AND WITHOUT**
19 **THE FAVORABLE RECOMMENDATION OF THE SECRETARY**
20 **OF FINANCE AND THE APPROVAL OF THE PRESIDENT OF**
21 **THE PHILIPPINES.**

22
23 **THE SALE OF UNISSUED SHARES OF STOCK OF**
24 **PAGCOR SHALL BE DONE SOLELY THROUGH OPEN,**
25 **TRANSPARENT, AND COMPETITIVE PUBLIC BIDDING WITH**
26 **PRIOR NOTICE TO THE GENERAL PUBLIC.**

27
28 **THE NOTICE TO THE GENERAL PUBLIC SHALL BE**
29 **DONE THROUGH ADVERTISEMENTS IN AT LEAST THREE**

1 NATIONAL NEWSPAPERS OF GENERAL CIRCULATION, AND
2 THE NOTICE SHALL STATE, AMONG OTHER THINGS, THE
3 MINIMUM BID PRICE FOR THE SHARES TO BE SOLD AND
4 THE DATE, TIME, AND PLACE OF THE PUBLIC BIDDING.

5
6 THE MINIMUM BID PRICE SHALL NOT BE LESS THAN
7 THE MINIMUM ISSUE VALUE OF THE UNISSUED SHARES OF
8 STOCK OF PAGCOR BEING OFFERED FOR SALE, AND THE
9 MINIMUM ISSUE VALUE SHALL EQUAL AT LEAST THE SUM
10 TOTAL OF THE FAIR MARKET VALUE OF ALL THE ASSETS
11 AND BUSINESSES OF PAGCOR LESS ITS LIABILITIES PER ITS
12 BOOKS OF ACCOUNT PLUS THE SHARE OF PAGCOR IN THE
13 VALUE OF ITS SUBSIDIARIES PLUS THE VALUE OF ITS
14 OTHER INVESTMENTS DIVIDED BY THE NUMBER OF
15 PAGCOR'S OUTSTANDING ISSUED SHARES OF STOCK.

16
17 IN ORDER TO MAINTAIN THE FIFTY FIVE (55%)
18 PERCENT CONTROL OF THE REPUBLIC OF THE
19 PHILIPPINES IN PAGCOR, ALL SHARES OF STOCK
20 ACCRUING OR ALLOTTED TO THE REPUBLIC OF THE
21 PHILIPPINES FROM ANY INCREASE IN THE NUMBER OF
22 ISSUED SHARES OF STOCK OF PAGCOR OR FROM ANY
23 INCREASE IN THE AMOUNT OF ITS CAPITAL STOCK SHALL
24 BE ISSUED TO OR SHALL BE SUBSCRIBED BY THE REPUBLIC
25 OF THE PHILIPPINES, AS THE CASE MAY BE, AND SHALL BE
26 PAID FOR BY THE NATIONAL TREASURY.

27
28 THE RIGHT TO VOTE THE SHARES OF STOCK OWNED
29 BY THE REPUBLIC OF THE PHILIPPINES IN PAGCOR IN ANY

1 **MEETING OF ITS RECORDED STOCKHOLDERS SHALL BE**
2 **EXERCISED BY THE PRESIDENT OF THE PHILIPPINES OR BY**
3 **THE PERSON OR PERSONS THAT HE OR SHE MAY DULY AND**
4 **PERSONALLY DESIGNATE IN WRITING.**

5
6 **THE SHARES OF STOCK OWNED BY THE REPUBLIC OF**
7 **THE PHILIPPINES IN PAGCOR SHALL NOT BE PLEDGED,**
8 **MORTGAGED, OR OTHERWISE ENCUMBERED IN ANY**
9 **MANNER, NOR SHALL SUCH SHARES OF STOCK BE SOLD OR**
10 **DISPOSED WITHOUT THE PRIOR APPROVAL OF CONGRESS.**

11
12 SEC. 6. Section 5 of PD 1869 is hereby amended to read as follows:

13
14 SEC. 5. *Government Investment* — [The Government advances to
15 the Corporation authorized on May 29, 1978, having reached the amount
16 of P70,430,752.03, shall be converted into equity as part of the investment
17 of the Government to be applied to the subscription of 550,000 shares.]
18 **ALL OUTSTANDING ADVANCES OF THE GOVERNMENT TO**
19 **PAGCOR, IF ANY, SHALL BE CONVERTED INTO EQUITY AND**
20 **SHALL FORM PART OF THE CAPITAL INVESTMENT OF THE**
21 **REPUBLIC OF THE PHILIPPINES IN THE CAPITAL STOCK OF**
22 **PAGCOR.**

23
24 SEC. 7. Section 6 of PD 1869 is hereby amended to read as follows:

25
26 SEC. 6. *Board of Directors, Chairman of the Board, and President*
27 *of PAGCOR* — [The Corporation shall be governed and its activities be
28 directed, controlled and managed by a Board of Directors, hereinafter
29 referred to as the Board, composed of five (5) members, three (3) of whom

1 shall come from the Government sector and shall be appointed by the
2 President, while the other two (2) shall be from the private sector who own
3 at least 1 share of stock in the Corporation and who shall be elected by the
4 stockholders of the corporation in the annual general meeting or in a
5 special meeting called for such purpose.]

6
7 **PAGCOR SHALL BE GOVERNED AND ITS ASSETS,**
8 **BUSINESSES, OPERATIONS, AND OTHER ACTIVITIES,**
9 **EITHER AS A CORPORATE OR AS A REGULATORY BODY,**
10 **SHALL BE DIRECTED, CONTROLLED, MANAGED, HANDLED,**
11 **AND DISPOSED BY A BOARD OF DIRECTORS, HEREINAFTER**
12 **REFERRED TO AS THE "BOARD", COMPOSED OF FIVE (5)**
13 **MEMBERS, THREE (3) OF WHOM SHALL BE FROM THE**
14 **GOVERNMENT SECTOR, WHO SHALL BE APPOINTED BY**
15 **THE PRESIDENT OF THE PHILIPPINES; AND TWO (2) OF**
16 **WHOM SHALL BE FROM THE PRIVATE SECTOR, WHO**
17 **SHALL BE ELECTED BY THE STOCKHOLDERS OF PAGCOR**
18 **IN THE ANNUAL GENERAL MEETING OR IN A SPECIAL**
19 **MEETING CALLED FOR THAT PURPOSE. EACH OF THE TWO**
20 **MEMBERS OF THE BOARD FROM THE PRIVATE SECTOR**
21 **MUST BE A REGISTERED HOLDER OF AT LEAST ONE (1)**
22 **SHARE OF STOCK OF PAGCOR TO QUALIFY HIM AS A**
23 **MEMBER OF THE BOARD; PROVIDED, THAT THE TWO (2)**
24 **PRIVATE SECTOR REPRESENTATIVES SHALL BE**
25 **APPOINTED BY THE PRESIDENT OF THE PHILIPPINES IN**
26 **THE ABSENCE OF PRIVATE INVESTORS OR SHAREHOLDERS**
27 **WITH SUFFICIENT SHAREHOLDINGS TO ELECT THE**
28 **PRIVATE SECTOR REPRESENTATIVES TO THE BOARD.**

1 Each Director shall serve for a term of [one (1) year] **THREE (3)**
2 **YEARS** and until his successor shall have been duly appointed and
3 qualified.

4
5 **THE CHAIRMAN OF THE BOARD OF PAGCOR,**
6 **HEREINAFTER REFERRED TO AS THE "CHAIRMAN", SHALL**
7 **BE ITS CHIEF EXECUTIVE OFFICER. HE SHALL BE**
8 **APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A**
9 **FIXED TERM OF SIX (6) YEARS UNLESS SOONER REMOVED**
10 **FOR CAUSE. HE MAY BE REAPPOINTED FOR ANOTHER**
11 **TERM OF SIX (6) YEARS, PROVIDED, THAT NO INDIVIDUAL**
12 **SHALL BE REAPPOINTED AS CHAIRMAN OF THE BOARD**
13 **MORE THAN ONCE.**

14
15 **IN THE EVENT OF DEATH, RESIGNATION, OR**
16 **REMOVAL OF THE CHAIRMAN OF PAGCOR DURING HIS**
17 **TERM OF OFFICE, HIS SUCCESSOR SHALL ONLY SERVE THE**
18 **REMAINING TERM OF THE DECEASED, RESIGNED, OR**
19 **REMOVED CHAIRMAN.**

20
21 **THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF**
22 **PAGCOR AT THE TIME OF THE EFFECTIVITY OF THIS ACT**
23 **SHALL CONTINUE TO SERVE AS SUCH FOR A NEW TERM OF**
24 **SIX (6) YEARS.**

25
26 **PAGCOR SHALL HAVE A PRESIDENT WHO SHALL BE**
27 **ITS CHIEF OPERATING OFFICER AND WHO SHALL BE**
28 **APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A**
29 **TERM OF SIX (6) YEARS UNLESS SOONER REMOVED FOR**

1 CAUSE. HE MAY BE REAPPOINTED FOR ANOTHER TERM
2 OF SIX (6) YEARS, PROVIDED, THAT NO INDIVIDUAL SHALL
3 BE REAPPONTEED AS PRESIDENT MORE THAN ONCE.

