



Philippine Amusement and Gaming Corporation

Creating Opportunities Beyond Gaming

PAGCOR Anti-Money Laundering
Supervision and Enforcement Department

REGULATORY ORDER NO. RO-2022-06-001

June 29, 2022

TO : ALL CASINOS

SUBJECT : CASINO GUIDE FOR A FITNESS AND PROPRIETY
ASSESSMENT FOR JUNKET OPERATORS V1.0

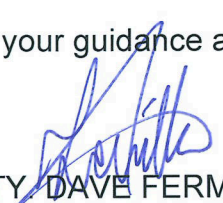
In order to strengthen the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) controls of the casino sector, PASED developed the Casino Guide for A Fitness and Propriety Assessment for Junket Operators.

This guideline was established to aid the land-based casinos in their obligation to assess the fitness and propriety nature of its junket or chipwashing operators, its associates/ agents/ promoters, and applicants for junket operations. In order to conduct any business activity in licensed casinos, all persons responsible for the operations of junkets and/ or applicants for junket operations must demonstrate that they are a "fit and proper" person.

This guide will set the criteria for the integrity, fitness, and propriety of persons responsible of junket operations. This guideline supplements the existing guidelines on Fitness and Propriety issued by PAGCOR and should be read in conjunction with the provisions of relevant legislations and/or regulations which may be issued by PAGCOR from time to time.

Relative thereto, all casinos are hereby advised to adopt the attached Casino Guide for A Fitness and Propriety Assessment for Junket Operators.

For your guidance and strict compliance.


ATTY. DAVE FERMIN J. SEVILLA
Assistant Vice President



A CASINO GUIDE FOR A FITNESS AND PROPRIETY ASSESSMENT FOR JUNKET OPERATORS

Version 1.0

A Casino Guide for a Fitness and Propriety Assessment for Junket Operators

1 BACKGROUND

- 1.1 Under its Charter, PAGCOR is mandated to regulate, operate, authorize, and license games of chance, games of cards, and games of numbers, particularly casino gaming in the Philippines.
- 1.2 As part of its mandate, PAGCOR must establish and enforce a regulatory framework that preserves the integrity of the Philippine gaming industry, and insulates it from money laundering, terrorism financing, and other criminal activities.
- 1.3 As part of the PAGCOR effort to strengthen the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) controls of the casino sector, this guideline was established for the purpose that, aside from PAGCOR, all land-based casinos must assess the fitness and propriety nature of its junket or chipwashing operators, its associates¹/ agents/ promoters, and applicants for junket operations. This is in order to obtain or maintain its contract/ agreement with the licensed casinos. To conduct any business activity in licensed casinos, all persons responsible for the operations of junkets and/ or applicants for junket operations must demonstrate that they are a “fit and proper” person.

2 INTRODUCTION

- 2.1 This guideline sets criteria for the integrity, fitness, and propriety of persons responsible of junket operations.
- 2.2 This guideline also describes the criteria to be considered by PAGCOR and land-based casinos when assessing fitness and propriety, and how PAGCOR and the land-based casino use those criteria to determine whether any junket operators and/ or applicants for junket operations is “fit and proper”.
- 2.3 This guideline applies to all junket operators and applicants for junket operations. This includes persons responsible for the junket operations, its associates/ agents/ promoters, as well as the individuals who exercise control and/ or management over these entities.
- 2.4 Applicants who are granted an agreement are expected to remain fit and proper at all times, and any change in circumstances must promptly be notified to

¹ associate” of a licensed junket promoter or an applicant for a junket promoter license is a person who: (a) holds or will hold any relevant financial interest, or is or will be entitled to exercise any relevant power (whether in right of the person or on behalf of any other person) in the business of the licensed junket promoter or applicant, and by virtue of that interest or power, is able or will be able to exercise a significant influence over or with respect to the management or operation of the business of the licensed junket promoter or applicant; or (b) holds or will hold any relevant position, whether in right of the person or on behalf of any other person, in the business of the licensed junket promoter or applicant.

PAGCOR. The fitness and propriety is undertaken as an initial assessment during consideration of an application for junket operations, and also a continuing assessment which takes into account the ongoing conduct of business and the history of compliance with, not only to AML/CTF laws and relevant issuances, but to all applicable laws, rules, and regulations. The preservation of fit and proper standards is essential to ensuring that business activities in the casino sector are being conducted with high standards of market practice and integrity.

- 2.5 The requirement of probity checks on junkets' Board of Directors, Management Functions/ Senior Officers, Shareholders holding at least 20% ownership or with significant controlling interest, and Beneficial Owners ensures that none of these officers or individuals have criminal records. This was established with the issuance of PAGCOR on January 27, 2022.

