

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION No. 221

Introduced by
BAYAN MUNA Party-List Rep. CARLOS ISAGANI T. ZARATE,
Rep. FERDINAND R. GAITE and Rep. EUFEMIA C. CULLAMAT

RESOLUTION DIRECTING THE HOUSE OF REPRESENTATIVES COMMITTEE ON GAMING AND AMUSEMENTS AND THE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY TO CONDUCT A JOINT INVESTIGATION, IN AID OF LEGISLATION, ON THE PROLIFERATION OF PHILIPPINE OFFSHORE GAMING OPERATORS OR POGOs, AND ITS EFFECTS ON THE FILIPINO PEOPLE, THE LOCAL ECONOMY AND NATIONAL SECURITY

WHEREAS, offshore gaming operations were introduced by the Philippine Amusement and Gaming Corporation (Pagcor) in 2016. These Philippine offshore gaming operators (or POGOs) are gaming firms that facilitate online gaming via the internet;

WHEREAS, Pagcor claims that POGO is conceptualized to "enable the Philippine government to capture a greater share of the growing, yet previously unregulated, online gaming pie.¹" In its website, Pagcor reiterates that the system is strictly for foreigners or what it refers to as "offshore-authorized players." Filipino citizens, even while overseas, are not allowed to play;

WHEREAS, POGO licensees are required a minimum of 10,000 square meters of office space and above for "live streaming where there are ladies that serve as dealers for online games."² Space is also required for subsectors for back office support. With 56 registered POGOs in the country, that's an estimated 560,000 square meters of commercial space rented out by these online gaming offices at the bare minimum;

WHEREAS, Pagcor further said that of the 56 accredited POGOs, 45 of which are e-casinos and while ten (10) are taking sports bets, by the second quarter of 2018. The number of POGOs are expected to grow, as Pagcor removed the 50 licensees cap. While the bulk of the POGOs are

¹<http://www.pogolicensepagcor.com/> accessed 30 July 2019

² Ibid

from mainland China, other operators also come from Malaysia, Indonesia and Russia supposedly catering to their gambling nationals;

WHEREAS, gambling is illegal in mainland China, except for their autonomous regions like Hong Kong and Macau. State-run lotteries are the only forms of gambling in China; unauthorized gambling is a crime, including online gambling. Article 303 of the Criminal Law of the People's Republic of China (2006 Revision) states: "Whoever, for the purpose of making profits, gathers people to engage in gambling or makes gambling his profession shall be sentenced to fixed-term imprisonment of not more than three years, criminal detention or public surveillance and shall, in addition, be fined.³ However, China neglected their own laws and allowed the proliferation of POGOs which catered to Chinese citizens;

WHEREAS, the prohibition of gambling in mainland China made Macau, where gambling has been legal since the 1850s, to flourish. In 2007, Macau overtook the Las Vegas Strip in gaming revenues, which reached \$37.6 billion in 2018⁴;

WHEREAS, the Philippine government harps on the same string, emphasizing the revenue from POGOs. Pagcor expects to account for additional revenue of ₱6 billion from POGOs just this year. The Bureau of Internal Revenue (BIR) expects to collect an estimated P2 billion a month, or P24 billion a year, from the agreement. Before Finance Secretary Carlos Dominguez III's dialogue with the POGO owners, such levy arrangements were nonexistent even in the regulatory framework for online gaming operators that Pagcor has established. For three years, no taxes were paid by the operations of POGO;

WHEREAS, POGOs, though, are currently saddled by several serious issues such as the monitoring of revenues and taxation, the unbridled entry of foreigners that eventually work at these POGOs without valid work permits;

WHEREAS, there are also related serious issues of money laundering, usury or loan sharking, illegal immigration, human trafficking and other crimes. Of late, the PNP has reported a rising number of Chinese nationals now involved in the commission of crimes, like illegal recruitment, kidnapping, extortion, illegal detention and even murder;

WHEREAS, most of the workers hired by POGOs are young Chinese workers who are also in the fringes. They are lured by recruiters by promising a work visa in the Philippines, wages up to 10,000 yuan (₱70,000) a month in the first year rising to 14,000 yuan to 17,000 yuan in the second and third years. Education and work experience are not required. There is also free accommodation in upscale condominiums; five meals a day, and 15 days of annual leave with return flights provided. However, an article in Beijing News said that the Chinese workers had their passports confiscated so they cannot leave the country; they were crammed in tiny bedrooms; not allowed to have meal breaks of longer than 30 minutes; and were banned from to

³." <https://www.gamblingsites.com/online-gambling-jurisdictions/china/> Accessed 30 July 2019

⁴ <https://www.reuters.com/article/us-macau-gambling-revenues/macau-casinos-rake-in-37-6-billion-gaming-revenue-in-2018-idUSKCN1OV1BR> Accessed 30 July 2019

the toilet for more than 10 minutes. The workers described the Pasig City building they worked as an “Oriental prison”⁵;

WHEREAS, there are also rising tensions between Filipinos and the inflow of Chinese workers. Filipinos are critical of the establishment of Chinese-only facilities and businesses, the displacement of livelihood and people to give way for infrastructure for POGO operations, and the exclusive hiring of Chinese workers in the construction and operations, and the general non-contribution to local employment and local development;

WHEREAS, there is also a stress in the real estate market that causes a sharp spike in rentals. Gambling companies and their employees have driven commercial and residential rents to record highs;

WHEREAS, gambling has very little benefit to the real economy. In the the case of the POGOs, since the betting is made on line, there is a question of indeed these operators truly reflect or declare the exact numbers of bettors and amount that they received for purposes of regulation, and, even taxation. Furthermore, gambling is highly criticized as a vector for criminality. In Macau alone, there were 5,014 cases of suspected gaming-related crime recorded in 2018, which only includes crimes that happen inside a casino or its surroundings⁶;

WHEREAS, questions still hound as to the legitimacy in many of these operators as less than ten (10) of the 56 already PAGCOR-accredited POGOs have corporate websites where the public in general can access information, like the people who owns and behind its operations;

WHEREAS, there is now grave concern that the operation of offshore gambling in the country is not only used by its operators to skirt their national laws, particularly in mainland China, but is also being used by them to keep the laws of its host country at bay. Moreover, recent concerns over national security cannot also be ignored as POGO hubs are even established near military or naval installations, like the resort formerly known as Island Cove in Cavite;

NOW THEREFORE BE IT RESOLVED, that the House of Representatives, through its Committee on Gaming and Amusements and the Committee on Good Government and Public Accountability to conduct a joint investigation, in aid of legislation, on the proliferation of Philippine offshore gaming operators or POGOs and its effects on the Filipino people, the local economy and national security.

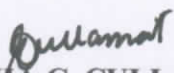
Adopted,

⁵ <https://www.scmp.com/week-asia/geopolitics/article/2177683/china-holds-cards-online-betting-booms-philippines> Accessed 30 July 2019

⁶ <https://gaming-awards.com/NEWS/macau-police-express-concern-as-gambling-crimes-are-up/> Accessed 30 July 2019


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