4
5 IN THE EVENT OF DEATH, RESIGNATION, OR
6 REMOVAL OF THE PRESIDENT OF PAGCOR DURING HIS
7 TERM OF OFFICE, HIS SUCCESSOR SHALL ONLY SERVE THE
8 REMAINING TERM OF THE DECEASED, RESIGNED OR
9 REMOVED PRESIDENT.

10
11 THE MEMBERS OF THE BOARD OF PAGCOR, ITS
12 PRESIDENT, ITS VICE-PRESIDENTS, AND ITS DIVISION
13 HEADS ARE ABSOLUTELY PROHIBITED AND DISQUALIFIED
14 TO HAVE ANY BUSINESS OR FINANCIAL DEALINGS OR
15 INTERESTS IN PAGCOR, AND NEITHER SHALL THEY OR ANY
16 ONE OF THEM HOLD ANY POSITION NOR RECEIVE
17 ADDITIONAL COMPENSATION, ALLOWANCES, OR
18 EMOLUMENTS OF WHATEVER KIND OR FORM FROM ANY
19 ENTITY, FIRM, PARTNERSHIP, CORPORATION,
20 ASSOCIATION, OR JOINT VENTURE THAT HAS BEEN
21 AUTHORIZED OR LICENSED BY PAGCOR TO OPERATE A
22 GAME OF CHANCE WITHIN THE TERRITORY OF THE
23 PHILIPPINES.

24
25 THE SAME PROHIBITION AND DISQUALIFICATION
26 SHALL EXTEND, WITH EQUAL FORCE AND EFFECT, TO
27 RELATIVES OF THE MEMBERS OF THE BOARD OF PAGCOR,
28 ITS PRESIDENT, ITS VICE-PRESIDENTS, AND ITS DIVISION

1 **HEADS, WHETHER THE RELATION IS BY CONSANGUINITY**
2 **OR AFFINITY WITHIN THE FOURTH CIVIL DEGREE.**

3
4 SEC. 8. Section 7 of PD 1869 is hereby amended to read as follows:

5
6 SEC. 7. *Powers, Functions, and Duties of the Board of*
7 *Directors.*—The Board shall have the following powers, functions and
8 duties:

9
10 a) To allocate and distribute, with the approval of the [Office of the]
11 President of the Philippines, the earnings of [the Corporation]
12 **PAGCOR** earmarked to finance infrastructure and socio-civic
13 projects;

14
15 b) To designate the commercial bank that shall act as the depository
16 [bank] of [the Corporation] **PAGCOR** and [/or] **THE** trustee of [the]
17 **ITS** funds [of the Corporation];

18
19 c) To prepare and approve at the beginning of each calendar year a
20 budget that may be [necessary] **REQUIRED** under [any] **ITS**
21 franchise [granted to it], **OR THAT MAY BE NEEDED** to insure the
22 smooth operation of [the Corporation] **PAGCOR**; and to evaluate and
23 approve the budgets submitted to it by other corporations or entities
24 with which it might have any existing contractual arrangement **OR**
25 **OBLIGATION**;

26
27 d) To submit to the [Office of the] President of the Philippines before the
28 end of February of each year a list of all the infrastructure and[/or]
29 socio-civic projects that [might have] **HAD** been financed **DURING**

1 **THE PREVIOUS CALENDAR YEAR** from [the Corporation's]
2 **PAGCOR's** earnings, and to submit such [periodic or] **OTHER**
3 reports [as] **THAT THE PRESIDENT OF THE PHILIPPINES**
4 may [be] required [of it] **FROM PAGCOR** from time to time; [and]

5
6 **(E) TO PREPARE AND APPROVE THE PERSONNEL**
7 **MANAGEMENT POLICIES AND STANDARDS AND THE**
8 **RULES AND REGULATIONS THAT SHALL GOVERN**
9 **PAGCOR'S EMPLOYEES, INCLUDING THEIR WAGES,**
10 **SALARIES, ALLOWANCES, AND BENEFITS, ANY**
11 **PROVISIONS OF EXISTING LAWS TO THE CONTRARY**
12 **NOTWITHSTANDING, AND TO DETERMINE AND**
13 **ESTABLISH THE APPROPRIATE ORGANIZATIONAL**
14 **STRUCTURE OF PAGCOR AS THE BOARD MAY DEEM FIT**
15 **TO ADOPT, AND TO CHANGE SUCH ORGANIZATIONAL**
16 **STRUCTURE WHENEVER SUCH CHANGE BECOME**
17 **NECESSARY IN THE INTEREST OF EFFICIENCY AND**
18 **CONVENIENCE OF PAGCOR;**

19
20 **(F) TO SERVE AS THE GOVERNING ORGAN OF PAGCOR AND**
21 **AS THE REGULATORY BODY FOR PURPOSES OF**
22 **EXERCISING AND ENFORCING THE POWERS GRANTED**
23 **TO PAGCOR UNDER AND BY VIRTUE OF TITLE III,**
24 **PARTICULARLY SECTION 9, OF THIS ACT; AND**

25
26 **[(e))(G) To perform such other powers, functions, and duties as may be**
27 directed and authorized by the President of the Philippines or as may
28 be necessary or proper for the accomplishment of [its] **PAGCOR'S**
29 purposes and objectives **AND FOR THE EFFECTIVE**

1 **IMPLEMENTATION AND ENFORCEMENT OF ITS**
2 **LICENSING AND REGULATORY POWERS.**

3
4 SEC. 9. Section 8 under Title III of PD 1869 is hereby amended to read as follows:

5
6 **TITLE III – [AFFILIATION] REGULATORY PROVISIONS**

7
8 [SEC. 8. REGISTRATION. – All persons primarily engaged in
9 gambling, together with their allied business, with contract or franchise
10 from the Corporation, shall register and affiliate their businesses with the
11 Corporation. The Corporation shall issue the corresponding certificates of
12 affiliation upon compliance by the registering entity with the promulgated
13 rules and regulations thereon.]**LICENSING POWERS OF PAGCOR —**
14 **EXCEPT (1) FOR THOSE GAMES OF CHANCE, GAMES OF**
15 **CARDS, AND GAMES OF NUMBERS THAT MAY BE**
16 **AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND**
17 **UNDER EXISTING FRANCHISES OR BY OTHER**
18 **REGULATORY BODIES, OR (2) FOR THOSE GAMES OF**
19 **CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS**
20 **THAT MAY BE AUTHORIZED, LICENSED, AND REGULATED**
21 **BY, IN, AND UNDER SPECIAL LAWS, SUCH AS REPUBLIC ACT**
22 **NO. 7922, NO PERSON, WHETHER NATURAL OR JURIDICAL,**
23 **AND WHETHER FILIPINO OR FOREIGN, MAY ENGAGE IN**
24 **THE BUSINESS OF OPERATING WITHIN THE TERRITORY OF**
25 **THE PHILIPPINES CASINOS WHERE ALL FORMS OF CARD**
26 **GAMES OR GAMES OF NUMBERS AND OTHER FORMS OF**
27 **GAMES OF CHANCE ARE HELD AND WHERE BETS ARE**
28 **MADE, ROULETTE TABLES, DICE TABLES, SLOT OR**
29 **PINBALL MACHINE PARLORS, BINGO PARLORS AND OTHER**

1 PLACES WHERE OTHER FORMS OF LOTTERIES ARE HELD,
2 RACETRACKS FOR ALL KINDS OF RACES, JAI ALAI
3 FRONTONS, SPORTS BETTING, OR OTHER FORMS OF
4 GAMES OF CHANCE OR GAMES OF NUMBERS, INCLUDING
5 NEWLY CONCEIVED AND DEVELOPED GAMES OF CHANCE
6 OR GAMES OF NUMBERS IRRESPECTIVE OF WHETHER
7 THEY ARE SPECIFICALLY INCLUDED OR MENTIONED IN
8 THIS ACT, OR NOT, WITHOUT AN AUTHORITY GRANTED
9 AND LICENSE ISSUED BY PAGCOR FOR THAT PURPOSE.

