



Republic of the Philippines
Office of the President
Philippine Amusement and Gaming Corporation
Committee on Inquiry/ Investigation
Legal Group, 6th Floor, PAGCOR Executive Offices, New Coast Hotel Manila
1588 M. H. Del Pilar St, Malate, Manila, Metro Manila

IN THE MATTER OF:

**VARIOUS COMPLAINTS OF
FINANCIAL OR INVESTMENT
IRREGULARITIES AGAINST
SUNCITY GROUP MANILA, INC.
(SUNCITY)**

TO: (Parties)

ATTY. RONALD M. AALA (for GROUP OF 22)¹
No. 573 Quirino Avenue,
Barangay Tambo,
Paranaque City

ATTY. FRANCIS AGUILAR (for SUNCITY and MR. CHAU)
Magno Litonjua & Aguilar
Unit 1903 Prestige Tower Condominium
F. Ortigas Jr. Ave., Ortigas Center
Pasig City 1605

ATTY. MICHAEL I. DANGANAN (for GROUP OF 7)
The Law Offices of Ocampo Uy Santos Tayag & Danganan
4th Floor, ACT Tower, 135 HV dela Costa Street
Salcedo Village, 1227 Makati City, Metro Manila

¹ Formerly GROUP OF 49

(Host Casinos)

MR. SANDY AMIDA

Sr. Director for Gaming Operations
Travellers International Hotel Grp. Inc.
10th Flr. Newport Entertainment and Commercial Center
Malunas St. Newport City. Pasay City 1309

MS. NERI AQUINO

Compliance Manager for Gaming Legal
Tiger Resort, Leisure and Entertainment, Inc.
2nd Floor Back of House, Hotel Operations Office
Okada Manila, New Seaside Drive, Entertainment City
Barangay Tambo, Paranaque City

MR. ROGER LWIN

VP for Gaming Operation
Melco Resorts Leisure (PHP) Corporation
City of Dreams Manila
Aseana Boulevard cor Macapagal Boulevard
Paranaque City.

ATTY. ELLAN MARK PAILAN

Director of Regulatory Affairs
Bloomberry Resorts and Hotels, Inc.
Solaire Resorts and Casino
1 Asean Ave. Entertainment City
Tambo, Paranaque City

DECISION

Gentlemen:

Quoted hereunder is the Report of this Committee on the present case, which was approved by the PAGCOR Board of Directors during their meeting on February 17, 2022:

“REPORT

Summary

In 2021 the Philippine Amusement and Gaming Corporation (PAGCOR) received various complaints of alleged financial/ investment irregularities against Suncity Group Manila, Inc. (SUNCITY), a junket operator in several PAGCOR – licensed

casinos. SUNCITY and its international network, Suncity Group is owned by Mr. Chau Cheok Wa a.k.a Mr. Alvin Chau (MR. CHAU).

In response, the PAGCOR Board of Directors (BOARD) designated a committee to conduct a formal inquiry/ investigation into the complaints against SUNCITY (COMMITTEE).²

The mandate of the BOARD to the COMMITTEE is to resolve the question of “whether or not there is Substantial Evidence to support the complaints against SUNCITY and if such should be established, the appropriate sanctions”.

After the conduct of proceedings in accordance with Executive Order Number 292 (EO292),³ BOOK VII, Chapters 1 and 3, (Administrative Procedure and Adjudication), the COMMITTEE reports that:

THERE IS SUBSTANTIAL EVIDENCE TO SUPPORT THE COMPLAINTS AGAINST SUNCITY AND MR. CHAU.

The COMMITTEE finds that SUNCITY and MR. CHAU failed to return the Complainants’ Front Money deposits,⁴ upon the latter’s demands or otherwise within a reasonable time after such demands. In fact, to date, the Front Money deposits remain unreturned.

Anent the appropriate sanctions, the COMMITTEE recommends that:

SUNCITY AND MR. CHAU BE ORDERED TO RELEASE TO THE COMPLAINANTS THE LATTER’S FRONT MONEY DEPOSITS WITHIN A PERIOD OF ONE MONTH FROM RECEIPT OF THE DECISION OR ORDER FROM PAGCOR.

SUNCITY AND MR. CHAU BE DECLARED UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

SUNCITY AND MR. CHAU MAY HOWEVER REGAIN THEIR SUITABILITY TO HOLD SUCH AUTHORITY/ LICENSE UPON COMPLIANCE WITH THE RETURN OF THE FRONT MONEY DEPOSITS, TOGETHER WITH THE UNDERTAKING THAT THEY SHALL ESTABLISH THE FOLLOWING PROCEDURES:

1. All player Front Money deposits received in the Philippines shall be deposited in a bank account exclusively for such purpose and shall not be mingled with the capital or operational funds.

² Committee Chairman - Atty. Arnold Ferdinand C. Salvosa
 Member - Mr. Robert C. Lucquiao
 Member - Atty. Leah Marie M. Sernal

³ The Administrative Code of 1987.

