



Licensing and Regulatory Group
**Gaming Licensing and Development
Department**

**IMPLEMENTING RULES AND
GUIDELINES FOR THE
MONITORING OF INVENTORY
OF GAMING EQUIPMENT AND
GAMING PARAPHERNALIA
STORED IN AUTHORIZED
AREA/SHOWROOM OF GLDD-
ENROLLED SUPPLIERS**

**Rev. No: 0
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	IMPLEMENTING RULES AND GUIDELINES FOR THE MONITORING OF INVENTORY OF GAMING EQUIPMENT AND GAMING PARAPHERNALIA STORED IN AUTHORIZED AREA/SHOWROOM OF GLDD-ENROLLED SUPPLIERS	Page No.	Page 1 of 8
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EXECUTIVE SUMMARY

On November 3, 2022, the Board of Directors approved the Suppliers Regulatory Manual (SRM) Revision No. 2 which is an updated version of the SRM covering major revisions. The said SRM Revision 2 likewise contains measures for the monitoring of inventory of gaming equipment and gaming paraphernalia stored in the authorized storage area/warehouse including the inventory of the gaming machines showcased at showrooms of GLDD-enrolled Suppliers.

Regulation 3 (Permit to Hold Gaming Equipment and Gaming Paraphernalia), Section 4 (GLDD Reportorial Requirements) of the SRM prescribes the submission by Suppliers to GLDD of reportorial requirements within the prescribed period on a per site basis, particularly:

1. A Quarterly Log Report (GLDD-1017); and
2. An Annual Inventory Log Report (GLDD-1018).

To properly implement the policy on inventory by streamlining the inventory processes, GLDD took the initiative to create the “Implementing Rules and Guidelines (IRG) for the Monitoring of Inventory of Gaming Equipment and Gaming Paraphernalia Stored in Authorized Storage Area/Showroom of GLDD-enrolled Suppliers” to provide a simplified/systematic procedure that will:

1. Clarify policy coverage and exemptions;
2. Set inspection method;
3. Adapt an efficient tracking procedure for the movement/transfer of gaming equipment and/or gaming paraphernalia; and
4. Address noncompliance of erring Suppliers.

Consequently, the IRG is expected to improve the efficiency of handling the inventory as it includes the recording or tracking of the transfer/movement of the gaming equipment and/or paraphernalia to and from the storage area/showroom using the “record inventory form”.

The IRG likewise includes the conduct of spot inventory to ensure data integrity and accuracy of inventory records using the additional Inventory Record Form in connection with the transfer/movement of gaming equipment and/or gaming paraphernalia including applicable penalties for non-compliance.

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I GENERAL PROVISIONS

- a. The Gaming Equipment and/or Gaming Paraphernalia stored in authorized storage area/showroom must have a valid Permit to Hold (PTH) Gaming Equipment and/or Gaming Paraphernalia.
- b. The GLDD-enrolled Supplier shall have full responsibility to keep on its file the inventory record/s, shipment forms, and commercial invoices of all Gaming Equipment and/or Gaming Paraphernalia under its Permit to Hold. **(Annex “A” – Inventory Record)**
- c. PAGCOR Inspection Team may conduct spot inspection of the inventory in the authorized storage area/showroom to confirm data accuracy of the reports and reconciliation with the actual inventory. PAGCOR Inspection Team shall be composed of representatives from concerned Compliance Monitoring and Enforcement Department (CMED) together with Gaming Licensing and Development Department (GLDD).
- d. The Supplier shall still use the GLDD Form No. 1014 for every transfer of gaming equipment and/or gaming paraphernalia from Supplier’s storage facility to a gaming establishment (e.g., gaming sites under EG/EBLD, PAGCOR-operated casinos under TGD, VIP Clubs under SMD, licensed casinos) / another storage facility or vice versa.

II EXEMPTION FOR THE ACQUISITION OF A PERMIT TO HOLD GAMING EQUIPMENT AND/OR GAMING PARAPHERNALIA

Transfer of Gaming Equipment and/or Gaming Paraphernalia from any gaming establishment to the Supplier’s storage facility or vice versa shall no longer require the issuance of a Permit to Hold,

provided that the current PTH is still valid and is not due for renewal, and that the subject item/s is/are completely and accurately documented in the inventory record/s,

provided further that the Supplier dutifully complies with the reportorial requirements which include such movement/transfer as provided under Regulation 3, Section 4 of the Supplier’s Regulatory Manual, particularly:

- i. Quarterly Log Report (GLDD-1017); and
- ii. Annual Inventory Log Report (GLDD-1018).