10
11 EXCEPT (1) FOR THOSE GAMES OF CHANCE, GAMES
12 OF CARDS, AND GAMES OF NUMBERS THAT MAY BE
13 AUTHORIZED, LICENSED, AND REGULATED BY, IN, AND
14 UNDER EXISTING FRANCHISES OR BY OTHER
15 REGULATORY BODIES OR (2) FOR THOSE GAMES OF
16 CHANCE, GAMES OF CARDS, AND GAMES OF NUMBERS
17 THAT MAY BE AUTHORIZED, LICENSED, AND REGULATED
18 BY, IN, AND UNDER SPECIAL LAWS, SUCH AS REPUBLIC
19 ACT NO. 7922, NO PERSON, WHETHER NATURAL OR
20 JURIDICAL, AND WHETHER FILIPINO OR FOREIGN, MAY
21 MANUFACTURE OR POSSESS WITHIN THE TERRITORY OF
22 THE PHILIPPINES OR IMPORT INTO ANY PHILIPPINE
23 TERRITORY ANY GAMING PARAPHERNALIA – PLAYING
24 CARDS, GAMING TABLES, ROULETTE MACHINES, DICE AND
25 DICE TABLES, BINGO CARDS AND BINGO BALLS OR CHIPS,
26 SLOT OR PINBALL MACHINES, MACHINES AND EQUIPMENT
27 FOR LOTTERIES, JAI ALAI BALLS AND EQUIPMENT, AND
28 OTHER CONTRAPTIONS OR CONTRIVANCES AND DEVICES
29 USED FOR GAMBLING OF WHATEVER NATURE AND FOR

1 **WHATEVER PURPOSE -- UNLESS THAT PERSON IS A**
2 **HOLDER OF AN AUTHORITY AND LICENSE FROM PAGCOR**
3 **TO ENGAGE WITHIN THE TERRITORY OF THE PHILIPPINES**
4 **IN THE BUSINESS OF OPERATING CASINOS WHERE ALL**
5 **FORMS OF CARD GAMES OR GAMES OF NUMBERS AND**
6 **OTHER FORMS OF GAMES OF CHANCE ARE HELD AND**
7 **WHERE BETS ARE MADE, ROULETTE TABLES, DICE**
8 **TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO**
9 **PARLORS AND OTHER PLACES WHERE OTHER FORMS OF**
10 **LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS OF**
11 **RACES, JAI ALAI FRONTONS, SPORTS BETTING, OR OTHER**
12 **FORMS OF GAMES OF CHANCE OR GAMES OF NUMBERS,**
13 **INCLUDING NEWLY CONCEIVED AND DEVELOPED GAMES**
14 **OF CHANCE, GAMES OF CARDS OR GAMES OF NUMBERS**
15 **IRRESPECTIVE OF WHETHER THEY ARE SPECIFICALLY**
16 **INCLUDED OR MENTIONED IN THIS ACT, OR NOT.**

17
18 **PAGCOR SHALL GRANT SUCH AUTHORITY AND ISSUE**
19 **SUCH LICENSE TO ENGAGE IN THE BUSINESS OF**
20 **OPERATING GAMBLING CASINOS, ROULETTE TABLES, DICE**
21 **TABLES, SLOT MACHINE PARLORS, LOTTERIES, JAI ALAI**
22 **FRONTONS, SPORTS BETTING, OR ANY GAME OF CHANCE**
23 **WITHIN THE TERRITORY OF THE PHILIPPINES ONLY TO**
24 **PERSONS, WHETHER NATURAL OR JURIDICAL, AND**
25 **WHETHER FILIPINO OR FOREIGN, WITH SUFFICIENT**
26 **TECHNICAL KNOWLEDGE, EXPERIENCE, EXPERTISE, AND**
27 **SKILLS, AND WITH PROVEN FINANCIAL RESOURCES AND**
28 **FACILITIES TO ENGAGE IN SAID BUSINESS.**

1 SEC. 10. Section 9 of PD 1869 is hereby amended to read as follows:

2
3 **SEC. 9. REGISTRATION AND Regulatory PowerS OF**
4 **PAGCOR** – [The Corporation shall maintain a Registry of the affiliated
5 entities, and shall exercise all the powers, authority and the responsibilities
6 vested in the Securities and Exchange Commission over such affiliated
7 entities mentioned under the preceding section, including but not limited
8 to amendments of Articles of Incorporation and By-Laws, changes in
9 corporate term, structure, capitalization and other matters concerning the
10 operation of the affiliating entities, the provisions of the Corporation Code
11 of the Philippines to the contrary notwithstanding, except only with
12 respect to original incorporation.] **(A) EVERY PERSON, WHETHER**
13 **NATURAL OR JURIDICAL, AND WHETHER FILIPINO OR**
14 **FOREIGN, WHICH IS ENGAGED IN THE BUSINESS OF**
15 **OPERATING A GAMBLING CASINO, ROULETTE TABLE, DICE**
16 **TABLE, SLOT MACHINES PARLOR, BINGO PARLOR, SPORTS**
17 **BETTING, OR ANY GAME OF CHANCE, WHETHER**
18 **SPECIFICALLY INCLUDED OR MENTIONED IN THIS ACT,**
19 **UNDER AN AUTHORITY AND LICENSE FROM PAGCOR,**
20 **SHALL AFFILIATE AND REGISTER WITH PAGCOR HIS OR**
21 **ITS GAMING BUSINESS AS WELL AS HIS OR ITS ALLIED**
22 **BUSINESS OR BUSINESSES, AND PAGCOR SHALL ISSUE A**
23 **CORRESPONDING CERTIFICATE OF AFFILIATION AND**
24 **REGISTRATION TO SUCH PERSON UPON HIS OR ITS**
25 **COMPLIANCE WITH THE RULES AND REGULATIONS**
26 **THEREON.**
27

1 **(B) PAGCOR SHALL MAINTAIN A REGISTRY OF ALL**
2 **AFFILIATED AND REGISTERED PERSONS, WHICH SHALL**
3 **BE OPEN TO ANY INTERESTED PARTY.**

4
5 **(C) PAGCOR SHALL BE RESPONSIBLE FOR THE**
6 **REGULATION AND SUPERVISION OF ALL GAMES OF**
7 **CHANCE OR GAMES OF NUMBERS AND FOR THE**
8 **REGULATION AND SUPERVISION OF ALL REGISTERED**
9 **AND AFFILIATED PERSONS, EXCEPT (1) THOSE COVERED**
10 **BY SPECIFIC FRANCHISES ENACTED BY CONGRESS, AND**
11 **(2) THOSE AUTHORIZED AND LICENSED BY, IN, AND**
12 **UNDER REPUBLIC ACT NO. 7922.**

13
14 **(D) PAGCOR SHALL ISSUE AND PROMULGATE THE**
15 **ESSENTIAL RULES AND REGULATIONS REQUIRED TO**
16 **REGULATE AND GOVERN THE GAMING ACTIVITIES OF**
17 **AFFILIATED AND REGISTERED PERSONS. THE RULES**
18 **AND REGULATIONS SHALL INCLUDE THE APPROPRIATE**
19 **SANCTIONS:**

20
21 **1) FOR REFUSAL OF A REGISTERED AND AFFILIATED**
22 **PERSON OR A PLAYER, PATRON, OR CUSTOMER TO**
23 **COMPLY WITH THE GAMING RULES AND**
24 **REGULATIONS PROMULGATED BY THE BOARD OF**
25 **DIRECTORS OF PAGCOR OR WITH ANY REASONABLE**
26 **AND LAWFUL ORDER OF THE BOARD OF DIRECTORS**
27 **OF PAGCOR;**

28

1 **2) FOR ANY FRAUD COMMITTED BY A REGISTERED AND**
2 **AFFILIATED PERSONS AGAINST ANY PLAYER,**
3 **PATRON, OR CUSTOMER;**

4
5 **3) FOR ANY INFRACTION OR VIOLATION OF THE**
6 **GAMING RULES AND REGULATION BY ANY PLAYER,**
7 **PATRON, OR CUSTOMER;**

8
9 **4) FOR REPEATED REFUSAL OR FAILURE, WITHOUT**
10 **VALID EXPLANATION, TO SUBMIT REQUIRED**
11 **REPORTS OR TO FILE WITHIN PRESCRIBED PERIOD**
12 **ESSENTIAL DOCUMENTARY REQUIREMENTS;**

13
14 **5) FOR FAILURE TO PAY HIS OR ITS VALID AND**
15 **LEGITIMATE MONEY OBLIGATIONS TO PAGCOR;**
16 **AND,**

17
18 **6) FOR VIOLATION OF ANY CONDITION OF THE**
19 **REGISTERED AND AFFILIATED PERSONS AUTHORITY**
20 **AND LICENSE TO ENGAGE IN GAMING BUSINESS**
21 **WITHIN THE TERRITORY OF THE PHILIPPINES.**

22
23 **(E) THE BOARD OF DIRECTORS OF PAGCOR, IN THE**
24 **EXERCISE OF ITS REGULATORY POWERS AND QUASI-**
25 **JUDICIAL FUNCTIONS AND POWERS, MAY IMPOSE,**
26 **AFTER DUE NOTICE AND HEARING WHERE THE GUILTY**
27 **PARTY IS GIVEN AN OPPORTUNITY TO BE HEARD, A**
28 **FINE RANGING FROM FIFTY THOUSAND (P50,000.00)**
29 **PESOS, TO ONE MILLION (P1,000,000.00) PESOS FOR**

1 VIOLATION EACH OF ANY OF THE SUB-PARAGRAPHS OF
2 THE PRECEDING PARAGRAPH (D). THE FINE IMPOSED IN
3 EACH CASE SHALL DEPEND UPON THE GRAVITY OF THE
4 OFFENSE COMMITTED BY THE GUILTY PARTY.