⁴ Cash, wired funds, or negotiable instruments that are deposited with the casino by a patron who will draw down on those funds for gambling. Front-money accounts are sometimes described as safekeeping accounts. (Best Practices for Anti-Money Laundering Compliance, American Gaming Association, Glossary, page 33)

2. *No amount from such account shall be used except for withdrawals, use, or benefit of the players who deposited the same.*
3. *SUNCITY and MR. CHAU shall submit to the PAGCOR Monitoring Team (PMT) assigned at the host casino a quarterly report under oath on the current amount of Front Money deposits and the balance of the bank account where the same are deposited.*

FAILURE OF SUNCITY AND MR. CHAU TO COMPLY WITH THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, WILL RENDER THEM PERMANENTLY UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

ON THE OTHER HAND, UPON SATISFACTION OF THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, SUNCITY AND MR. CHAU MAY AGAIN BE DECLARED BY THE BOARD AS SUITABLE TO HOLD AUTHORITY/ LICENSE TO OPERATE JUNKET BUSINESS IN THE PHILIPPINES. PROVIDED THERE ARE NO OTHER REASONS FOR THEIR DISQUALIFICATION. PROVIDED FURTHER. THAT THEY MEET THE OTHER REQUIREMENTS OF PAGCOR.

The COMMITTEE also recommends the following on other issues which arose in the course of the proceedings:

Withdrawal of the Contempt proceedings against Mr. Sandy Amida (MR. AMIDA)⁵ and Atty. Ellan Mark Pailan (ATTY. PAILAN),⁶ and in lieu of which the COMMITTEE recommends a warning to all Entertainment City Integrated Resorts (ECIRs) to ensure the accuracy of their reports to PAGCOR.

Unless the inaccuracy of their previous submissions regarding SUNCITY and MR. CHAU constitutes other offenses/ violations under the Casino Regulatory Manual (CRM) and other PAGCOR issuances.

If approved, this matter will be referred to GLDD for issuance of the warning or for other appropriate action if the above circumstances constitute other violations.

It is also recommended that GLDD conduct random audits of the submissions of licensed casinos to ensure accuracy and completeness of the same.

⁵ Sr. Director for Gaming Operations of Travellers International Hotel Group. Inc. (TRAVELLERS), operator of Resorts World Manila (RWM).

⁶ Director of Regulatory Affairs of Bloomberry Resorts and Hotels, Inc. (BLOOMBERRY), the operator of Solaire Resorts and Casino (SOLAIRE).

Introduction

Parties

SUNCITY a domestic corporation registered with the Securities and Exchange Commission (SEC). They are a Junket operator in casinos licensed by PAGCOR. Junkets operators are affiliated with and regulated by PAGCOR under Presidential Decree Number 1869 (PD1869) as amended.

MR. CHAU is a resident of Macau, Special Administrative Region and the owner of SUNCITY and the international Junket network to which it belong, generally known as the Suncity Group.

Both SUNCITY and MR. CHAU are represented by Atty. Francis Aguilar (ATTY. AGUILAR) and Atty. Dan Michel C. Del Rosario (ATTY. DEL ROSARIO).

The GROUP OF 22 is a group of Complainants represented by Mr. Kevin Kristopher K. Wong (MR. WONG) and Atty. Ronal M. Aala (ATTY. AALA). The particular Complainants in the group and their respective claims are as follows:

NAME	NATIONALITY	CLAIM
Kevin Wong	Filipino	P113,000,000 HKD3,200,000
Wan Su Quing	Chinese	HKD12,000,000
Chen Ze Hui	Chinese	HKD32,000,000
Chen Jie Feng	Chinese	P52,100,000 HKD9,600,000
Chen Lu Jun	Vanuatu	P19,000,000
Su Quing Fa	Cambodian	P17,300,000
Wu Jie Cheng	Chinese	P16,300,000 HKD7,300,000
Min Hui	Chinese	HKD1,900,000
Yang Hai Shui	Chinese	P48,200,000
Ku Feng Sheng	Malaysian	P190,000,000 HKD13,330,000
Chen Quan Lai	Chinese	HKD10,400,000
Wang Wen Jun	Chinese	P270,000 HKD10,100,000
Chen Zhi Jie	Chinese	P14,000,000 HKD1,500,000
Liang Hao	Chinese	P9,600,000
Chen Gui Zhong	Chinese	HKD2,300,000
Su Kun Meng	Chinese	P53,400,000 HKD2,200,000
Su Jing Mu	Chinese	P14,900,000
Su Fei Long	Chinese	P5,000,000

Chen Huang Yi	Chinese	P35,700,000 HKD2,200,000
Zhan Xiao Feng	Chinese	HKD23,900,000
Wang He Long	Cambodian	P346,700,000
Chen Wen Bin	Chinese	HKD22,600,000
SUB TOTAL (GROUP OF 22)		P935,470,000 HKD154,530,000

The GROUP OF 7 is a group of Complainants represented by Atty. Michael I. Danganan (ATTY. DANGANAN). The particular Complainants in the group and their respective claims are as follows:

NAME	NATIONALITY	CLAIM
Ruiqi Xu	Chinese	P442,933,298 HKD3,296,416
Tiger Wong	Chinese	P41,796,958
Zhenghua Zhang	Chinese	P5,108,050
Yinlai Zhang	Chinese	P41,780,883
Wenyi Cai	Chinese	P407,649,588
Gengxiong Yu	Chinese	P57,991,821 HKD3,010,090
Youfa Li	Chinese	P20,867,951
SUBTOTAL 2 (GROUP OF 7)		P1,018,128,549 HKD6,306,506
TOTAL CLAIMS ⁷		P1,953,598,549 HKD160,836,506 (P1,019,237,022.17) ⁸

Background

SUNCITY is a Junket operator in casinos licensed by PAGCOR. Junkets whether considered persons engaged in gambling or allied businesses to persons primarily engaged in gambling are regulated by PAGCOR under PD1869 as amended.

⁷ P2,972,835,571.17 Total Peso Equivalent

⁸ Converted to Peso using Banko Sentral Ng Pilipinas (BSP) 2021 Annual Php to HKD Exchange Rate of P6.3371/HKD1.00.

During the relevant period (2018 to 2020) for the investigation/ inquiry, SUNCITY and MR. CHAU were operating Junket rooms/ tables at the following PAGCOR – licensed casinos: City of Dreams; Okada Manila; Resorts World Manila; and Solaire. In 2021 PAGCOR received various complaints against SUNCITY, regarding alleged financial or investment irregularities in relation to their junket operations.

It is related in the complaints that SUNCITY and the Complainants entered in business arrangements in which the former received funds from the latter. The undertaking of SUNCITY was to make such funds available to the Complainants upon their need to use or withdraw the same.

However, for some time, SUNCITY has refused to return, give access, or allow the Complainants to utilize their funds. Thus, leading the Complainants to request that PAGCOR conduct formal investigation on the alleged irregularities.

PAGCOR issued notices to explain/ show cause letters to SUNCITY to which they submitted their corresponding replies.

Based on the complaints and the responses submitted by SUNCITY, there is prima facie evidence that there are business arrangements between the parties and of the alleged acts of SUNCITY pertaining to the funds of the Complainants.

The submissions of the Parties, even by SUNCITY show that the Parties indeed entered into the described arrangements. It is also not denied by SUNCITY and MR. CHAU that they received funds from the Complainants. However, SUNCITY and MR. CHAU refused or is otherwise unable to return, give access, or allow the Complainants to utilize such funds, despite demands.

Considering the above finding, the BOARD designated a Committee to conduct a formal inquiry/ investigation into the complaints against SUNCITY.

Legal Authority

Section 1 of PD1869 provided for the State policy and purpose for PAGCOR's creation, among which is:

“(3) minimize, if not totally eradicate, the evils, malpractices and corruptions that are normally prevalent in the conduct and operation of gambling clubs and casinos without direct government involvement.”

To achieve such purpose, PD1869 gave to PAGCOR the following powers:

“SEC. 8. REGISTRATION. — All persons primarily engaged in gambling, together with their allied business, with contract or franchise from the Corporation, shall register and affiliate their businesses with the Corporation. The Corporation shall issue the corresponding certificates of affiliation upon compliance by the registering entity with the promulgated rules and regulations thereon.

SEC. 9. REGULATORY POWER. — The Corporation shall maintain a Registry of the affiliated entities, and shall exercise all the powers, authority and the responsibilities vested in the Securities and Exchange Commission over such affiliated entities mentioned under the preceding section, including but not limited to amendments of Articles of Incorporation and By-Laws, **changes in corporate term, structure, capitalization and other matters concerning the operation of the affiliating entities**, the provisions of the Corporation Code of the Philippines to the contrary notwithstanding, except only with respect to original incorporation.” (emphasis ours)

The Corporation Code, the Revised Corporation Code, and PD902-A gave to the Securities and Exchange Commission (SEC) and therefore to PAGCOR, in accordance with the above provisions, the following powers, among others:

To issue preliminary or permanent injunctions, whether prohibitory or mandatory, in all cases in which it has jurisdiction;

To punish for contempt, both direct and indirect, in accordance with the pertinent provisions of, and penalties prescribed by, the Rules of Court;

To issue subpoena duces tecum and summon witnesses to appear in any proceedings and in appropriate cases order search and seizure or cause the search and seizure of all documents, papers, files and records as well as books of accounts of any entity or person under investigation as may be necessary for the proper disposition of the cases before it;

To impose fines and/or penalties for violation of laws, pertinent rules and regulations, its orders, decisions and/or rulings;

To suspend, or revoke, after proper notice and hearing, the franchise or certificate of registration of corporations, partnerships or associations, upon any of the grounds provided by law;

Impose sanctions for the violation of its rules and orders;

Issue cease and desist orders ex parte to prevent imminent fraud or injury to the public; and

Dissolve or impose sanctions on corporations for committing, aiding in the commission of, or in any manner furthering securities violations, smuggling, tax evasion, money laundering, graft and corrupt practices, or other fraudulent or illegal acts.

