


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

7 AUG -6 2:32 P

SENATE  
S. B. No. 1432

RECEIVED BY: 

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Introduced by Senator Miriam Defensor Santiago

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
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*, and other illegal games of chance.

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  



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\* This bill was originally filed during the Thirteenth Congress, First Regular Session.

FOURTEENTH CONGRESS OF THE REPUBLIC)  
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7 AUG -6 23:30

SENATE  
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AN ACT  
PROHIBITING INTERNET GAMBLING

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

SECTION 1. *Short Title.* - This Act may be cited as the "Internet Gambling Prohibition Act of 2007."

SECTION 2. *Definition of Terms.* - As used in this Act, the term:

(A) "Bets or wagers" means the staking or risking by any person of money, articles of value or representative of value upon the outcome of a contest of others, a sporting event, or any game or scheme, whether upon chance or skill, upon an agreement or understanding that the person or another person will receive something of value based on that outcome. The term includes the purchase of a chance or opportunity to win a lottery or other prize, which opportunity to win is predominantly subject to chance; and any scheme of a type described in Presidential Decree No. 1602.

The term does not include does not include a bonafide business transaction governed by the securities laws for the purchase or sale at a future date of securities, as that term is defined in our securities laws; contract of indemnity or guaranty; or a contract for life, health, or accident insurance.

(B) "Closed-loop subscriber-based service" means

(1) Any information service or system that uses a device or combination of devices expressly authorized and operated in accordance with our laws, exclusively for placing, receiving, or otherwise making a bet or wager; and by which a person located within Philippine jurisdiction must subscribe to be

1           authorized to place, receive, or otherwise make a bet or wager, and must be  
2           physically located within Philippine jurisdiction in order to be authorized to  
3           do so;

4           (2) An effective consumer verification and age verification system, expressly  
5           authorized and operated in accordance with our laws, in which jurisdiction it  
6           is located, to ensure that all applicable legal and regulatory requirements for  
7           lawful gambling are met; and

8           (3) Appropriate data security standards to prevent unauthorized access by any  
9           person who has not subscribed or who is a minor.

10          (C) “Foreign jurisdiction” means a jurisdiction of foreign country or political subdivision  
11          thereof.

12          (D) “Gambling business” means a business that is conducted at a gambling establishment,  
13          or that:

14           (1) Involves the placing, receiving, or otherwise making of bets or wagers; or the  
15           offering to engage in the placing, receiving, or otherwise making of bets or  
16           wagers;

17           (2) Involves one (1) or more persons who conduct, finance, manage, supervise,  
18           direct, or own all or part of such business; and

19           (3) Has been or remains in substantially continuous operation for a period in  
20           excess of ten (10) days or has a gross revenue of Twenty Thousand Pesos  
21           (P20,000) or more from such business during any 24-hour period.

22          (E) “Information assisting in the placing of a bet or wager” means information that is  
23          intended by the sender or recipient to be used by a person engaged in the business of  
24          betting or wagering to accept or place a bet or wager.

25          The term does not include

26           (1) Information concerning parimutuel pools that is exchanged exclusively  
27           between or among one (1) or more racetracks or other parimutuel wagering  
28           facilities licensed by the government or approved by the foreign jurisdiction in  
29           which the facility is located, and one (1) or more parimutuel wagering

1 facilities licensed by the government or approved by the foreign jurisdiction in  
2 which the facility is located, if that information is used only to conduct  
3 common pool parimutuel pooling under applicable law.

4 (2) Information exchanged exclusively between or among one (1) or more  
5 racetracks or other pari-mutuel wagering facilities licensed by the government  
6 or approved by the foreign jurisdiction in which the facility is located, if the  
7 information is used only for processing bets or wagers made with that facility  
8 under applicable law;

9 (3) information exchanged exclusively between or among one (1) or more  
10 wagering facilities that are located within the country and are licensed and  
11 regulated by our laws, and any support service, wherever located, if the  
12 information is used only for the pooling or processing of bets or wagers made  
13 by or with the facility or facilities under applicable law;

14 (4) any news reporting or analysis of wagering activity, including odds, racing or  
15 even results, race and event schedules, or categories of wagering; or

16 (5) any posting or reporting of any educational information on how to make a bet  
17 or wager or the nature of betting or wagering.

18 (F) "Interactive computer service" means any information service, system, or access  
19 software provider that uses a public communication infrastructure or operates in  
20 interstate or foreign commerce to provide or enable computer access by multiple  
21 users to a computer server, including specifically a service or system that provides  
22 access to the Internet.

23 (G) "Internet" means the international computer network of interoperable packet  
24 switched data networks.

25 (H) "Parimutuel" means a system of betting in which those who bet on the winner share  
26 the total stakes minus a small percent for the management.

27 (I) "Person" means any individual, association, partnership, joint venture, corporation,  
28 State or political subdivision thereof, or any other government, organization or entity,  
29 including any governmental entity.

1 (J) "Private network" means a communications channel or channels, including voice or  
2 computer data transmission facilities, that use either –

3 (1) Private dedicated lines; or

4 (2) The public communications structure, if the infrastructure is secured by means  
5 of the appropriate private communications technology to prevent unauthorized  
6 access.