5
6 (F) WHEN A REGISTERED AND AFFILIATED PERSON IS
7 FOUND TO HAVE REFUSED WITHOUT ANY JUSTIFIABLE
8 CAUSE TO COMPLY WITH ANY PROVISION OF THE
9 GAMING RULES AND REGULATIONS PROMULGATED BY
10 THE BOARD OF DIRECTORS OF PAGCOR OR WITH ANY
11 REASONABLE AND LAWFUL ORDER OF THE BOARD OF
12 DIRECTORS OF PAGCOR; OR TO HAVE VIOLATED ANY
13 CONDITION OF HIS OR ITS AUTHORITY AND LICENSE TO
14 OPERATE A GAMING BUSINESS WITHIN THE TERRITORY
15 OF THE PHILIPPINES; OR TO HAVE VIOLATED ANY
16 PROVISION OF THE GAMING RULES AND REGULATIONS;
17 OR TO HAVE REFUSED OR FAILED WITHOUT A VALID
18 EXPLANATION TO SUBMIT ANY REQUIRED REPORT OR
19 TO FILE ANY ESSENTIAL DOCUMENTARY
20 REQUIREMENT; OR TO HAVE FAILED TO PAY HIS OR ITS
21 VALID AND LEGITIMATE MONEY OBLIGATION TO
22 PAGCOR; OR TO HAVE COMMITTED ANY FRAUD OR
23 MISCONDUCT AGAINST HIS OR ITS PLAYER, PATRON, OR
24 CUSTOMER, THE BOARD OF DIRECTORS OF PAGCOR
25 MAY FORTHWITH SUSPEND OR TERMINATE THE
26 OPERATION OF THE DISOBEDIENT REGISTERED AND
27 AFFILIATED PERSON, PAGCOR SHALL FORTHWITH
28 ISSUE A CLOSURE ORDER TO TEMPORARILY OR
29 PERMANENTLY CLOSE THE GAMING OPERATIONS AND

1 **FACILITIES OF SAID AFFILIATED AND REGISTERED**
2 **PERSON, AFTER DUE NOTICE AND HEARING GIVEN TO**
3 **THE GUILTY AFFILIATED AND REGISTERED PERSON.**

4

5 **(G)THE BOARD OF DIRECTORS OF PGCOR IS HEREBY**
6 **GRANTED THE AUTHORITY TO CALL UPON ANY LAW**
7 **ENFORCEMENT AGENCY OF THE GOVERNMENT AND**
8 **ENLIST ITS SERVICES TO ENFORCE ITS CLOSURE**
9 **ORDERS OR ANY OF ITS ORDERS.**

10

11 **(H)THE BOARD OF DIRECTORS OF PAGCOR, IN THE**
12 **EXERCISE OF ITS REGULATORY AND QUASI-JUDICIAL**
13 **FUNCTIONS AND POWERS, IS HEREBY AUTHORIZED**
14 **ISSUE SUBPOENA AD TESTIFICANDUM AND SUBPOENA**
15 **DUCES TECUM AND PUNISH PERSONS FOR DIRECT AND**
16 **INDIRECT CONTEMPT.**

17

18

19 SEC. 11. Section 11 under Title IV of PD 1869 is hereby amended by Executive Order
20 No. 260, dated 25 July 1987, is hereby further amended to read as follows:

21

22 SEC. 11. *Scope of Franchise.*—In addition to the rights and
23 privileges granted [it] **TO PAGCOR** under [the preceding] Section **10**
24 **HEREOF**, [this Franchise shall entitle the Corporation to do and
25 undertake the following] **PAGCOR HAS THE POWER:**

26

27 **A) TO AUTHORIZE AND ISSUE LICENSES TO QUALIFIED**
28 **PERSONS, WHETHER NATURAL OR JURIDICAL, AND**

1 **WHETHER FILIPINO OR FOREIGN, FOR GAMES OF**
2 **CHANCE, GAMES OF CARDS OR GAMES OF NUMBERS;**

3
4 [a] **B) TO GRANT, enter into, CONCLUDE WITH, OR BE A**
5 **PARTY TO AN operating [and/or management] AGREEMENT**
6 **[contracts] OR MANAGEMENT AGREEMENT with any**
7 **AFFILIATED AND registered [and accredited company or qualified**
8 **person] ENTITY, FIRM, PARTNERSHIP, CORPORATION, OR**
9 **INDIVIDUAL THAT possess[ing]ES the TECHNICAL knowledge,**
10 **EXPERIENCE, expertise, and skills, AND THE FINANCIAL**
11 **RESOURCES and facilities to [insure the efficient operation of**
12 **gambling casinos] UNDERTAKE, ESTABLISH, MAINTAIN,**
13 **AND MANAGE AN EFFICIENT OPERATION OF CASINOS**
14 **WHERE ALL FORMS OF CARD GAMES OR GAMES OF**
15 **NUMBERS AND OTHER FORMS OF GAMES OF CHANCE**
16 **ARE HELD AND WHERE BETS ARE MADE, ROULETTE**
17 **TABLES, DICE TABLES, SLOT OR PINBALL MACHINE**
18 **PARLORS, BINGO PARLORS AND OTHER PLACES WHERE**
19 **OTHER FORMS OF LOTTERIES ARE HELD, RACETRACKS**
20 **FOR ALL KINDS OF RACES, JAI ALAI FRONTONS, SPORTS**
21 **BETTING, AND OTHER FORMS OF GAMES OF CHANCE OR**
22 **GAMES OF NUMBERS, INCLUDING NEWLY CONCEIVED**
23 **AND DEVELOPED GAMES OF CHANCE, GAMES OF CARDS**
24 **OR GAMES OF NUMBERS, IRRESPECTIVE OF WHETHER**
25 **THEY ARE SPECIFICALLY MENTIONED IN THIS ACT, OR**
26 **NOT: *Provided, that,* [such service fees of such management and/or**
27 **operator companies whose services may be retained by the**
28 **Corporation shall not in the aggregate exceed ten (10%) percent of the**
29 **gross income;] THE ENTITY, FIRM, PARTNERSHIP,**

1 **CORPORATION, OR INDIVIDUAL WHOSE SERVICES HAVE**
2 **BEEN CONTRACTED UNDER A MANAGEMENT**
3 **AGREEMENT OR AN OPERATING AGREEMENT BY**
4 **PAGCOR SHALL EITHER RETAIN AS HIS OR ITS SERVICE**
5 **FEE AN AMOUNT THE AGGREGATE OF WHICH SHALL**
6 **NOT EXCEED TEN (10%) PERCENT OF THE GROSS**
7 **INCOME, OR PAY A FIXED MONTHLY RENTAL FOR HIS**
8 **OR ITS OPERATION;**

9
10 **(C) TO** purchase foreign exchange that may be required [for the
11 importation of] **TO IMPORT** equipment, facilities, and other
12 gambling paraphernalia **WHICH ARE** indispensabl[y]E [needed] or
13 useful to [insure the successful] the operation of gambling casinos,
14 **ROULETTE TABLES, DICE TABLES, SLOT MACHINE**
15 **PARLORS, LOTTERIES, JAI ALAI FRONTONS, SPORTS**
16 **BETTING, AND OTHER FORMS OF GAMES OF CHANCE;**