Further EO292 known as the Administrative Code of 1987, particularly BOOK VII, Chapters 1 and 3, provides for the administrative proceedings of Government agencies on matters involving conflicting rights or claims.

Proceedings under EO292, BOOK VII, Chapters 1 and 3

Chapters 1 and 3, Book VII, EO292 applies to all agencies which includes “any department, bureau, office, commission, authority or officer of the National Government authorized by law or executive order to make rules, issue licenses, grant rights or privileges, and adjudicate cases; research institutions with respect to licensing functions; **government corporations with respect to functions regulating private right, privileges, occupation or business**; and officials in the exercise of disciplinary power as provided by law.”⁹ (emphasis ours)

Mediation

Section 10, Chapter 3, Book VII of EO292 provides that “to expedite administrative proceedings involving conflicting rights or claims and obviate expensive litigations, every agency shall, in the public interest, encourage amicable settlement, compromise and arbitration.”

Thus, on August 17, 2021, the COMMITTEE issued the initial Order and Notices of ex parte caucus via Zoom to the parties, respectively to:

Inform the parties of the formal investigation/ inquiry; and

Call the parties separately to the initial meetings/ hearings of the COMMITTEE to explore the possibility of amicable settlement.

The following schedule was set for the ex parte caucuses:

August 23, 2021 (Monday), 10:00 AM	49 complainants represented by Atty. Ronald M. Aala, which was reduced to 22 complainants (GROUP OF 22)
August 23, 2021 (Monday), 2:00 PM	7 complainants: Xu Ruiqi, Wong Tiger, Zhang Zhenghua, Zhang Yinlai, Cai Wenyi, Yu Gengxiong, Li Youfa (GROUP OF 7)
August 25, 2021 (Wednesday), 10:00 AM	SUNCITY

The ex parte caucus with the GROUP OF 22 proceeded as scheduled, the Order and Notice was duly acknowledged by ATTY. AALA.

On the other hand, the ex parte caucus with the GROUP OF 7 did not proceed due to their initial failure to respond to the Notices, similarly with SUNCITY.

During the ex parte caucus with the GROUP OF 22 represented by ATTY. AALA the following matters were taken up:

Specification of clients:

⁹ Section 1 in relation to Section 2 (1), Chapter 1, Book VII, EO292.

The COMMITTEE asked ATTY. AALA if he is still representing the 49 clients listed in his previous letter.

ATTY. AALA related that he is now compiling the list of clients and their respective Special Power of Attorney (SPA). He also disclosed that of his 49 clients, there are 27 who already have SPAs, the others already left the Philippines, thus he is having difficulty getting in touch with them.

The COMMITTEE advised ATTY. AALA to submit a formal entry of appearance (with the names of the clients he is now representing) within the week, copy furnished the other parties.

The COMMITTEE asked ATTY. AALA if all his clients are foreigners, to which he answered in the negative, for sure MR. WONG is a Filipino.

Willingness to enter into amicable settlement:

When asked by the COMMITTEE if his clients are open to an amicable settlement, ATTY. AALA answered in the affirmative. He also confirmed that he is willing to have a written settlement.

As to the type of settlement/ relief his requests, he specified the following:

1. Return of the money "placements"¹⁰ of his clients in full/ lumpsum;
2. Interest on the placements of his clients;
3. Investigation on whether the funds of his clients were diverted to another entity and to confirm what entity his clients were actually dealing with, although to the best of their knowledge his clients were dealing with Suncity Group Manila, Inc.
4. Cancellation of the license/ authority to operate of SUNCITY.

ATTY. AALA also related that SUNCITY already made an offer for the claim of Mr. Kevin Wong, unfortunately not only was it unacceptable (term of 13 months) but it will be tantamount to abandoning his other clients.

His position is that all his clients must be reimbursed under the same terms, particularly, a lumpsum payment after a grace period of 3 months.

If the parties reach an amicable settlement, ATTY. AALA may forego the investigation into the possible diversion of his clients' funds and the cancellation of SUNCITY's license/ authority to operate, but until then, those remedies will remain on the table.

Legal relationship between complainants and SUNCITY:

¹⁰ Term used by ATTY. AALA, but the COMMITTEE believes that the term in the industry is Front Money.

When the COMMITTEE asked about the nature of the relationship between his clients and SUNCITY, ATTY. AALA responded that it is more of a deposit, since the obligation of SUNCITY is that his clients can withdraw their funds or use them to play anytime, anywhere SUNCITY or other Junket operations in the Suncity Group is operating.

When asked about a written contract, ATTY. AALA answered that there is none.

The COMMITTEE clarified that his clients were willing to make substantial money placements without a contract? to which ATTY. AALA confirmed and stated that SUNCITY already established a good reputation in the junket industry and that is the way it is done.

