Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE RESOLUTION NO. 1333

Introduced by Honorable Rodante D. Marcoleta

A RESOLUTION DIRECTING THE APPROPRIATE COMMITTEE OF THE HOUSE OF REPRESENTATIVES TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, TO DETERMINE THE ALLEGED VIOLATIONS OF ABS-CBN WITH RESPECT TO ITS FRANCHISE AND THE IMPOSITION OF CONCOMITANT ADMINISTRATIVE FINES AS A RESULT THEREOF BY THE NATIONAL TELECOMMUNICATIONS COMMISSION

WHEREAS, during the hearings of the franchise application of ABS-CBN Corporation (ABS-CBN), the Commissioner of the National Telecommunications Commission (NTC) testified and confirmed that ABS-CBN committed several violations against NTC’s rules and regulations, namely: (a) No Permit for Digital Broadcast; (b) No Permit for Encryption of Signal; (c) Violation of Cease and Desist Order of the NTC dated May 5, 2020; (d) Unauthorized Sale/Operation of ABS-CBN TV Plus without Conditional Access System (CAS); and (d) Failure to Re-export the Equipment used for Demonstration;

WHEREAS, Section 21 of the Public Service Act, provides a P200/day administrative fine for each and every violation committed against the rules and regulations of the NTC; and

WHEREAS, based on the data and information culled from the hearings and annual reports of ABS-CBN and other pertinent records, the estimated computations of the amount of administrative fines¹ that must be imposed by NTC on ABS-CBN’s violations are as follows:

A. Total Administrative Fines for No Permit to Broadcast : P 3,405,800.00
B. Total Administrative Fines for No Permit to Encrypt Signal: 2,769,200.00
C. Total Administrative Fines for Violation of the Cease and Desist Order (CDO) : 55,200.00
D. Administrative Fines due to Failure to Re-export Demonstration Equipment : 732,800.00
E. Total Administrative Fines for Unauthorized Sale/Operation of ABS-CBN TV Plus without CAS Permission from NTC : 1,612,704,200,000.00

TOTAL ADMINISTRATIVE FINES : P1,612,711,163,000.00

WHEREFORE, be it RESOLVED, as it is hereby RESOLVED, to require the NTC to impose the payment of administrative fines amounting to P1,612,711,163,000.00 against ABS-CBN Corporation with respect to the series and deliberate violations of the former’s rules and regulations as hereto established. Provided further, that this is without prejudice to the filing of civil or criminal actions that may be warranted by said violations.

ADOPTED.

RODANTE D. MARCOLETA

¹ See attached computation sheet (Annex “A”).
ESTIMATE OF ABS-CBN ADMINISTRATIVE FINES for Multi-channel and Pay TV

Relevant Dates:

(1) Expiration of Demo Permit: June 30, 2015 (NTC Permit No. BSD-0023-2015); (Demo Ext) issued on March 30, 2015

(2) NTC Order to ABS-CBN not to engage in CAS dated April 19, 2015

(3) Approval of Conversion of Channel 2 to Digital in NTC Order NTC Case No. 87-006 dated May 14, 2019

(4) NTC Cease and Desist Order for Expiration of Franchise issued May 5, 2020

(5) NTC Alias Cease and Desist Order issued June 30, 2020

Administrative Fine: ₱200.00 per day for each violation²

A. No Permit for Digital Broadcast

a) ABS-CBN (July 1, 2015 – May 14, 2019)
   Total No. of Days: 1,413
   (Administrative Fine - ₱200.00 x 1,413) = ₱282,600.00

b) Sports & Action; Cinemo; DZMM; Teleradyo;
   Knowledge Channel; Yay (6 channels)
   (July 1, 2015 – May 5, 2020)
   Total No. of Days: 1,770
   (Administrative Fine - ₱200.00 x 6 channels x 1,770) = 2,124,000.00

c) KBO (April 01, 2016 – May 05, 2020)³
   Total No. of Days: 1,495
   (Administrative Fine - ₱200.00 x 1,495) = 299,000.00

d) Asianovela; O Shopping; Jeepney TV; Myx;
   Movie Central (5 channels)
   (July 30, 2018 – May 5, 2020)⁴
   Total No. of Days: 645
   (Administrative Fine - ₱200.00 x 5 channels x 645) = 645,000.00

e) Cinemo; Yay; KBO (3 channels)
   (May 06, 2020 – June 30, 2020)
   Total No. of Days: 55
   (Administrative Fine - ₱200.00 x 3 channels x 55) = 33,000.00

f) Teleradyo (May 08, 2020 – June 30, 2020)⁵
   Total No. of Days: 53
   (Administrative Fine - ₱200.00 x 53) = 10,600.00

g) Asianovela; Jeepney TV (2 channels)
   (June 01, 2020 – June 30, 2020)
   Total No. of Days: 29
   (Administrative Fine - ₱200.00 x 29) = 11,600.00