17
18 **(D) TO** acquire rights of way [for access to or thru public land, public
19 waters or harbors, including the Mania Bay Area; such right shall
20 include but not limited to the right to lease and/or purchase public
21 lands, government reclaimed lands, as well as lands of private
22 ownership or those leased from the Government.] of whatever nature
23 and for whatever purpose, [This right shall carry with it the privilege
24 of the Corporation] **INCLUDING THE RIGHT AND PRIVILEGE**
25 to utilize piers, quays, boat landings, and [such] **ANY** other [pertinent
26 and related] facilities [within these specified areas] for [use as]
27 **LOADING AND UNLOADING, landing, anchoring, or berthing**
28 [sites in connection with its authorized casino operations] **VESSELS,**
29 **SHIPS, YACHTS, BOATS, AND OTHER WATER CRAFTS;**

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(E) To [B]build or construct structures, buildings, [castways] **COAST WAYS**, piers, decks, as well as any other form of landing and boarding facilities for its floating casinos; [and]

(F) TO CONDUCT MARKETING PROGRAMS FOR THE PROMOTION OF ITS BUSINESS WITH FEATURES, INCENTIVES AND AMENITIES THAT PAGCOR MAY DEEM NECESSARY, PROPER, AND SUITABLE TO ENABLE IT TO ATTAIN GLOBAL COMPETITIVENESS IN THE GAMING, RECREATIONAL, AND AMUSEMENT INDUSTRY; AND,

(G) To do and perform such other acts **AND THINGS** directly related to the efficient, **SAFE**, and [successful operation] **PROFITABLE** conduct **AND OPERATION** of games of chance [in accordance with existing laws and decrees.

SEC. 12. Section 12 under Title IV of PD 1869 is hereby amended to read as follows:

SEC. 12. *Special Conditions of Franchise* – [After deducting five (5%) percent as Franchise Tax, the Fifty (50%) percent share of the Government in the aggregate gross earnings of the Corporation from this Franchise, or 60% if the aggregate gross earnings be less than P150,000,000.00 shall be immediately be set aside and shall accrue to the General Fund to finance the priority infrastructure development projects and to finance the restoration of damaged or destroyed facilities due to calamities, as may be directed and authorized by the Office of the President of the Philippines.]

1 **FIVE PERCENT (5%) OF THE AGGREGATE GROSS**
2 **EARNINGS OF PAGCOR SHALL BE REMITTED TO THE**
3 **BUREAU OF INTERNAL REVENUE AS FRANCHISE TAX OF**
4 **PAGCOR.**

5
6 **THE GROSS WINNINGS OF PAGCOR ON GAMING**
7 **SHALL BE DISTRIBUTED AS FOLLOWS:**

8
9 **(A) FIVE PERCENT (5%) SHALL BE RETAINED BY PAGCOR**
10 **TO FUND ITS EXPANSION PROGRAM AND CAPITAL**
11 **EXPENDITURES, INCLUDING BUT NOT LIMITED TO THE**
12 **ACQUISITION OF NEEDED LANDS AND THE**
13 **CONSTRUCTION OF HOTELS, INNS, CLUBS, RESORTS,**
14 **CONVENTION CENTERS, THEME PARKS, AQUARIUMS,**
15 **INTEGRATED AMUSEMENT AREAS OR COMMUNITIES,**
16 **RACETRACKS, JAI ALAI FRONTONS, AND OTHER**
17 **RECREATIONAL AND ENTERTAINMENT FACILITIES**
18 **REQUIRED BY OR RELATED TO ITS BUSINESS;**

19
20 **(B) AFTER DEDUCTING THE FOREGOING, THE FIVE**
21 **PERCENT (5%) SHARE OF THE PHILIPPINES SPORTS**
22 **COMMISSION (PSC) SHALL BE COMPUTED AND DIRECTLY**
23 **REMITTED TO THE PSC;**

24
25 **(C) AFTER DEDUCTING THE FOREGOING, TEN PERCENT**
26 **(10%) OF THE REMAINING AMOUNT SHALL BE DIRECTLY**
27 **REMITTED TO THE DEPARTMENT OF EDUCATION FOR**
28 **THE CONSTRUCTION OF SCHOOL BUILDINGS, THE**
29 **MODERNIZATION OF EXISTING SCHOOL FACILITIES, AND**

1 THE RESTORATION AND MAINTENANCE OF HISTORICAL,
2 CULTURAL, AND HERITAGE SITES, AS MAY BE
3 DETERMINED BY THE PRESIDENT OF THE PHILIPPINES;

4
5 (D) AFTER DEDUCTING THE FOREGOING, TEN PERCENT
6 (10%) OF THE REMAINING AMOUNT SHALL BE DIVIDED
7 EQUALLY BETWEEN, AND DIRECTLY REMITTED TO, THE
8 ARMED FORCES OF THE PHILIPPINES (AFP) AND THE
9 PHILIPPINE NATIONAL POLICE (PNP) FOR THE
10 MODERNIZATION AND UPGRADING OF THEIR
11 EQUIPMENT AND FOR THE HOUSING OF THEIR
12 PERSONNEL;

13
14 (E) AFTER DEDUCTING THE FOREGOING, ONE PERCENT
15 (1%) OF THE REMAINING AMOUNT SHALL BE REMITTED
16 TO THE BOARD OF CLAIMS;

17
18 (F) AFTER DEDUCTING THE FOREGOING, THREE PERCENT
19 (3%) OF THE REMAINING AMOUNT SHALL BE ALLOCATED
20 TO FUND THE LAWS ENACTED BY THE CONGRESS OF THE
21 PHILIPPINES; AND,

22
23 (G) AFTER DEDUCTING THE FOREGOING, THIRTY
24 PERCENT (30%) OF THE REMAINING AMOUNT SHALL BE
25 REMITTED TO THE NATIONAL TREASURY.

26
27 (H) THE REMAINDER SHALL BE ALLOCATED BY THE
28 BOARD FOR THE OPERATIONAL EXPENSES OF PAGCOR

1 **AND FOR THE SOCIAL FUND OF THE PRESIDENT OF THE**
2 **PHILIPPINES.**

3

4 SEC. 13. Section 14 of PD 1869 is hereby amended to read as follows:

5

6 SEC. [14] 13. *Other Conditions OF THE FRANCHISE.* --- IN
7 **ADDITION TO THE SPECIAL CONDITIONS IMPOSED IN**
8 **SECTION 12 HEREOF, PAGCOR IS REQUIRED TO COMPLY**
9 **WITH FOLLOWING OTHER CONDITIONS:**

10

11 (a) *Place* -- [The Corporation] **PAGCOR** shall conduct its [gambling]
12 **GAMING** activities [or games of chance] **UNDER ITS**
13 **FRANCHISE** on land or **ON** water within the [territorial jurisdiction]
14 **TERRITORY** of the [Republic of the] Philippines. When [conducted]
15 **IT CONDUCTS ITS GAMING ACTIVITIES** on water, [the
16 Corporation] **PAGCOR** shall have the **AUTHORITY AND** right to
17 dock [the floating casinos] in any part of the Philippines [where
18 vessels/boats are] **ITS OWN FLOATING CASINOS OR**
19 **FLOATING CASINOS** authorized [to dock under the Customs and
20 Maritime Laws.] **AND LICENSED BY IT TO OPERATE IN THE**
21 **PHILIPPINES AND TO USE ANY GOVERNMENT PIERS,**
22 **WHARVES, AND DOCKING FACILITIES SUBJECT TO THE**
23 **REQUIREMENTS OF IMMIGRATION, CUSTOMS, AND**
24 **MARINES LAWS OF THE PHILIPPINES.**

25

26 (b) *Time* --- [Gambling activities may be held and conducted] **CASINO**
27 **OPERATIONS WHERE ALL FORMS OF CARD GAMES OR**
28 **GAMES OF NUMBERS AND OTHER FORMS OF GAMES OF**
29 **CHANCE ARE HELD AND WHERE BETS ARE MADE,**

1 **ROULETTE OPERATIONS, DICE GAMES, SLOT OR**
2 **PINBALL MACHINE OPERATIONS, BINGO AND OTHER**
3 **FORMS OF LOTTERY OPERATIONS, JAI ALAI GAMES,**
4 **SPORTS BETTING AND OTHER SIMILAR OPERATIONS**
5 **MAY TAKE PLACE** at any time of [the] day **AND/or**
6 night[;provided, however, that in places where curfew hours are
7 observed, all players and personnel of the gambling casinos shall
8 remain within the premises of the casinos].