The COMMITTEE clarified that in Junket operations, there is a Junket player card for to the players, this contains the amount they placed, withdrew/ used for playing. ATTY. AALA undertook to inquire about the details of the accounts of his clients.

During the ex parte caucus of the GROUP OF 7 rescheduled for September 1, 2021, ATTY. DANGANAN appeared for the Complainants.¹¹

ATTY. DANGANAN confirmed his clients' willingness to enter into amicable settlement of their complaints against SUNCITY.

Similar to the GROUP OF 22, ATTY. DANGANAN confirmed that his client's transaction with SUNCITY is one of deposit instead of investment or loan.

During the resetting of the caucus with SUNCITY on September 1, 2021, ATTY. AGUILAR entered his appearance as counsel for both SUNCITY and MR. CHAU and made the following Motions:¹²

- 1. For Complainants' counsels to submit the Special Power of Attorney (SPA) or similar authority from their clients; and*
- 2. Request for fifteen (15) days or until September 16, 2021, to submit his detailed report on the claims of the Complainants.*

ATTY. AGUILAR also confirmed his clients' willingness to enter into amicable settlement, subject to the detailed report that he will submit.

Such being the case discussions ensued on matters that will aid the COMMITTEE mediate an amicable settlement among the parties.

During the caucus ATTY. AGUILAR expressed the difficulties of SUNCITY and MR. CHAU due to the COVID Pandemic and concerns that release of the Complainants' deposits should be programmed for a period of 10 months to one year, otherwise the large amount involved may trigger Money Laundering (ML) issues.

¹¹ Constancia dated September 1, 2021.

¹² Constancia dated September 1, 2021.

The COMMITTEE assured ATTY. AGUILAR that no ML issue will result from any transfers/ release of funds as a result of any settlement, since the same will be covered by a formal agreement, which in AML parlance is considered the underlying legal basis for the fund transfers.

Finally, the COMMITTEE found the Motions to be appropriate and issued the corresponding Resolution with the following instructions to the Parties:¹³

1. Submission of SPAs or similar authorities:

On or before September 16, 2021, counsels for ALL the parties are required to submit either by Manifestation or any appropriate pleading, the SPAs or similar authorities from their clients.

2. Submission of Detailed Reports

On or before September 16, 2021, counsels for ALL the parties are required to submit either by Manifestation or any appropriate pleading, their detailed reports on the claims/ obligations subject of this Inquiry/ Investigation.

Considering the disposition of the parties towards exploring the COMMITTEE scheduled a face – to – face mediation meeting on October 13, 2021.¹⁴

During the mediation meeting all the parties were represented by their respective counsels. It was noted however that instead of ATTY. AGUILAR it was ATTY. DEL ROSARIO who represented SUNCITY and MR. CHAU

The COMMITTEE noted compliance of the Parties to the previous orders for the submission of the following:

Special Power of Attorneys (SPA) from the complainants;

Details on the claims of the complainants; and

Report of SUNCITY on the claims.

The COMMITTEE also noted that the original GROUP OF 49 was reduced to 22 Complainants, accordingly were addressed as such for brevity.

The COMMITTEE made the following clarifications with the Parties on the submissions:

The Report/ Comment of SUNCITY on the claims already includes the claims of the GROUP OF 7 represented by ATTY. DANGANAN, notwithstanding the

¹³ Resolution dated September 1, 2021.

¹⁴ Constancia dated October 13, 2021.

heading of their Report/ Comment which purport to pertain only to the claims of the GROUP OF 49 represented by ATTY. AALA;

Corrections on errors in the Report/ Comment of SUNCITY, such as the double entries of Zhan Xiao Feng and non – inclusion of Chen Lu Jun;

The Report/ Comment of SUNCITY does not include the foreign currency denominated claims of the complainants; and

SUNCITY will submit an updated Report/ Comment by October 20, 2021, on the foreign denominated claims, correction of errors, and updates on additional claimants who signed settlements with SUNCITY will also be included on the update of SUNCITY. Copies of the agreement will also be submitted.

Anent a query by SUNCITY and MR. CHAU on additional claimants that may appear in the future, the COMMITTEE was inclined to enforce the standing order that only those who submitted the SPA within the deadline will be included in the claims/ complaints subject of the inquiry/ mediation.

Any additional complainant will be dealt with as the matter arise and SUNCITY and MR. CHAU will be asked to comment in such event.

The COMMITTEE advised ATTY. DEL ROSARIO to inform SUNCITY and MR. CHAU to refrain from dealing with the Complainants directly considering that they are represented by counsels, to avoid ethical issues.

Since SUNCITY did not make a specific offer to the claims, the Complainants specified that their claims should be settled within 3 months from execution of a settlement agreement, payment within said period maybe in tranches.

ATTY. DEL ROSARIO undertook to discuss the position of the Complainants with SUNCITY and MR. CHAU.

The COMMITTEE advised ATTY. DEL ROSARIO to discuss with SUNCITY and MR. CHAU to consider the terms they extend to players' credit line. The same period/ terms extended to players can be reasonably applied in this situation where it is the junket operator (SUNCITY and MR. CHAU) which is essentially the debtor of the players/ claimants.