Total Administrative Fines for No Permit to Broadcast: ₱3,405,800.00

² Sec. 21, CA 146, Public Service Law
³ https://en.wikipedia.org/wiki/Kapamilya_Box_Office
⁴ https://en.wikipedia.org/wiki/Asianovela_Channel
⁵ https://en.wikipedia.org/wiki/DZMM_Teleradyo
B. No Permit for Encryption of Signal

a) Cinemo; DZMM; Teleradyo; Knowledge Channel; Yay (5 channels)
   (July 1, 2015 – May 5, 2020)
   Total No. of Days: 1,770
   (Administrative Fine - P200.00 x 5 channels x 1,770) = 1,770,000.00

b) KBO (April 01, 2016 – May 5, 2020)\(^5\)
   Total No. of Days: 1,495
   (Administrative Fine - P200.00 x 1,495) = 299,000.00

c) Asianovela; O Shopping; Jeepney TV;
   Myx; Movie Central\(^7\) (5 channels)
   Total No. of Days: 645
   (Administrative Fine - P200.00 x 5 channels x 645) = 645,000.00

d) Cinemo; Yay; KBO (3 channels)
   (May 06, 2020 – June 30, 2020)
   Total No. of Days: 55 days
   (Administrative Fine - P200.00 x 3 channels x 55) = 33,000.00

e) Teleradyo (May 08, 2020 – June 30, 2020)\(^6\)
   Total No. of Days: 53
   (Administrative Fine - P200.00 x 53) = 10,600.00

f) Asianovela; Jeepney TV (2 channels)
   (June 01, 2020 – June 30, 2020)
   Total No. of Days: 29
   (Administrative Fine - P200.00 x 2 channels x 29) = 11,600.00

**Total Administrative Fines for No Permit to Encrypt Signal**

: P 2,769,200.00

C. Violation of Cease and Desist Order dated May 05, 2020

a) Cinemo; Yay; KBO (3 channels)
   (May 06, 2020 – June 30, 2020)
   Total No. of Days: 55 days
   (Administrative Fine - P200.00 x 3 channels x 55) = 33,000.00

b) Teleradyo (May 08, 2020 – June 30, 2020)\(^9\)
   Total No. of Days: 53
   (Administrative Fine - P200.00 x 53) = 10,600.00

c) Asianovela; Jeepney TV (2 channels)
   (June 01, 2020 – June 30, 2020)
   Total No. of Days: 29 days
   (Administrative Fine - P200.00 x 2 channels x 29) = 11,600.00

**Total Administrative Fines for Violation of Cease and Desist Order**

: P 55,200.00

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\(^6\) [https://en.wikipedia.org/wiki/Kapamilya_Box_Office](https://en.wikipedia.org/wiki/Kapamilya_Box_Office)

\(^7\) [https://en.wikipedia.org/wiki/Asianovela_Channel](https://en.wikipedia.org/wiki/Asianovela_Channel)

\(^8\) [https://en.wikipedia.org/wiki/DZMM_Teleradyo](https://en.wikipedia.org/wiki/DZMM_Teleradyo)

D. Failure to Re-Export Equipment Used for Demonstration

Equipment (2 units)
(July 01, 2015 – July 06, 2020)
Total No. of Days: 1,832
(Administrative Fine - P200.00 x 2 units x 1,832) = 732,800.00

Total Administrative Fines for Failure to Re-Export Equipment Used for Demonstration: P 732,800.00

E. Administrative Fines Incurred for the Sale and Operation of ABS-CBN TVPlus with Unauthorized CAS

The following is a brief discussion on the administrative fines that may be imposed on ABS-CBN Corporation for the Sale and Operation of ABS-CBN TVPlus with Unauthorized CAS for the past five plus years, which generated considerable revenues for the corporation but violated the laws of the Republic.

Basis of Administrative Fines

The sale and operation by ABS-CBN Corporation of its ABS-CBN TVPlus with unauthorized CAS (Conditional Access System) that encrypted Free To Air frequencies disenfranchised millions of Filipinos for the past five plus years, to the latter's detriment. The unauthorized use of CAS for commercial purposes violated NTC regulations and Section 3 of the recently expired franchise of ABS-CBN Corporation 9Republic Act No. 7966), which required:

"Sec. 3. Prior Approval of the National Telecommunications Commission. – The grantee shall secure from the National Telecommunications Commission the appropriate permits and licenses for its station and shall not use any frequency in the television or radio spectrum without having been authorized by the Commission. The Commission, however, shall not unreasonably withhold or delay the grant of any such authority."

