



## HOUSE OF REPRESENTATIVES

**H. No. 10199**

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BY REPRESENTATIVES SALCEDA, GARIN (S.), ESTRELLA, VILLAFUERTE, ALVAREZ (F.), SAVELLANO, PADUANO, ROMUALDO, QUIMBO, SUNTAY, DY (F.M.C.), NOGRALES (J.J.), PINEDA, FERRER (L.), NIETO, OUANO-DIZON, VIOLAGO, CRISOLOGO, MANGUDADATU, EBCAS, PLAZA, SUANSING (E.), PADIERNOS, TAMBUNTING, DAGOOC, LACSON, SUANSING (H.), NOEL, LAGON AND ZAMORA (W.K.), PER COMMITTEE REPORT NO. 1216

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**AN ACT**  
**GRANTING LUCKY 8 STAR QUEST INC. A FRANCHISE TO OPERATE ANYWHERE IN THE PHILIPPINES OFFSITE BETTING ACTIVITIES ON DULY-LICENSED COCKFIGHTING, DERBIES, AND SIMILAR ACTIVITIES THROUGH ONLINE OR OTHER MODERN MEANS**

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

1           **SECTION 1. *Nature and Scope of Franchise.*** – Subject to the provisions of the Constitution  
2 and the applicable laws, rules, and regulations, there is hereby granted to Lucky 8 Star Quest Inc.,  
3 hereunder referred to as the Grantee, its successors or assignees, a franchise to operate offsite  
4 betting activities on duly-licensed cockfighting, derbies, and similar or derivative activities.

5           In the exercise of the franchise, the Grantee shall also be allowed to broadcast online and  
6 through other modern means live and data streamed cockfighting activities and derbies  
7 anywhere in the Philippines, and to construct, establish, operate, and maintain on-cockpit and  
8 off-cockpit betting stations for the taking of wagers on the result of the duly-licensed activities,  
9 either directly or by means of any mechanical, electrical and/or computerized totalizator, subject  
10 to the approval of the local government of the city or municipality where the off-cockpit betting

1 stations shall be established; and to do and carry out all such acts, deeds and things as may be  
2 necessary for the effective conduct of business under this franchise.

3 **SEC. 2. Authority of the Philippine Amusement and Gaming Corporation.** – Unless  
4 otherwise provided by law, the Philippine Amusement and Gaming Corporation (PAGCOR) shall  
5 exercise supervision and regulation over the operation and conduct of offsite betting on locally  
6 authorized and remotely broadcast cockfighting matches in order to promote and maintain,  
7 orderly, honest and fair conduct of activities, provide protection to the betting public and  
8 patrons, and ensure that offsite betting on locally authorized and remotely broadcast  
9 cockfighting matches and similar activities as authorized under this franchise shall remain a stable  
10 base for revenue generation.

11 The PAGCOR shall also require the periodic review of the Grantee’s operations by an  
12 accredited international gaming auditor to ensure that the Grantee’s practices are consistent  
13 with international gaming standards and best practices.

14 The PAGCOR shall likewise work with the Grantee to promote responsible gaming. The  
15 PAGCOR shall take such measures as requiring a conspicuously displayed reminder on all  
16 broadcasted events and offsite betting stations encouraging patrons to bet responsibly and  
17 reiterating the restriction against betting for individuals below 21 years of age.

18 The PAGCOR shall issue guidelines as to the fairness and effectiveness of cockfights,  
19 derbies, and other activities authorized under this franchise.

20 **SEC. 3. Permits with the Local Government Units and the Games and Amusements**  
21 **Board.** – The Grantee shall secure from the local government units and such other relevant  
22 government agencies the necessary licenses and other permits for the construction,  
23 establishment, operation, and maintenance of its on-cockpit and off-cockpit betting stations.

24 The cockfighting activities shall be subject to the approval of and under the supervision  
25 and regulation of the concerned local government units in the case of local cockfights pursuant  
26 to Section 447 (3)(v) and Section 458 (3)(v) of the Local Government Code, and by the Games and  
27 Amusements Board (GAB) in the case of international derbies pursuant to Section 2 (b) of  
28 Presidential Decree No. 1802 or the Law Creating the Philippine Gamefowl Commission. These  
29 agencies shall enforce all the laws, rules and regulations governing cockfighting events:

30 *Provided,* That the process for such permits and licenses shall be subject to the provisions  
31 of Republic Act No. 9485 or the *Anti-Red Tape Act of 2007*, as amended by the Republic Act No.  
32 11032, otherwise known as the *Ease of Doing Business and Efficient Government Service Delivery*  
33 *Act of 2018.*