The COMMITTEE notes that junket players' credit lines are payable to the operator in as short as 7 days and SUNCITY and MR. CHAU should consider the date when the deposit/ placement was made, if the deposits were placed pre – COVID (2019), then the deposits are already with SUNCITY and MR. CHAU for 2 years.

The Parties were yet to reconcile the variances between the claims and the Report/ Comment of SUNCITY. It was suggested by the COMMITTEE that the best course

to resolve the variance is for the submission by SUNCITY and MR. CHAU of the player's account card of the Complainants.

In the event that the variances are unresolved the COMMITTEE will issue a subpoena for the account cards and or other appropriate records from SUNCITY. At any rate, once the parties agree on the terms of payment, settlement can proceed on the amounts not disputed/ no variance.

Finally, the parties were informed of the next setting of the face - to - face mediation on October 25, 2021, 2:00 in the afternoon, at the same venue.

During the second mediation meeting on October 25, 2021, no amicable settlement was reached, the Parties disagreed on the terms of repayment/ release of the Complainants' Front Money deposits.¹⁵

Considering the foregoing, the COMMITTEE suggested the termination of the mediation and to begin the adjudication, to which the 2 Complainant Groups remarked favorably.

On the other hand, SUNCITY and MR. CHAU still manifested their belief in pursuing an amicable settlement.

The COMMITTEE pointed out that the parties can still do so during the adjudication, but for the COMMITTEE there is no reason to continue with mediation after the parties already disagreed on the terms of payment/ release.

Accordingly, the COMMITTEE issued the following orders:¹⁶

Termination of the mediation;

The Complainants are required to file their Formal Complaint within 15 days;¹⁷

SUNCITY and MR. CHAU are required to file their Comments within 15 days from the expiration of the period to file the Formal Complaint;¹⁸

Within 15 days from the expiration of the period to file SUNCITY's and MR. CHAU's Comments the Parties and the COMMITTEE may avail of Modes of Discovery and cross – examine witnesses, if necessary, to resolve issues raised in the submissions of the Parties; and

¹⁵ Cash, wired funds, or negotiable instruments that are deposited with the casino by a patron who will draw down on those funds for gambling. Front-money accounts are sometimes described as safekeeping accounts. (Best Practices for Anti-Money Laundering Compliance, American Gaming Association, Glossary, page 33)

¹⁶ Order dated October 26, 2021.

¹⁷ Until November 9, 2021.

¹⁸ Until November 24, 2021.

After the expiration of the period to avail of Discovery, the parties may be required to simultaneously submit their Memorandum, otherwise the case shall be submitted for resolution.

The COMMITTEE further ordered that as part of due process, henceforth all pleadings and submissions of the Parties, as well all orders and issuances of the COMMITTEE, shall be furnished to the 4 Entertainment City Integrated Resorts which hosted the operations of SUNCITY and MR. CHAU at the time the Complainants deposited their Front Money Deposits with SUNCITY.

Under PAGCOR's Casino Regulatory Manual for Entertainment City Licensees (CRM EC) disciplinary action may be taken by PAGCOR against Integrated Resorts (IRs) in relation to their 3rd Party Junket/ Chip Washing operators.¹⁹

Adjudication

Section 2 (9) of Chapter 1, Book VII, EO292 defines adjudication as "an agency process for the formulation of a final order."

In accordance with the above the COMMITTEE established the following process:

The Complainants were required to file their Formal Complaint until November 9, 2021;

SUNCITY and MR. CHAU were required to file their Comments within 15 days from the expiration of the period to file the Formal Complaint or until November 24, 2021;

Within 15 days from the expiration of the period to file SUNCITY's and MR. CHAU's Comments the Parties and the COMMITTEE may avail of Modes of Discovery and cross – examine witnesses, if necessary, to resolve issues raised in the submissions of the Parties; and

After the expiration of the period to avail of Discovery, the parties may be required to simultaneously submit their Memorandum, otherwise the case shall be submitted for resolution.

After the Complainants filed their respective formal complaints, SUNCITY and MR. CHAU filed a last – minute Motion for Extension dated November 24, 2021, requesting an additional 15 days to file their Comments or until December 9, 2021.

¹⁹ "Section 7. Disciplinary actions on a Licensee concerning third-party chipwashing and/or junket operators
 (a) A disciplinary action on a Licensee, in relation to a third-party chipwashing and/or junket operator means the issuance by PAGCOR of a letter of censure to the Licensee;
 (b) A letter of censure may censure the Licensee and may include a direction to the Licensee to rectify within a specified time any matter giving rise to the letter of censure."

The COMMITTEE observed that the motion was not furnished to the GROUP OF 22 represented by MR. Kevin Wong (MR. WONG) and ATTY. AALA and to the 4 Entertainment City Integrated Resorts (HOST CASINOS).

It was further observed that the motion refers only to the Complaint of the GROUP OF 7 represented by ATTY. DANGANAN, but not the Complaint of the GROUP OF 22.