Considering that ABS-CBN Corporation did not secure the appropriate prior approval of the Honorable NTC (through the appropriate Provisional Authority or PA), administrative fines may be imposed in accordance with the Public Service Act (Commonwealth Act No. 146) which provided among others:

"Section 21. Every public service violating or failing to comply with terms and conditions of any certificate or any orders, decisions or regulations of the Commission shall be subject to a fine of not exceeding two hundred pesos per day for every day during which such default or violation continues; and the Commission is hereby authorized and empowered to impose such fine, after due notice and hearing."

To compute for the number of ABS-CBN TVPlus boxes sold, the number of violations, number of days the violations continued and the amount of the total administrative fine to be imposed, reference was made to the Quarterly and Annual Reports prepared and submitted by ABS-CBN Corporation (17 Quarterly Reports and 5 Annual Reports) from the 1st Quarter of 2015 up to the 2nd Quarter of 2020—the relevant periods covering the sale and operation of ABS-CBN TVPlus. Copies of the said reports were downloaded from the Philippine Stock Exchange Edge website (https://edge.pse.com.ph/financialReports/form.do). Some of the reports may likewise be found in ABS-CBN Corporation’s own website (https://www.abs-cbn.com/investors/annual-reports). Sales figures of boxes were either lifted or derived from the data contained in the said financial reports and likewise compared and verified with the relevant news and articles pertaining to the same time periods, primarily from
the ABS-CBN News website [https://news.abs-cbn.com/] and tech news website Yugatech ([https://www.yugatech.com/])—the latter was chosen for its extensive reporting on the ABS-CBN TVPlus box.

Table 1 below, presents the computation of the extent of administrative fines incurred by ABS-CBN Corporation for the unauthorized sale and operation of ABS-CBN TV Plus (back box) without the Conditional Access System permission from the National Telecommunications Commission (NTC).

**TABLE 1.**
Computation of the Administrative Fines Incurred by ABS-CBN from the Unauthorized Sale and Operation of ABS-CBN TV Plus (From the Official Launch of ABS-CBN TV Plus on Feb. 11, 2015 to CDO dated 6-30-20)