7 (K) "Subscriber" means any person with a business relationship with the interactive  
8 computer service provider through which such person receives access to the system,  
9 service or network of that provider, even if no formal subscription agreement exists;  
10 and includes registrants, students who are granted access to a university system or  
11 network, and employees who are granted access to the system or network of their  
12 employer.

13 SECTION 3. *Gambling Businesses Prohibition.* – Subject to the provisions of Section 4,  
14 it shall be unlawful for a person engaged in a gambling business to use the Internet or any other  
15 interactive computer service to –

16 (A) Place, receive, or otherwise make a bet or wager; or

17 (B) Send, receive, or invite information assisting in the placing of a bet or wager.

18 SECTION 4. *Applicability.* –

19 (A) *In General.* – The prohibition in Section 3 shall not apply to –

20 (1) Any otherwise lawful bet or wager that is placed, received or otherwise made  
21 wholly intrastate for the Philippine Charity Sweepstakes Office lotto, if

22 (a) Each such lotto is expressly authorized, and licensed or regulated,  
23 under applicable state law;

24 (b) The bet or wager is placed on an interactive computer service that uses  
25 a private network; and

26 (c) Each person placing or otherwise making the bet or wager is  
27 physically located when such bet or wager is placed at a facility that is  
28 open to the general public;

1 (2) Any otherwise lawful bet or wager that is placed, received, or otherwise made  
2 on an intrastate basis on a live horse race, or the sending, receiving, or  
3 inviting of information assisting in the placing of such bet or wager, if such  
4 bet or wager, or the transmission of such information, as applicable, is –

5 (a) Expressly authorized, and licensed or regulated by applicable laws;

6 (b) Placed on a closed-loop subscriber-based service; and

7 (c) Subject to the regulatory oversight and minimum standards for the  
8 accounting, regulatory inspection, and auditing of all such bets or  
9 wagers transmitted;

10 (3) Any otherwise lawful bet or wager that is placed, received, or otherwise made  
11 for a fantasy sports league game or contest.

12 (B) *Inapplicability to Bets or Wagers Made by Agents or Proxies.* – Paragraph (A)(1)  
13 does not apply in any case in which a bet or wager is placed, received, or otherwise  
14 made by the use of an agent or proxy using the Internet or an interactive computer  
15 service.

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

20 SECTION 5. *Interactive Computer Service Providers.* -

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

26 (B) *Use of Facilities or Services.* – Nothing in this law may be construed to impose, or to  
27 provide any basis for, liability against an interactive computer service provider described in

1 paragraph (A) whose facilities or services are used by another person to engage in an activity  
2 prohibited by that Section --

3 (1) Arising out of any transmitting, routing, or providing of connections for the  
4 material or activity including intermediate and temporary storage in the course of such  
5 transmitting, routing, or providing connections by the provider, if --

6 (a) The material or activity was initiated by or at the direction of a person  
7 other than the provider;

8 (b) The transmitting, routing, or providing of connections is carried out  
9 through an automatic process without selection of the material or  
10 activity by the provider;

11 (c) The provider does not select the recipients of the material or activity,  
12 except as an automatic response to the request of another person; and

13 (d) The material or activity is transmitted through the system or network  
14 of the provider without modification of its content; or

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

19 (C) *Protection of Privacy.* -- Nothing in this section may be construed to impose or  
20 authorize an obligation on an interactive computer service provider, described in paragraph (A),  
21 to --

22 (1) Monitor material or use of its service; or

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

25 (D) *Notice to Interactive Computer Service Providers.* --

26 (1) *In General.* -- If an interactive computer service provider receives from a law  
27 enforcement agency, acting within its jurisdiction, a written or electronic notice described  
28 in subparagraph (D)(2) that a particular online site residing on a computer server owned,

1 controlled, or operated by or for the provider is being used to violate any provisions of  
2 this Act, the provider shall not be liable if, in a reasonably expeditious manner –

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

5 (b) If the provide does not own, operate or control the site at which the  
6 subject material or activity resides, the provider notifies a law  
7 enforcement agency of recipient of such notice; and, upon receipt of a  
8 subpoena, the provider will cooperate with the law enforcement  
9 agency in identifying the person or persons who control the site.

10 (2) *Notice.* – A notice is described in this subparagraph if it –

11 (a) Identifies the material or activity that allegedly violates this Act;

12 (b) Provides information reasonably sufficient to permit the provider to  
13 locate the material or activity;

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

16 (d) Provides information that is reasonably sufficient to permit the  
17 provider to contact the law enforcement agency that issued the notice,  
18 including the name of the law enforcement agency; and the name and  
19 telephone number of an individual to contact at the law enforcement  
20 agency, and, if available, the electronic mail address of that individual.

21 SECTION 6. *Penalties.* – A person engaged in a gambling business who violates any  
22 provisions of this Act shall be fined in an amount equal to not more than the greater of the  
23 amount that such person received in bets or wagers as a result of engaging in that business in  
24 violation of this Act or Two Hundred Thousand Pesos (P200,000.00); imprisoned not more than  
25 Four (4) years; or both at the discretion of the court, taking into consideration the relevant  
26 circumstances of the case.

27 SECTION 7. *Permanent Injunctions.* - Upon conviction of a person under Section 6, the



1 court may, as an additional penalty, enter a permanent injunction enjoining the transmission of  
2 bets or wager or information assisting in the placing of a bet or wager.

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

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

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

11 Approved,