Accordingly, the COMMITTEE issued the following regarding the motion:

"Granting the motion for extension of 15 days or until December 9, 2021 for SUNCITY/ MR. CHAU to file their comments on the complaint of the GROUP OF 7. This is a one - time extension and no other extension to file the comment will be entertained.

Ordering SUNCITY/ MR. CHAU to include in their comments a comprehensive report on their records on the deposits/ monetary claims of the GROUP OF 7 showing the following:

junket account numbers;

dates of account opening;

place of account opening;

remaining funds in the claimants' accounts; and

other information that may help the COMMITTEE to determine the exact amount of the claims of the GROUP OF 7.

The copies of supporting documents of the above report, such as: junket players' registration/ enrollment forms and junket player account cards or if in electronic form the captures/ print outs of the same, should be attached to the comment.

Ordering SUNCITY/ MR. CHAU to furnish a copy of their motion for extension to ATTY. AALA and the HOST CASINOS.

Reminding SUNCITY/ MR. CHAU that the COMMITTEE previously ordered all pleadings and submissions of the Parties, as well all orders and issuances of the COMMITTEE, shall be furnished to the 4 Entertainment City Integrated Resorts. In the future any submission by any party which was not furnished to the other Parties and the HOST CASINOS shall be considered a mere scrap of paper. Proper service/ furnishing of copies to all involved in a proceeding is a very basic rule that it essentially needs no order, much less a reminder.

Reminding SUNCITY/ MR. CHAU that it is their suitability to continue with their junket operations in the Philippines that is at stake in this proceeding. Thus, despite being represented by counsels, they should nevertheless give this proceeding their utmost attention, instead of leaving the same completely

to their counsels. A little more initiative and cooperation from SUNCITY/ MR. CHAU will be appreciated and may expedite the resolution of this matter.”²⁰

Anent the Complaint of the GROUP OF 22, the COMMITTEE considered that SUNCITY and MR. CHAU waived Comment on the same, since neither Comment nor a motion for extension on the said Complaint was filed.

Finally, to save time, the COMMITTEE allowed the Parties to avail of Modes of Discovery. Discovery was allowed until 15 days from the expiration of the extended period granted or until December 24, 2021.

Instead of filing their Comments within their requested period of extension, SUNCITY and MR. CHAU filed instead an Omnibus Motion dated December 7, 2021.

In said Motion SUNCITY and MR. CHAU prays for the dismissal of the Complaints for lack of jurisdiction and to hold in abeyance this proceeding pending resolution of their Motion.

SUNCITY and MR. CHAU anchored their Motion on the cases of PAGCOR vs. Viola and PAGCOR vs. Fontana in which the Supreme Court held that the powers of PAGCOR under Sections 8 and 9 of Presidential Decree Number 1869 (PD1869) did not include the grant of quasi – judicial powers.

SUNCITY and MR. CHAU posits that the claims are for sums of money and therefore beyond PAGCOR’s jurisdiction.

The COMMITTEE found the Motion to be patently without merit and resolved as follows:²¹

- "5. The reliance of SUNCITY/ MR. CHAU on the cases of PAGCOR vs. Viola and PAGCOR vs. Fontana is misplaced.*
- 6. While it may have been held in said cases that PAGCOR’s powers under Sections 8 and 9 of PD1869 did not include the grant of quasi – judicial powers, neither PAGCOR vs. Viola nor PAGCOR vs. Fontana precludes PAGCOR from exercising powers and undertaking proceedings authorized by other laws, in this case under EO292, BOOK VII, Chapters 1 and 3.*
- 7. From the start, the Parties were informed that this proceeding is in accordance with EO292, BOOK VII, Chapters 1 and 3. Notably, the first Order²² issued by the COMMITTEE to the Parties clearly stated:*

²⁰ Resolution dated November 29, 2021.

²¹ Resolution dated December 12, 2021.

²² Dated August 17, 2021.

“General Procedural Framework

The provisions of EO292, BOOK VII, Chapters 1 and 3, (Administrative Procedure and Adjudication), shall serve as the general framework of the formal investigation/ inquiry.”

8. *As to what agencies of Government are covered by EO292, BOOK VII, Chapters 1 and 3; what disputes may be taken - up by such agencies; and what decisions, sanctions, or remedies may be granted, the following provisions are instructive:*

“SECTION 1. Scope.—This Book shall be applicable to all agencies as defined in the next succeeding section, x x x.”

“SECTION 2. Definitions.—As used in this Book:

(1) “Agency” includes any department x x x; government corporations with respect to functions regulating private right, privileges, occupation or business; x x x.