9
10 (c) *Persons Allowed to Play* --- **THE FOLLOWING PERSONS**
11 **SHALL BE ALLOWED TO PLAY IN ANY GAMING**
12 **ESTABLISHMENTS OWNED, OPERATED, MAINTAINED,**
13 **AND MANAGED BY PAGCOR OR AUTHORIZED AND**
14 **LICENSED BY PAGCOR:**

15
16 (i) **FOREIGN** tourists and [/or] foreigners who are not
17 **PERMANENT** residents of the Philippines;

18
19 (ii) Residents **OF THE PHILIPPINES** with a gross **MONTHLY**
20 income [for the previous year] of at least **FIFTY THOUSAND**
21 (P50,000.00) pesos **IN THE PREVIOUS YEAR** which fact shall
22 be certified to by the Bureau of Internal Revenue; and

23
24 (iii)The [number of] guests of [the above-mentioned] qualified persons
25 **UNDER PARAGRAPHS 1 AND 2 ABOVE** [shall be limited to
26 two (2) only; provided that the said guests] **WHO** are at least
27 **TWENTY-ONE (21)** years of age.

28

1 (d) *Persons not Allowed to Play* --- **THE FOLLOWING PERSONS**
2 **SHALL NOT BE ALLOWED TO ENTER OR PLAY IN**
3 **GAMING ESTABLISHMENTS:**

4
5 (i) Government officials [connected directly with the operation of the
6 Government or any of its agencies];

7
8 (ii) Members of the Armed Forces of the Philippines [including the
9 Army, Navy, Air Force or Constabulary];

10
11 **(III) MEMBERS OF THE PHILIPPINE NATIONAL**
12 **POLICE, MEMBERS OF THE NATIONAL BUREAU OF**
13 **INVESTIGATION, AND MEMBERS OF OTHER LAW**
14 **ENFORCEMENT UNITS OF THE GOVERNMENT**
15 **EXCEPT WHEN SUCH MEMBERS ARE IN THE ACTUAL**
16 **PERFORMANCE OF THEIR OFFICIAL DUTY TO**
17 **ARREST A CRIMINAL OR A MALEFACTOR, TO**
18 **PREVENT THE COMMISSION OF A CRIME, TO SERVE A**
19 **WARRANT OF ARREST TO SOMEONE INSIDE A**
20 **GAMING ESTABLISHMENT, TO LEND SUCCOR TO A**
21 **PERSON UNDER THREAT, TO RESCUE A PERSON OR**
22 **PERSONS, OR TO HELP IN THE EVACUATION OF**
23 **PERSONS OR IN MAINTENANCE OF ORDER IN THE**
24 **EVENT OF ACCIDENTS, EARTHQUAKES, FIRES, AND**
25 **OTHER CALAMITIES; AND,**

26
27 (iv) **STUDENTS AND** persons [under] **BELOW** twenty-one (21)
28 years of age [or students of any school, college or university in the
29 Philippines].

1 **THE PROHIBITION CONTAINED IN PARAGRAPH (D) HEREOF**
2 **SHALL NOT APPLY TO THE MEMBERS OF THE BOARD,**
3 **OFFICIALS, AND EMPLOYEES OF PAGCOR AND TO**
4 **GOVERNMENT MEDICAL DOCTORS AND MEDICAL AIDS**
5 **WHO RESPOND TO AN EMERGENCY CASE.**

6
7 SEC. 14. Section 13 of PD 1869 is hereby amended to read as follows:

8
9 **TITLE IV --- EXEMPTIONS FROM CUSTOMS DUTIES AND**
10 **TAXES AND UTILIZATION OF FOREIGN CURRENCIES**

11
12 SEC. [13] 14. *Customs duties, taxes and other imposts on*
13 *importations.* — **ANY PROVISION OF REVENUE LAWS OR**
14 **REGULATIONS TO THE CONTRARY NOTWITHSTANDING,**
15 **[A]all importations of equipment, TOOLS, vehicles, [automobiles],**
16 **VESSELS, ships, YACHTS, boats, barges, aircrafts, [and such other]**
17 **INCLUDING gambling paraphernalia, [including] EQUIPMENT,**
18 **INSTRUMENTS, accessories, or related facilities, for the sole and**
19 **exclusive use of [the] casinos AND OTHER FORMS OF GAMES OF**
20 **CHANCE SUCH AS ROULETTE TABLES, DICE TABLES, SLOT**
21 **OR PINBALL MACHINE PARLORS, BINGO PARLORS AND**
22 **OTHER PLACES WHERE OTHER FORMS OF LOTTERIES ARE**
23 **HELD, JAI ALAI FRONTONS, RACETRACKS FOR ALL KINDS**
24 **OF RACES, HOTELS, INNS, CLUBS, RESORTS, CONVENTION**
25 **CENTERS, THEME PARKS, AQUARIUMS, INTEGRATED**
26 **AMUSEMENT AREAS OR COMMUNITIES, AND OTHER**
27 **RECREATIONAL AND ENTERTAINMENT FACILITIES [the**
28 **proper and efficient management and administration thereof, and such**
29 **other clubs, recreation and amusement places to be] CONSTRUCTED,**

1 established, **MAINTAINED, OPERATED, AND MANAGED** under
 2 and by virtue of [this] **THE franchise OF PAGCOR** shall be exempted
 3 from [the payment of all kinds of] customs duties, taxes, and other
 4 imposts, including all [kinds of] **OTHER** fees, levies, assessments, or
 5 charges of any kind, nature **OR DESCRIPTION**, whether **IMPOSED,**
 6 **CHARGED, LEVIED, OR ASSESSED BY THE** National
 7 **GOVERNMENT or BY THE local GOVERNMENTS.**

8
 9 [Vessels and/or accessory] **SHIPS, YACHTS, boats, OR OTHER**
 10 **WATER CRAFTS AND THEIR EQUIPMENT, INSTRUMENTS,**
 11 **AND ACCESSORIES** imported **OR TO BE IMPORTED** by any
 12 [corporation having existing contractual arrangements with the
 13 Corporation] **NATURAL OR JURIDICAL PERSON WHICH IS**
 14 **AUTHORIZED AND LICENSED BY PAGCOR** to operate any game
 15 of chance or imported by someone that has a valid and subsisting
 16 operating agreement or management agreement with PAGCOR, for the
 17 sole and exclusive use of the [casino or to be used to service the operations
 18 and requirements of the casino] **IMPORTER IN HIS GAMING**
 19 **BUSINESS,** shall [likewise] **ALSO** be [totally] exemptED from the
 20 payment of **ALL** customs duties, taxes, and other imposts [,including] and
 21 [kinds of] **ALL OTHER** fees, levies, assessments, or charges of any
 22 kind,[or] nature, **OR DESCRIPTION**, whether **IMPOSED, CHARGED,**
 23 **LEVIED, OR ASSESSED BY THE** National **GOVERNMENT or BY**
 24 **THE** local **GOVERNMENTS.**

25
 26 SEC. 15. A new section 15 is hereby inserted:

27
 28 SEC. 15. *Income TAX and other taxes.*— (a) [Franchise
 29 Holder]**PAGCOR: ANY PROVISIONS OF REVENUE LAWS OR**

1 **REGULATIONS TO THE CONTRARY NOTWITHSTANDING, no**
2 **NATIONAL OR LOCAL tax of [any] WHATEVER kind, NATURE,**
3 **form, [income or otherwise, as well as fees, charges, or levies of whatever**
4 **nature, whether National or Local,] OR DESCRIPTION, INCLUDING**
5 **TAXES ON WINNINGS, DOCUMENTARY STAMP TAX, VALUE**
6 **ADDED TAX, AND INCOME TAX shall be LEVIED, assessed, and**
7 **collected [under this Franchise from the Corporation; nor shall any form**
8 **of tax or charge attach in any way to the earnings of the Corporation]**
9 **FROM PAGCOR AND NO OTHER TAXES, FEES, LEVIES,**
10 **ASSESSMENTS, OR CHARGES OF WHATEVER KIND,**
11 **NATURE, FORM, OR DESCRIPTION, WHETHER IMPOSED,**
12 **CHARGED, LEVIED, OR ASSESSED BY THE NATIONAL**
13 **GOVERNMENT OR BY LOCAL GOVERNMENTS, SHALL BE**
14 **LEVIED AND ASSESSED AND COLLECTED FROM, except a**
15 **Franchise Tax of five (5%) percent [of the gross revenue or earnings] ON**
16 **THE AGGREGATE GROSS EARNINGS derived by [the Corporation]**
17 **PAGCOR from its operation under [this] ITS [F] Franchise.**

18
19 [Such] **THE FRANCHISE** tax shall be due and payable quarterly
20 to the National Government and shall be in lieu of all [kinds of] **DUTIES,**
21 **taxes, fees, levies, assessments, OR CHARGES,** of [any] **WHATEVER**
22 **kind, nature, FORM, or description, [levied, established or collected by**
23 **any municipal, provincial, or national government authority] WHETHER**
24 **IMPOSED, CHARGED, LEVIED, OR ASSESSED BY THE**
25 **NATIONAL GOVERNMENT OR BY THE LOCAL**
26 **GOVERNMENTS.**