<table>
<thead>
<tr>
<th>Item</th>
<th>Quarter/Period of Sale of ABS-CBN TV Plus</th>
<th>Date at End of the Quarter</th>
<th>TV Plus Units Sold During the Quarter</th>
<th>No. of Days from End of Quarter to 06-30-20 (Date of CDO)</th>
<th>No. of Violations with Unauthorized CAS (No. of Units Sold x No. of Days of Violation)</th>
<th>Amount of Administrative Fine Incurred (No. of Violations x P200.00 Administrative Fine)</th>
<th>Annex</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015, 1st quarter</td>
<td>March 31, 2015</td>
<td>170,000</td>
<td>1,919</td>
<td>326,230,000</td>
<td>65,246,000,000</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>2015, 2nd quarter</td>
<td>June 30, 2015</td>
<td>190,000</td>
<td>1,828</td>
<td>347,320,000</td>
<td>69,464,000,000</td>
<td>A-1</td>
</tr>
<tr>
<td>3</td>
<td>2015, 3rd quarter</td>
<td>September 30, 2015</td>
<td>200,000</td>
<td>1,736</td>
<td>347,200,000</td>
<td>69,440,000,000</td>
<td>A-2</td>
</tr>
<tr>
<td>4</td>
<td>2015, 4th quarter</td>
<td>December 31, 2015</td>
<td>240,000</td>
<td>1,644</td>
<td>394,560,000</td>
<td>78,912,000,000</td>
<td>A-3</td>
</tr>
<tr>
<td>5</td>
<td>2016, 1st quarter</td>
<td>March 31, 2016</td>
<td>400,000</td>
<td>1,553</td>
<td>621,200,000</td>
<td>124,240,000,000</td>
<td>A-4</td>
</tr>
<tr>
<td>6</td>
<td>2016, 2nd quarter</td>
<td>June 30, 2016</td>
<td>100,000</td>
<td>1,462</td>
<td>146,200,000</td>
<td>29,240,000,000</td>
<td>A-5</td>
</tr>
<tr>
<td>7</td>
<td>2016, 3rd quarter</td>
<td>September 30, 2016</td>
<td>300,000</td>
<td>1,370</td>
<td>411,000,000</td>
<td>82,200,000,000</td>
<td>A-6</td>
</tr>
<tr>
<td>8</td>
<td>2016, 4th quarter</td>
<td>December 31, 2016</td>
<td>700,000</td>
<td>1,278</td>
<td>894,600,000</td>
<td>178,920,000,000</td>
<td>A-7</td>
</tr>
<tr>
<td>9</td>
<td>2017, 1st quarter</td>
<td>March 31, 2017</td>
<td>482,000</td>
<td>1,188</td>
<td>572,616,000</td>
<td>114,523,000,000</td>
<td>A-8, A-9</td>
</tr>
<tr>
<td>10</td>
<td>2017, 2nd quarter</td>
<td>June 30, 2017</td>
<td>461,000</td>
<td>1,097</td>
<td>505,717,000</td>
<td>101,143,000,000</td>
<td>A-10, A-11</td>
</tr>
<tr>
<td>11</td>
<td>2017, 3rd quarter</td>
<td>September 30, 2017</td>
<td>457,000</td>
<td>1,005</td>
<td>459,285,000</td>
<td>91,857,000,000</td>
<td>A-12, A-13</td>
</tr>
<tr>
<td>12</td>
<td>2017, 4th quarter</td>
<td>December 31, 2017</td>
<td>600,000</td>
<td>913</td>
<td>547,800,000</td>
<td>109,560,000,000</td>
<td>A-14, A-15</td>
</tr>
<tr>
<td>13</td>
<td>2018, 1st quarter</td>
<td>March 31, 2018</td>
<td>589,000</td>
<td>823</td>
<td>484,747,000</td>
<td>96,949,000,000</td>
<td>A-16, A-17</td>
</tr>
<tr>
<td>14</td>
<td>2018, 2nd quarter</td>
<td>June 30, 2018</td>
<td>511,000</td>
<td>732</td>
<td>374,052,000</td>
<td>74,810,000,000</td>
<td>A-18, A-19</td>
</tr>
<tr>
<td>15</td>
<td>2018, 3rd quarter</td>
<td>September 30, 2018</td>
<td>690,000</td>
<td>640</td>
<td>441,600,000</td>
<td>88,320,000,000</td>
<td>A-20, A-21</td>
</tr>
<tr>
<td>16</td>
<td>2018, 4th quarter</td>
<td>December 31, 2018</td>
<td>710,000</td>
<td>548</td>
<td>389,080,000</td>
<td>77,816,000,000</td>
<td>A-22, A-23</td>
</tr>
<tr>
<td>17</td>
<td>2019, 1st quarter</td>
<td>March 31, 2019</td>
<td>638,000</td>
<td>458</td>
<td>292,204,000</td>
<td>58,440,000,000</td>
<td>A-24, A-25</td>
</tr>
<tr>
<td>18</td>
<td>2019, 2nd quarter</td>
<td>June 30, 2019</td>
<td>572,000</td>
<td>367</td>
<td>209,924,000</td>
<td>41,984,000,000</td>
<td>A-26, A-27</td>
</tr>
<tr>
<td>19</td>
<td>2019, 3rd quarter</td>
<td>September 30, 2019</td>
<td>600,000</td>
<td>275</td>
<td>165,000,000</td>
<td>33,000,000,000</td>
<td>A-28, A-29</td>
</tr>
<tr>
<td>20</td>
<td>2019, 4th quarter</td>
<td>December 31, 2019</td>
<td>550,000</td>
<td>183</td>
<td>100,650,000</td>
<td>20,130,000,000</td>
<td>A-30, A-31</td>
</tr>
<tr>
<td>21</td>
<td>2020, 1st quarter</td>
<td>March 31, 2020</td>
<td>353,000</td>
<td>92</td>
<td>32,476,000</td>
<td>6,495,200,000</td>
<td>A-32, A-33, A-34</td>
</tr>
<tr>
<td>22</td>
<td>2020, 2nd quarter</td>
<td>June 30, 2020</td>
<td>60,000</td>
<td>1</td>
<td>60,000</td>
<td>12,000,000</td>
<td>A-35</td>
</tr>
</tbody>
</table>

**TOTAL** 9,573,000¹⁰, 1,967¹⁰, 8,063,521,000, 81,612,704,200,000

¹⁰From February 11, 2015 up to June 30, 2020 (CDO)
### SUMMARY OF ADMINISTRATIVE FINES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Total Administrative Fines for No Permit to Broadcast</td>
<td>₱ 3,405,800.00</td>
</tr>
<tr>
<td>B. Total Administrative Fines for No Permit to Encrypt Signal</td>
<td>₱ 2,769,200.00</td>
</tr>
<tr>
<td>C. Total Administrative Fines for Violation of the Cease and Desist Order (CDO)</td>
<td>₱ 55,200.00</td>
</tr>
<tr>
<td>D. Administrative Fines due to Failure to Re-export Demonstration Equipment</td>
<td>₱ 732,800.00</td>
</tr>
<tr>
<td>E. Total Administrative Fines (NTC Order Not to Engage in CAS) due to Pendency of Guidelines&lt;sup&gt;11&lt;/sup&gt;</td>
<td>₱ 1,612,704,200,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>₱ 612,711,163,000.00</td>
</tr>
</tbody>
</table>

<sup>11</sup> Not included: Number of Pay-per-Views Contracted (Pacquiao, KVO, etc.)

Note: There is lack of data to compute administrative fines for pay-per-view violations.