34 **SEC. 4. Monitoring and Supervision of Certain Activities.** – The GAB shall ensure that the  
35 latency of livestreams conducted by the Grantee does not unduly disadvantage any member of  
36 the betting public. The GAB shall also issue rules and regulations to prevent game-fixing in the  
37 activities covered by the scope of this franchise. Notwithstanding any laws, rules, and regulations

1 to the contrary, the GAB shall also issue licenses to workers and operators within its mandate  
2 such as the operator or general manager, pit manager, referee (or *sentenciador*), cashier, bet  
3 manager, derby matchmaker, bet taker, and gaffer of the source cockfights of the Grantee.

4 The Grantee shall likewise notify the GAB of all its source cockpits and livestreamed  
5 events for purposes of monitoring and supervision under this Section.

6 **SEC. 5. Computerized and Mechanical Devices.** – To ensure orderly, clean, and honest  
7 conduct of activities under the franchise, the Grantee is authorized to provide and operate any  
8 mechanical, electrical or computerized devices, equipment, and facilities including, among  
9 others:

10 (a) Electric and/or computerized totalizator;

11 (b) Machines directly connected to a computer in a display board for the sale of tickets  
12 including those sold in off-cockpit betting stations;

13 (c) Modern sound system and loud speaker facilities;

14 (d) Modern telecommunications and broadcasting equipment and facilities, whether at  
15 the Grantee’s off-cockpit betting stations, for receiving and transmitting, whether live or  
16 otherwise, messages, signals, and pictures by any means now known or which in the future may  
17 be developed for the reception and transmission of messages, signals, and pictures relating to  
18 the betting system, the actual conduct of cockfighting events, the announcements of winning  
19 numbers, derby entries, and dividends paid or to be paid thereon, and any other form of  
20 information relating to the conduct and promotion of cockfighting events within or outside the  
21 Philippines;

22 (e) Continuous and back-up power supply, and such other instruments, devices,  
23 equipment, facilities and systems;

24 (f) Facilities that will bring safety, security, comfort, and convenience to the public; and

25 (g) Such other facilities, devices, and instruments that will ensure clean, honest, and  
26 orderly betting on cockfighting events.

27 **SEC. 6. Offering, Taking or Arranging Bets for Cockfighting Events or Derbies.** – The  
28 Grantee or its duly authorized agent may offer, take or arrange bets for cockfighting, derbies,  
29 and other similar events conducted in or outside the Philippines, in person or by any electronic,  
30 on-line, or other means of processing transactions anywhere in the Philippines, whether within  
31 or outside the place, enclosure of the cockpit where the cockfight events are held, in on-cockpit  
32 or off-cockpit betting stations.

33 No other entity or person other than the Grantee or its duly authorized agents or licensees  
34 shall offer, take, or arrange bets on cockfighting events participating in cockpit arenas conducted  
35 by the same, or maintain or use a totalizator or any other device, method, or system to bet on

1 any cockfights within its premises or outside the same enclosure, in the course of cockfighting  
2 events conducted or operated by the same Grantee.

3 **SEC. 7. Studio Cockpit.** – The Grantee is hereby authorized to establish and operate a  
4 studio cockpit for international derbies which shall be used solely for live streaming of cockfights  
5 for purposes of online and off-site betting conducted by PAGCOR, and not for traditional person-  
6 to-person betting by the public.

7 **SEC. 8. Terms of Betting Tickets.** – The Grantee shall publish and display prominently and  
8 in appropriate places the terms and conditions regarding the sale of betting tickets, be they are  
9 physical or virtual tickets.

10 The deposit or withdrawal of betting credits through electronic means with the Grantee’s  
11 betting interface shall be conducted only through payment channels that are registered with the  
12 *Bangko Sentral ng Pilipinas* (BSP) and are compliant with the rules and regulations prescribed by  
13 the Anti-Money Laundering Council (AMLC).