27
28 **(b) OTHERS: GRANTEES, LICENSEES, INVESTORS, OPERATORS,**
29 **CLIENTS, AND PATRONS: ANY PROVISION OF REVENUE**

1 **LAWS OR REGULATIONS TO THE CONTRARY**
2 **NOTWITHSTANDING, [T]he exemption [herein granted for**
3 **earnings] FROM TAXES ON WINNINGS, DOCUMENTARY**
4 **STAMP TAX, VALUE ADDED TAX, AND INCOME TAX**
5 **GRANTED TO PAGCOR ON ITS EARNINGS, WHICH IT**
6 **derived from the operations [conducted] OF GAMES OF CHANCE**
7 **OR GAMES OF NUMBERS under [the] ITS franchise [specifically**
8 **from the payment of any tax, income or otherwise as well as any form**
9 **of charges, fees or levies,] shall inure to the benefit of ITS**
10 **GRANTEES, LICENSEES, INVESTORS, OPERATORS,**
11 **CLIENTS, AND PATRONS [and extend to corporation(s),**
12 **association(s), agency(ies), or individual(s) with whom the corporation**
13 **or operator has any contractual relationship], INCLUDING THOSE**
14 **WITH WHOM PAGCOR HAS AN OPERATING AGREEMENT**
15 **OR MANAGEMENT AGREEMENT in connection with the**
16 **ESTABLISHMENT, operation[s], MAINTENANCE, AND**
17 **MANAGEMENT of [the] HOTELS, INNS, CLUBS, RESORTS,**
18 **CONVENTION CENTERS, THEME PARKS, INTEGRATED**
19 **AMUSEMENT AREAS OR COMMUNITIES, AND OTHER**
20 **RECREATIONAL AND ENTERTAINMENT FACILITIES,**
21 **casinos [authorized to be conducted under this franchise and to those**
22 **receiving compensation or other remuneration from the Corporation or**
23 **operator as a result of essential facilities furnished and/or technical**
24 **services rendered to the Corporation or operator] WHERE ALL**
25 **FORMS OF CARD GAMES OR GAMES OF NUMBERS, AND**
26 **OTHER FORMS OF GAMES OF CHANCE ARE HELD AND**
27 **WHERE BETS ARE MADE, ROULETTE TABLES, DICE**
28 **TABLES, SLOT OR PINBALL MACHINE PARLORS, BINGO**
29 **PARLORS AND OTHER PLACES WHERE OTHER FORMS**

1 **OF LOTTERIES ARE HELD, RACETRACKS FOR ALL KINDS**
2 **OF RACES, JAI ALAI FRONTONS, SPORTS BETTING, AND**
3 **OTHER FORMS OF GAMES OF CHANCE THAT ARE**
4 **CONDUCTED AND OPERATED UNDER THE FRANCHISE**
5 **OF PAGCOR OR ARE AUTHORIZED AND LICENSED BY IT.**

6
7 **(c) ENTERTAINERS: THE REMUNERATION OF**
8 **ENTERTAINERS HIRED OR CONTRACTED BY PAGCOR**
9 **OR BY ITS OPERATORS OR INVESTORS IN PURSUANCE**
10 **OF THE FRANCHISE OF PAGCOR AND TO PROMOTE THE**
11 **OBJECTIVES OF THIS ACT SHALL BE EXEMPTED FROM**
12 **ALL TAXES, LEVIES, ASSESSMENTS, FEES, AND**
13 **CHARGES, WHETHER IMPOSED, LEVIED, CHARGED,**
14 **ASSESSED, AND COLLECTED BY THE NATIONAL**
15 **GOVERNMENT OR BY LOCAL GOVERNMENTS.**

16
17 **(d) SERVICE INCENTIVES FROM CUSTOMERS: ANY AMOUNT**
18 **RECEIVED BY EMPLOYEES OF PAGCOR OR ITS**
19 **GRANTEES, LICENSEES, INVESTORS OR OPERATORS BY**
20 **WAY OF SERVICE INCENTIVES OR TIPS FROM CLIENTS**
21 **AND PATRONS IN GAMING ESTABLISHMENTS SHALL BE**
22 **EXEMPT FROM INCOME TAX.**

23
24 **(e) Dividend Income – [Notwithstanding any provision of law to the**
25 **contrary, in the event the Corporation should declare a cash dividend,**
26 **that portion of the dividend income corresponding to the participation**
27 **of the private sector shall, as an incentive to the beneficiaries, be**
28 **subject only to a final income tax rate of ten (10%) percent in lieu of**
29 **the regular income tax rates. The dividend income shall not in such**

1 case be considered as part of beneficiaries' taxable income; provided,]
2 **ANY PROVISION OF LAW TO THE CONTRARY**
3 **NOTWITHSTANDING, A FINAL INCOME TAX OF TEN**
4 **(10%) PERCENT, IN LIEU OF THE REGULAR INCOME TAX,**
5 **SHALL BE IMPOSED AND COLLECTED ON THAT**
6 **PORTION OF ANY DIVIDEND DECLARED AND**
7 **DISTRIBUTED BY PAGCOR TO ITS PRIVATE**
8 **STOCKHOLDERS, WHETHER SUCH DIVIDEND IS IN CASH**
9 **OR IN PROPERTY, THE CLEAR INTENT OF CONGRESS**
10 **BEING NOT TO TREAT SUCH CASH OR PROPERTY**
11 **DIVIDEND AS A PART OF THE REGULAR TAXABLE**
12 **INCOME OF THE PRIVATE STOCKHOLDERS IN ORDER**
13 **TO GIVE THEM AN INCENTIVE TO INVEST IN THE**
14 **SHARES OF SOCK OF PAGCOR.**

15
16 [h]However, [that] such **CASH OR PROPERTY** dividend [income] shall
17 be totally exempted from **THE TEN (10%) PERCENT FINAL**
18 **income [or other forms of taxes] tax [if invested] IF THE**
19 **RECIPIENT SHALL INVEST THE CASH DIVIDEND OR THE**
20 **CASH EQUIVALENT OF THE PROPERTY DIVIDEND** within
21 six (6) months from the [date the dividend income is received, in the
22 following] **RECEIPT OF THE CASH OR PROPERTY**
23 **DIVIDEND:**

24
25 (i) [operation of the casino(s) or investments in any affiliate activity
26 that will ultimately redound to the benefit of the Corporation or
27 any other corporation with whom the Corporation has any existing
28 arrangements in connection with or related to the operations of the
29 casino(s)] **IN A BUSINESS ENGAGED IN ANY GAME OF**

1 **CHANCE SUCH AS, BUT NOT LIMITED TO, GAMBLING**
2 **CASINOS, ROULETTE TABLES, DICE TABLES, SLOT**
3 **MACHINE PARLORS, LOTTERIES, JAI ALAI**
4 **FRONTONS, RACE TRACKS, OR SPORTS BETTING**
5 **ESTABLISHED, MAINTAINED, OPERATED, AND**
6 **MANAGED UNDER THE FRANCHISE OF PAGCOR;**

7
8 (ii) **IN** Government bonds, securities, treasury notes, [or] **AND**
9 debentures **WITH MATURITIES OF NOT LESS THAN FIVE**
10 **(5) YEARS;** or

11
12 (iii) **IN SHARES OF STOCK OF** BOI-registered [or export-oriented]
13 corporations **OR IN SHARES OF STOCK OF EXPORT OR**
14 **TOURISM ORIENTED CORPORATIONS.**

15
16 **SEC. 16.** A new section 16 is hereby inserted:

17
18 **SEC. 16. Utilization of Foreign Currencies.** --- [The Corporation]
19 **PAGCOR** shall have the right and authority, solely and exclusively [in
20 connection with the] **FOR** operations of [the casino(s),] **ITS GAMING,**
21 **RECREATIONAL, AND AMUSEMENT BUSINESS** to purchase,
22 receive, exchange, **HOLD, OWN,** and disburse foreign exchange, subject
23 to the following terms and conditions:

24
25 (a) [A] Specific areaS in [the casino(s) or] **PAGCOR'S** gaming [pit]
26 **ESTABLISHMENTS** shall be [put up] **RESERVED** solely and
27 exclusively for players and patrons utilizing **OR AND BETTING**
28 **IN** foreign currencies;

29

1 (b) [The Corporation] **PAGCOR** shall designate a duly accredited
2 commercial bank agent of the [Central Bank] **BANGKO**
3 **SENTRAL NG PILIPINAS** to handle, administer, and manage
4 the [use] **RECORDING, REPORTING, AND UTILIZATION**
5 of foreign currencies [in the casino(s)] **RECEIVED,**
6 **ACQUIRED, AND EARNED BY PAGCOR FROM THE**
7 **OPERATIONS OF ITS GAMING BUSINESS ACTIVITIES.**