3 OBJECTIVES

- 3.1 This guideline supplements the existing guidelines on Fitness and Propriety issued by PAGCOR. It does not intend to replace or override any legislations. This guideline should be read in conjunction with the provisions of relevant legislations and/or regulations which may be issued by PAGCOR from time to time.

4 FIT AND PROPER FRAMEWORK

- 4.1 This Fit and Proper Framework is applicable to the junket operators, its key persons or the management, and the individuals who have controlling interest, as well as to those who exercise significant power or discharge certain responsibilities on behalf of the junket operator/ key persons.
- 4.2 All individuals with the responsibility for the management and control of the junket operations, and the key persons must prove and assure PAGCOR that they comply with the fit and proper test.

4.3 Timing of Fit and Proper Assessments

- 4.3.1 Fitness and propriety is assessed initially – in consideration of an application for a junket operation or in respect of the approval of key persons. The assessment also occurs whenever key persons change.
- 4.3.2 PAGCOR and/ or the licensed casino may decline an application for junket operations or refuse the approval of a key person if the key person is deemed not fit and proper.
- 4.3.3 There is also a continuing obligation of the licensed casinos on junket operators to demonstrate that key persons and applicants for junket operations are fit and proper to conduct the regulated activities. In the event that there is a material change in information, which may negatively impact a person's fitness and propriety, persons should seek to disclose the change to PAGCOR within thirty

(30) days of the material change.

4.4 Assessment Criteria

4.4.1 In conducting fit and proper assessments, PAGCOR seeks to ascertain the following in respect of key persons:

i. *Reputation, Honesty and Integrity*

The criteria examined by Licensed Casinos include whether key individuals have been convicted, on indictment of dishonesty, fraud, breach of trust, money laundering, terrorist financing, proliferation financing, theft, or financial crimes.

ii. *Competence and Capability as it Relates to Experience, Educational Background and Other Qualifications*

The criteria examined by Licensed Casinos include whether key persons satisfy relevant training requirements in relation to the function they perform or are intended to perform, and whether key persons demonstrate, by experience and training, that they are suitable to perform the function.

iii. *Financial Soundness*

The criteria examined by Licensed Casinos include whether key persons have been subject to any judgment debt or award in the Philippines or elsewhere, that remains outstanding or was not satisfied either in whole or in part; or whether in the Philippines, or elsewhere, key persons have made any arrangements with their creditors, filed for bankruptcy, been adjudged as bankrupt, been the subject of bankruptcy petition, or have been involved in proceedings relating to any of these.

5 FIT AND PROPER ASSESSMENT

5.1 Documentation

- i. A completed version of the Individual Questionnaire to be released by PAGCOR;
- ii. All relevant documents detailing the professional background of the individual;
- iii. A true and faithful copy of the individual's passport bio-page;
- iv. An original copy of the National Bureau of Investigation (NBI) Clearance, as required in the Casino Regulatory Manual (CRM) and the Gaming Employment License (GEL) Handbook;
- v. Documents submitted in support of the application should be submitted in English. Where the documents are in a foreign language, however, an

independently authenticated translation must be provided, such as a translation by a professional translator with the full name, address, contact information and signature of the translator and the date of the translation; and

vi. Other documents which may be required.

- 5.2 The questionnaire must be completed by individuals who are proposed or incumbent directors and relevant officers, principals, as well as individuals who own at least twenty percent (20%) shareholdings.
- 5.3 In completing the questionnaire, individuals should be guided by the instructions in the Individual Questionnaire, as well as by this guideline.

6 SUBMISSION OF DOCUMENTATION

- 6.1 The completed fit and proper documentation should be submitted to PAGCOR. In the case of documentation submitted in respect of an application for registration, the entire application package, together with fit and proper documentation, should be submitted to PAGCOR.

7 CONFIDENTIALITY, DISCLOSURE AND MAINTENANCE OF INFORMATION

- 7.1 All information submitted, including documentation, will be maintained in a strictly confidential manner. Disclosure of information internally will, therefore, be restricted.
- 7.2 Disclosure of information to external persons will only be undertaken as permitted by the law.
- 7.3 A central database containing details of the persons who have been assessed will be maintained by the Licensed Casino and PAGCOR. The database eliminates the need for individuals to re-submit documentation multiple times in respect to further applications or approvals. In the event that there has been a material change in the information initially disclosed, further disclosures, including completion of a revised questionnaire, may be required in order to update the database.

-----END-----