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III INVENTORY RECORD

- a. **Real-time Inventory.** – The Supplier may adopt any form of inventory management as long as it can provide up-to-date inventory data as well as full control and monitoring of the movements of all items under its Permit to Hold.
- b. **Proof of Transaction/Movement.** – Data entries in the Inventory record must have corresponding GLDD form attachments:

Movement	Transaction	Attachment/s
Shipment	From importation to authorized storage facility/showroom	• Supplier's Shipment Clearance Request and Approval Form (GLDD-1013) • Commercial Invoice • Shipment / Shipout Processing Fee Payment Form (1202) • Official Receipt • PTH
Pull-out	From gaming establishment to storage facility and vice versa From storage facility to showroom	• Pull-out and Transfer of Gaming Equipment and/or Gaming Paraphernalia Notification Form (GLDD-1014) • PTH e.g., gaming equipment with expired PTH

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Ship-out	From storage facility/showroom to port of exit	• Ship-out Clearance Request and Approval Form (GLDD-1015) • Commercial Invoice • Shipment / Shipout Processing Fee Payment Form (1202) • Official Receipt
Transfer	From storage facility to another storage facility	• Pull-out and Transfer of Gaming Equipment and /or Gaming Paraphernalia Notification Form (GLDD-1014) • PTH

- c. **Right to Access Records.** – Inventory record/s must be made available upon request of the Inspection Team.
- d. **Right to Determine Inventory Coverage.** – The Inspection Team shall have full discretion as to the inventory coverage/covered period.

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IV **PROHIBITION AGAINST UNAUTHORIZED/ILLEGAL POSSESSION OF GAMING EQUIPMENT AND/OR GAMING PARAPHERNALIA**

Gaming Equipment and/or Gaming Paraphernalia stored in authorized storage area/showroom without a valid Permit to Hold is unauthorized and shall be deemed illegal.

- a. **Applicable Rule.** – The Supplier is mandated to obtain a Permit to Hold when holding inventories of Gaming Equipment and/or Gaming Paraphernalia in the territorial jurisdiction of the Republic of the Philippines under Regulation 3, Section1, Paragraph (a) of the Suppliers Regulatory Manual (SRM).
- b. **Unauthorized/Illegal Acts.** – It shall be considered unauthorized/illegal for any GLDD-enrolled Supplier to be holding inventories of Gaming Equipment and/or Gaming Paraphernalia under the following circumstances:
 1. When there is no Permit to Hold;
 2. When the Permit to Hold has expired;
 3. When the Permit to Hold is considered invalid (e.g., wrong input of serial number or PAGCOR tag, tampered PTH); and
 4. Other offenses (subject to evaluation and determination by GLDD)
 - Serious Offenses (e.g., misrepresentation in PTH application, falsification of documents)
 - Minor Offenses (non-compliance / non-conformity to the IRG e.g., incomplete/non-submission of documents, non-provision of access to inventory record)
- c. **Administrative Penalty.** – After due notice and evaluation by GLDD, and upon determination of the violation of the established policy, GLDD shall impose the corresponding administrative penalties.

NATURE OF OFFENSE	PENALTY		
	1 ST OFFENSE	2 ND OFFENSE	3 RD OFFENSE
1. No PTH	100,000.00	200,000.00	300,000.00
2. Expired PTH	50,000.00	100,000.00	150,000.00

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3. Invalid PTH	25,000.00	50,000.00	75,000.00
4. Serious Offenses	100,000.00	200,000.00	300,000.00
5. Minor Offenses	Written reprimand	15,000.00	30,000.00

On the fourth offense, GLDD may cause the delisting of the erring Supplier in the list of GLDD-enrolled Suppliers.

d. **Administrative Proceeding.** – The following procedure shall be adopted in the determination of cases:

1. GLDD shall issue a Notice to Explain (NTE) to the concerned GLDD-enrolled Supplier. The latter shall be given five (5) business days from receipt of the NTE to submit a written explanation.
2. GLDD shall issue a Notice of Decision (NOD) within thirty (30) business days from receipt of the written explanation.
 - a. If GLDD finds the written explanation meritorious, the concerned Supplier shall be absolved from the administrative sanction/penalty.
 - b. If GLDD finds the written explanation to be discreditable, the concerned GLDD-enrolled Supplier shall immediately settle the monetary penalty within fifteen (15) business days from receipt of the NOD.
3. In case the GLDD-enrolled supplier disagrees with the Decision, it shall be given Fifteen (15) business days from receipt of the NOD to file a Letter of Appeal addressed to the PAGCOR's Board of Directors (BOD).
 - a. If the Letter of Appeal is *granted*, the amount paid as penalty shall be refunded back to the Supplier.
 - b. If the Letter of Appeal is *denied*, the Decision rendered by the PAGCOR's BOD shall be final and executory.
4. GLDD shall release the Final Resolution to the concerned GLDD-enrolled Supplier within fifteen (15) business days from receipt of PAGCOR BOD's Decision.

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e. **Refund Process.** – Upon receipt of the Final Resolution granting the Letter of Appeal, the concerned GLDD-enrolled Supplier must submit the following documents to GLDD within sixty (60) business days from receipt of Final Resolution to initiate the refund process:

1. Refund Request Letter; and
2. Original Official Receipt of the amount paid.

V LATE RENEWAL NOTIFICATION

In cases or events beyond the control of the Supplier wherein there is an imminent possibility that the Supplier will not be able to renew the PTH within the given 3-month period prior to expiration, the Supplier must immediately notify GLDD of the reason/s for the delay in the application for renewal of the PTH. Otherwise, administrative penalty shall apply.