8
9 (c) [The Corporation] **PAGCOR** shall provide a[n] **SUITABLE AND**
10 **ADEQUATE** office [at casino(s) exclusively for the employees of
11 designated bank, agent of the Central Bank,] **FOR THE USE OF**
12 **THE CHOSEN COMMERCIAL BANK** where [the
13 Corporation] **PAGCOR** shall maintain a [dollar] **FOREIGN**
14 **CURRENCY** account [which will be utilized exclusively for the
15 above purpose and the casino dollar treasury employees] **FOR**
16 **THE SOLE AND EXCLUSIVE USE OF ITS GAMING**
17 **BUSINESS OPERATIONS;**

18
19 (d) Only [persons with] **HOLDERS OF** foreign passports or
20 [certificates of identity (for Hong Kong patron only)] **SIMILAR**
21 **IDENTITY DOCUMENTS** duly issued by the governments [or
22 country of residence will] **OF THEIR RESPECTIVE**
23 **COUNTRIES SHALL** be allowed to play in the [the foreign
24 exchange gaming pit] **SPECIFIC AREAS IN PAGCOR'S**
25 **GAMING ESTABLISHMENTS RESERVED SOLELY AND**
26 **EXCLUSIVELY FOR PLAYERS AND PATRONS WHO**
27 **UTILIZE AND BET IN FOREIGN CURRENCIES.**

28

1 (e) Only foreign currenc[y]IES **ACCEPTABLE AND** prescribed **BY**
2 **THE BANGKO SENTRAL NG PILIPINAS** [to form] **AS** part
3 of the [Philippine] International Reserve **OF THE PHILIPPINES**
4 [and the following currencies: Australian Dollar, Singapore
5 Dollar, Hong Kong Dollar] shall be used in [this] **THE** gaming
6 [pit] **ESTABLISHMENTS OF PAGCOR.**

7
8 (f) The disbursements, administration, management, and recording of
9 foreign [exchange] currencies used in the [casino(s)] **GAMING**
10 **ESTABLISHMENTS OF PAGCOR** shall be carried out in
11 accordance with [existing] foreign exchange regulations[;]
12 **ISSUED AND PROMULGATED BY THE BANGKO**
13 **SENTRAL NG PILIPINAS.** [and periodical] **PERIODIC**
14 reports of the transactions **OF PAGCOR** in foreign [exchange]
15 currencies [by the Corporation] shall be duly recorded and reported
16 to the [Central Bank] **BANGKO SENTRAL NG PILIPINAS**
17 thru [the designated Agent Bank] **ITS AGENT**
18 **COMMERCIAL BANK;** and

19
20 (g) [The Corporation] **PAGCOR** shall issue the necessary rules and
21 regulations for the guidance and information of players **WHO**
22 **ARE** qualified to [participate in the foreign exchange gaming pit,
23 in order to make certain that the terms and conditions as above set
24 forth are strictly complied with] **PLAY IN THE SPECIFIC**
25 **AREAS IN PAGCOR'S GAMING ESTABLISHMENTS**
26 **RESERVED SOLELY AND EXCLUSIVELY FOR**
27 **PLAYERS AND PATRONS WHO UTILIZE AND BET IN**
28 **FOREIGN CURRENCIES.**

29

1 SEC. 17. Section 15 of PD 1869 is hereby amended to read as follows:

2

3

TITLE V—GOVERNMENT AUDIT

4

5 SEC. [15] 17. *Auditor.*- The Commission on Audit [or any government
6 agency that the Office of the President may designate] shall appoint a
7 representative who shall be the Auditor of [the Corporation] **PAGCOR**
8 [and] **TOGETHER WITH** such personnel as may be necessary to assist
9 said [representative] **AUDITOR** in the performance of his duties. The
10 salaries of the Auditor [or representative] and his staff shall be fixed by
11 the [Chairman of the] Commission on Audit [or designated government
12 agency, with the advice of the Board,] and said salaries and other expenses
13 shall be paid by [the Corporation] **THE COMMISSION ON AUDIT.**

14

15 The funds of the [Corporation] **PAGCOR** to be covered by the
16 audit shall be limited to the 5% franchise tax and the [50% of the gross
17 earnings pertaining to the Government as its share] **GOVERNMENT**
18 **SHARE IN PAGCOR'S GROSS WINNINGS AS PROVIDED IN**
19 **SECTION 12 HEREOF. A COPY OF THE AUDIT REPORT FOR**
20 **THE IMMEDIATELY PRECEDING CALENDAR YEAR SHALL**
21 **BE SUBMITTED BY THE COMMISSION ON AUDIT TO THE**
22 **PRESIDENT OF THE PHILIPPINES NOT LATER THAN THE**
23 **END OF THE SECOND QUARTER OF THE IMMEDIATELY**
24 **SUCCEEDING CALENDAR YEAR.**

25

26 **THE AUDITOR AND THE MEMBERS OF HIS STAFF,**
27 **INCLUDING THEIR RELATIVES BY CONSANGUINITY OR**
28 **AFFINITY WITHIN THE FOURTH CIVIL DEGREE, SHALL**
29 **HAVE NO BUSINESS OR ANY KIND OF FINANCIAL DEALINGS**

1 **DIRECTLY OR INDIRECTLY WITH PAGCOR OR WITH ITS**
2 **SUBSIDIARIES, AFFILIATES, GRANTEES, AND LICENSEES,**
3 **NOR SHALL SUCH AUDITOR AND MEMBERS OF HIS STAFF,**
4 **INCLUDING THEIR RELATIVES BY CONSANGUINITY OR**
5 **AFFINITY, RECEIVE ANY KIND OF ADDITIONAL SALARIES,**
6 **COMPENSATION, ALLOWANCES, FRINGE BENEFITS, OR**
7 **ANY OTHER FORM OF EMOLUMENTS DIRECTLY OR**
8 **INDIRECTLY FROM PAGCOR OR FROM ITS SUBSIDIARIES,**
9 **AFFILIATES, GRANTEES, AND LICENSEES.**

10

11 SEC.18. Section 16 under Title VI of PD 1869 is hereby amended to read as
12 follows:

13

14 **TITLE VI-EXEMPTION FROM CIVIL SERVICE LAW**

15 SEC. [16] **18. Exemption.-** All positions in [the Corporation]
16 **PAGCOR**, whether technical, administrative, professional or managerial
17 are exempt from the provisions of the Civil Service Law, rules and
18 regulations, and shall be governed only by the personnel management
19 policies set by the Board of Directors. All employees of the [casinos]
20 **GAMING** and related services **OF PAGCOR** shall be classified as
21 “confidential” appointees.

22

23 SEC. 19. Section 17 and Section 18 under Title VII of PD 1869 are hereby
24 deleted.

25

26 SEC. 20. Section. 19 under Title VIII of PD 1869 is hereby amended to read as
27 follows:

28

29

1 TITLE [VIII] VII- REPEALING, SEPARABILITY
2 AND EFFECTIVITY CLAUSES

3
4 SEC. 19. *Repealing Clause.*—All laws, decrees, executive orders,
5 [administrative orders], **PROCLAMATIONS**, rules and regulations,
6 **AND OTHER ISSUANCES, OR PARTS THEREOF, WHICH ARE**
7 **inconsistent [here]with THE PROVISIONS OF THIS ACT**, are hereby
8 repealed, amended, or modified [accordingly].

9
10 SEC. 21. A new Section 20 is hereby inserted to read as follows:

11
12 **SECTION 20. SEPARABILITY CLAUSE. —THE**
13 **PROVISIONS OF THIS ACT ARE SEPARABLE, AND IN THE**
14 **EVENT ONE OR MORE OF SUCH PROVISIONS ARE**
15 **DECLARED UNCONSTITUTIONAL, THE VALIDITY OF THE**
16 **OTHER PROVISIONS NOT DECLARED UNCONSTITUTIONAL**
17 **SHALL NOT BE AFFECTED.**

18
19 SEC. 22. Section 20 of PD 1869 is hereby amended to read as follows:

20 SECTION [20] 21. *Effectivity*—This [Decree] ACT shall take
21 effect [immediately] **FIFTEEN (15) DAYS FROM THE DATE OF ITS**
22 **PUBLICATION, UPON THE INITIATIVE OF THE GRANTEE, IN**
23 **AT LEAST TWO (2) NEWSPAPERS OF GENERAL**
24 **CIRCULATION IN THE PHILIPPINES.**

25
26 *Approved* .