14 **SEC. 9. Taxation.** – There shall be levied, assessed, and collected on the Grantee a tax  
15 equivalent to five percent (5%) based on gross gaming receipts derived from activities authorized  
16 under this franchise: *Provided*, That ‘gross gaming receipts’ embraces all the receipts including  
17 income derived from ‘*plasada*’ or net commission from activities authorized by this franchise, net  
18 of agents’ commissions, and marketing expenses: *Provided further*, That such revenues shall be  
19 directly remitted to the Bureau of Internal Revenue (BIR): *Provided, furthermore*, That such tax  
20 shall not be in lieu of local government taxes and regulatory fees and charges applicable to such  
21 activities: *Provided finally*, That all other activities of the Grantee whose authorization does not  
22 derive from this franchise shall be subject to applicable taxes under the National Internal  
23 Revenue Code, as amended, and other applicable local and national laws, and that the fiscal  
24 regime provided under this Section does not extend to agents and all other distinct and separate  
25 persons or entities whose activities are ancillary to those of the Grantee.

26 **SEC. 10. Revenue Monitoring.** – The BIR shall have the authority to inspect totalizators  
27 and other betting devices used in the collection, consolidation, and recording of wagers made in  
28 offsite betting activities on locally licensed games.

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30 The PAGCOR and the BIR shall establish a system of exchange of information with regards  
31 to the monitoring of revenues of the Grantee.

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33 **SEC. 11. Monitoring through Financial Institutions.** – To discourage transactions in bulk  
34 cash, ensure that the Grantee’s cash inflows remain available for use in the economy, and allow  
35 the financial system regulators to monitor cash flows of the Grantee, in the interest of revenue  
36 integrity protection, the Grantee shall make use of BSP - supervised financial institutions (BSFIs)  
37 in its transactions.

1 The BSP shall issue a compliance checklist of minimum requirements that the Grantee  
2 must present to BSFIs as well as other guidelines to assist BSFIs discriminate between authorized  
3 and unauthorized operators and agents, and to ensure that cash flows of the Grantee are  
4 conducted only through regulated financial institutions.  
5

6 **SEC. 12. Regulatory Fee.** – The PAGCOR may impose a regulatory fee of Twelve thousand  
7 five hundred pesos (P12,500.00) per cockfighting match that is broadcasted by the Grantee, or  
8 One hundred twenty million pesos (P120,000,000.00) for every month of the Grantee’s  
9 operations, whichever is higher.  
10

11 **SEC. 13. Penalties.** –

12 (a) Violation of provisions on operations. – Any person or entity found to have violated  
13 the provisions of Sections 1, 2, 3, 6, 7, and 8 of this Act shall be punished by a fine of  
14 not less than Twenty thousand pesos (P20,000.00) but not more than One hundred  
15 thousand pesos (P100,000.00) or by imprisonment of not less than six (6) months but  
16 not more than one (1) year, or both, at the discretion of the court.

17 If the offender is a corporation, partnership or association the criminal liability shall  
18 devolve upon its president, managing partner or manager responsible for such violation.  
19

20 (b) Violation of tax provision. – Any person or entity who willfully attempts in any manner  
21 to evade or defeat any tax imposed under this franchise or the payment thereof shall,  
22 in addition to other penalties provided by law, upon conviction thereof, be punished  
23 with a fine of not less than Five hundred thousand pesos (P500,000) but not more  
24 than Ten million pesos (P10,000,000), and imprisonment of not less than six (6) years  
25 but not more than ten (10) years: *Provided*, That the conviction or acquittal obtained  
26 under this Section shall not be a bar to the filing of a civil suit for the collection of  
27 taxes: *Provided further*, That the civil suit for the collection of such taxes shall be the  
28 subject to applicable provisions of Title VIII of the National Internal Revenue Code, as  
29 amended.

30 Nothing in this Act shall be construed as to prevent the Grantee from seeking damages  
31 from any liable person or corporation for the unauthorized use of the privileges of this franchise.

32 **SEC. 14. Term of Franchise.** – This franchise shall be in effect for a period of twenty-five  
33 (25) years from the date of the effectivity of this Act, unless sooner cancelled. This franchise shall  
34 be deemed *ipso facto* revoked in the event that the Grantee fails to comply with any of the  
35 following conditions:

- 36 (a) commencement of operations within three (3) years from the approval of its  
37 operating permit by the PAGCOR;  
38 (b) commencement of operations within five (5) years from the effectivity of this Act;  
39 and

1 (c) continuous operation for two (2) years.  
2

3 **SEC. 15. Warranty in Favor of National and Local Governments.** – The Grantee shall hold  
4 the national, provincial, city, and municipal government of the Philippines free from all claims,  
5 liabilities, demands, or actions arising out of accidents causing injury to persons or damage to  
6 properties, during the construction or operation of the off-cockpit betting station of the Grantee.

