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SEVENTEENTH CONGRESS OF THE ]  
REPUBLIC OF THE PHILIPPINES ]  
*First Regular Session* ]

RECEIVED BY: \_\_\_\_\_

SENATE

P.S. Res. No. 269

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Introduced by SEN. WIN T. GATCHALIAN

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A RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, AS TO THE PROPER IMPLEMENTATION OF THE LAWS ON THE REGULATION OF ONLINE GAMING, EXAMINING THE EFFECTIVITY OF THE EXISTING LAW AND PROPOSING AMENDMENTS TO FURTHER STRENGTHEN PROVISIONS TO CURB ILLEGAL GAMBLING AND PROTECT THE ECONOMIC INTEREST OF THE STATE

**WHEREAS** by virtue of Presidential Decree 1869, otherwise known as *An Act consolidating and amending Presidential Decree Nos. 1067-A, 1067-B, 1067-C, 1399 and 1362, Relative to the Franchise and Powers of the Philippine Amusement and Gaming Corporation (PAGCOR)*, PAGCOR has been authorized to control, administer and supervise all games of chance, not otherwise authorized by existing franchises or allowed by existing law;

**WHEREAS**, aside from extending the charter of PAGCOR, Republic Act No. 9487 amended PD 1869, otherwise known as the *Pagcor Charter*, allowing PAGCOR to grant license to operate land-based casino and online gaming to private entities;

**WHEREAS**, Republic Act 7922 otherwise known as the *Cagayan Special Economic Zone Act of 1995, (CEZA)*, was passed to create a special economic zone within the province of Cagayan Valley. Explicit under paragraph (f), Section 6, that CEZA is empowered "to operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities,

including games, amusements, recreational and sports facilities such as horse racing, dog racing, gambling casinos, golf courses, and others...” without having to pass through any national government agency, even the Philippine Amusement and Gaming Corporation (PAGCOR);

**WHEREAS**, the current set-up of licensing and regulation of online gaming industry is divided into two: 1) the Philippine Amusement and Gaming Corporation (PAGCOR) which operates all land-based casinos and betting outlets across the country, 2) the Cagayan Special Economic Zone and Freeport (Cagayan Freeport) which acts as an online gambling licensing jurisdiction;

**WHEREAS**, the administration has recently ordered the closure of online gaming firms on the ground that the country lacks the mechanism to effectively regulate this online industry<sup>1</sup>;

**WHEREAS**, months ago, the Anti-Trafo Movement of the Philippines, Inc. has already condemned the proliferation of illegal online gaming activities in Clark Freeport Zone and further expressed that based on their research, these illegal activities have been going on for a long time;<sup>2</sup>

**WHEREAS**, the illegal online gambling activities are either committed by illegal aliens without any authority or government issued license or those conducted by Filipinos and aliens even without proper work permits, operating under a supposed legal authority from PAGCOR and/or the Cagayan Economic Zone Authority (CEZA) issued licenses<sup>3</sup>;

**WHEREAS**, recently, more than 1,200 Chinese nationals were arrested by the Bureau of Immigration and it was revealed that their employer, Next Games, Inc. operated under the guise of Business Process Outsourcing (BPO) even if it was operating as an online gaming company without authority and necessary permits<sup>4</sup>;

**WHEREAS**, the proliferation of these illegal online operations must be made subject to an investigation to determine the responsibility and degree of culpability of persons as well as government officials who have perpetrated the illegal activity, or by their tolerance and inaction deprived the government of the much-needed revenue, through PAGCOR’s and CEZA’s operation if regulation and proper implementation of the rules were observed;

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<sup>1</sup> <http://newsinfo.inquirer.net/855717/duterte-orders-closure-of-all-online-gaming-firms>.

<sup>2</sup> <http://www.tribune.net.ph/nation/illegal-online-gaming-operations-rampant-in-clark-bares-group>.

<sup>3</sup> id@1.

<sup>4</sup> <http://news.mb.com.ph/2016/11/25/1240-chinese-illegal-workers-arrested-in-pampanga/>.



**WHEREAS**, according to the statements made by President Rodrigo Duterte, these online gaming casinos have been depriving the government a trillion pesos in lost revenue annually, and for this large tax evasion to thrive, the imprimatur upon which they operated from must outwardly be through the express approval of past administrations and PAGCOR officials, who consequently must have benefitted from this malpractice;

**WHEREAS**, in the interest of the public, regulations with regard to all forms of online gambling should be re-examined, identify the gaps and the ineffective provisions in existing laws in order that the government is able to effectively manage, supervise and control online games and other internet-based gambling activities in the country: Now, therefore, be it

**RESOLVED BY THE SENATE OF THE PHILIPPINES**, to direct the appropriate Committee to conduct an inquiry, in aid of legislation, into the country's online gambling activities to examine the effectivity of the existing law and to propose amendments if it is shown that there is a need to further strengthen the law to curb illegal gambling in order to protect the economic interest of the state.

*Adopted,*



**WIN GATCHALIAN**