7 **SEC. 16. Commitment to Provide and Promote the Creation of Employment**  
8 **Opportunities.** – The Grantee shall create employment opportunities and accept on-the-job  
9 trainees in the franchise operations: *Provided*, That priority shall be accorded to the residents of  
10 the place where the principal office of the Grantee is located: *Provided, further*, That the Grantee  
11 shall comply with the applicable labor standards and allowance entitlement under existing labor  
12 laws, rules and regulations, and similar issuances.

13 The employment opportunities or jobs created shall be reflected in the General  
14 Information Sheet (GIS) to be submitted to the Securities and Exchange Commission (SEC)  
15 annually.

16 **SEC. 17. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of Franchise.** – The  
17 Grantee shall not sell, lease, transfer, grant the usufruct of, nor assign this franchise or the rights  
18 and privileges acquired thereunder to any person, firm, company, corporation, or other  
19 commercial or legal entity, nor merge with any other corporation or entity, nor shall the  
20 controlling interest of the grantee be transferred, simultaneously or contemporaneously, to any  
21 person, firm, company, corporation, or entity without the prior approval of Congress. The  
22 Grantee shall inform Congress, through the Office of the Speaker of the House of Representatives  
23 and Office of the Senate President, of any sale, lease, transfer, grant of usufruct, or assignment  
24 of franchise or the rights and privileges acquired thereunder, or of the merger or transfer of the  
25 controlling interest of the Grantee, within sixty (60) days after the completion of the said  
26 transaction. Failure to report to Congress such change of ownership shall render the franchise  
27 *ipso facto* revoked. Any person or entity to which this franchise is sold, transferred, or assigned  
28 shall be subject to the same conditions, terms, restrictions, and limitations of this Act.

29 **SEC. 18. Dispersal of Ownership.** – The Grantee shall offer at least thirty percent (30%) of  
30 its common stocks, or a higher percentage that may hereafter be provided by law, in any  
31 securities exchange in the Philippines within five (5) years from the effectivity of this Act:  
32 *Provided*, That in cases where the public offer of shares is not applicable, other methods of  
33 encouraging public participation by citizens and corporations must be implemented.  
34 Noncompliance therewith shall render the franchise *ipso facto* revoked.

35 **SEC. 19. Reportorial Requirement.** – The Grantee shall submit an annual report to the  
36 Congress of the Philippines, through the Committee on Legislative Franchises of the House of  
37 Representatives and the Committee on Public Services of the Senate, on its compliance with the

1 terms and conditions of the franchise and on its operations on or before April 30 of every year  
2 during the term of its franchise.

3 The annual report shall include an update on the commencement of activities,  
4 development, operation, and expansion of business; audited financial statements; latest GIS  
5 officially submitted to the SEC, if applicable, and certification of the PAGCOR on the status of its  
6 permits and operations.

7 The reportorial compliance certificate issued by Congress shall be required before any  
8 application for permit or certificate is accepted by the PAGCOR.

9 **SEC. 20. *Fine.*** – Failure of the Grantee to submit the requisite annual report to Congress  
10 shall be penalized by a fine of Five hundred pesos (P500.00) per working day of noncompliance.  
11 The fine shall be collected separately from the reportorial penalties imposed by the PAGCOR, and  
12 it shall be remitted to the Bureau of the Treasury.

13 **SEC. 21. *Equality Clause.*** – Any advantage, favor, privilege, exemption, or immunity which  
14 may hereafter be granted for offsite betting activities on duly-licensed cockfighting and derbies  
15 through online means, upon prior review and approval of Congress, shall become part of this  
16 franchise and shall be accorded immediately and unconditionally to the herein Grantee:  
17 *Provided*, That the foregoing shall neither apply to nor affect the provisions concerning territorial  
18 coverage, the term, or the type of service authorized by the franchise.

19 **SEC. 22. *Repealability and Non-exclusivity Clause.*** – This franchise shall be subject to  
20 amendment, alteration, or repeal by Congress when the public interest so requires and shall not  
21 be interpreted as an exclusive grant of the privileges herein provided for.

22 **SEC. 23. *Separability Clause.*** – If any of the sections or provisions of this Act is held invalid,  
23 all other provisions not affected thereby shall remain valid.

24 **SEC. 24. *Repealing Clause.*** – All laws, decrees, orders, resolutions, instructions, rules and  
25 regulations, and other issuances or parts thereof which are inconsistent with the provisions of  
26 this Act are hereby repealed, amended, or modified accordingly.

27 **SEC. 25. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the  
28 *Official Gazette* or in a newspaper of general circulation.

Approved,