*(5) “Contested case” means **any proceeding**, including licensing, in which the legal rights, duties or privileges asserted by specific parties as required by the Constitution or by law are to be determined after hearing.*

x x x

*(12) “Sanction” includes the whole or part of a prohibition, limitation or other condition affecting the liberty of any person; the withholding of relief; the imposition of penalty or fine; the destruction, taking, seizure or withholding of property; the **assessment of damages, reimbursement, restitution, compensation, cost, charges or fees; the revocation or suspension of license**; or the taking of other compulsory or restrictive action.*

*(13) “Relief” includes the whole or part of any grant of money, assistance, license, authority, privilege, exemption, exception, or remedy; **recognition of any claim, right**, immunity, privilege, exemption or exception; or taking of any action upon the application or petition of any person.” (emphasis ours)*

Accordingly, the Omnibus Motion filed by SUNCITY/ MR. CHAU is DENIED.

*The request to hold in abeyance the proceeding while the Omnibus Motion is pending has been rendered moot by the issuance of this Resolution and at any rate **no party should anticipate that their motions or requests would be granted** as there is no inherent right to a favorable ruling on the same.*

Consequently, all comments from SUNCITY/ MR. CHAU should be filed at their due dates, otherwise the same shall be considered tardy and the COMMITTEE is not obliged to consider the same or if none is filed the same shall be considered waiver to submit the same on the part of SUNCITY/ MR. CHAU."

No other pleadings and submissions were made by the Parties until the expiration of the period allotted for Discovery. Notably SUNCITY and MR. CHAU did not file any Comment on the Complaints.

Thus, on December 27, 2021, the COMMITTEE issued an Order declaring the Adjudication Phase closed and the case is for reporting to the BOARD.

Findings

The mandate of the BOARD to the COMMITTEE is to resolve the question of "whether or not there is Substantial Evidence to support the complaints against SUNCITY and if such should be established, the appropriate sanctions".

After the conduct of proceedings in accordance with the provisions of EO292, BOOK VII, Chapters 1 and 3, the COMMITTEE reports that it found that:

THERE IS SUBSTANTIAL EVIDENCE TO SUPPORT THE COMPLAINTS AGAINST SUNCITY AND MR. CHAU.

The COMMITTEE found that SUNCITY and MR. CHAU entered into business relations with the Complainants, consisting in the former accepting Front Money deposits from the latter, with the undertaking that said deposits shall be available for playing casino games in SUNCITY's and MR. CHAU's Junket rooms or otherwise to return the same upon demand.

The COMMITTEE also found that SUNCITY and MR. CHAU failed to return the Complainants Front Money deposits, upon the latter's demands or otherwise within a reasonable time after such demands. In fact, to date, the Front Money deposits remain unreturned.

Discussions

Section 12, Chapter 3, Book VII, EO292 provides for the rules of evidence in a contested case as follows:

"(1) The agency may admit and give probative value to evidence commonly accepted by reasonably prudent men in the conduct of their affairs.

(2) Documentary evidence may be received in the form of copies or excerpts, if the original is not readily available. Upon request, the parties shall be given

opportunity to compare the copy with the original. If the original is in the official custody of a public officer, a certified copy thereof may be accepted.

(3) Every party shall have the right to cross-examine witnesses presented against him and to submit rebuttal evidence.

(4) The agency may take notice of judicially cognizable facts and of generally cognizable technical or scientific facts within its specialized knowledge. The parties shall be notified and afforded an opportunity to contest the facts so noticed."

Further considering the administrative nature of the procedure under Book VII, the principle applicable are those in administrative law such as "the essence of due process is simply to be heard, or as applied to administrative proceedings, an opportunity to explain one's side"²³

Finally, administrative proceedings are governed by the "substantial evidence rule." Findings in an administrative case would have to be sustained for as long as it is supported by substantial evidence that the respondent has committed the acts stated in the complaint. As defined, substantial evidence is such relevant evidence as a reasonable mind may accept as adequate to support a conclusion.²⁴

The Complaints are straightforward, it is related that SUNCITY and the Complainants individually entered in business arrangements in which SUNCITY received Front Money deposits from the Complainants.

The obligation of SUNCITY was to make such funds available to the Complainants upon their need to use for playing or withdraw the same at any Junket property operated by SUNCITY, MR. CHAU, or any affiliate of the Suncity Group. This is not denied by SUNCITY and MR. CHAU.

The only exceptions they raised were that:

Some of the Complainants made their Front Money deposits in other jurisdictions, such as in Macau and therefore should not be subject of a complaint in the Philippines;

Some of the Complainants allegedly already accepted amicable settlement from SUNCITY and MR. CHAU; and

Adjustments on the amounts claimed by some of the Complainants.

The COMMITTEE did not consider the exceptions of SUNCITY and MR. CHAU for the following reasons:

²³ Ray Peter O. Vivo vs. Philippine Amusement and Gaming Corporation (PAGCOR), En Banc, G.R. No. 187854, November 12, 2013.

²⁴ See Philippine Amusement and Gaming Corporation (PAGCOR) vs. Ariel R. Marquez, En Banc, G.R. No. 191877, June 18, 2013.

SUNCITY's and MR. CHAU's issue on jurisdiction over the placement of the deposits is contrary to the business of Junket operators, they also failed to prove that the Front Money deposits were made in other jurisdictions.

First, it is of minor consequence where the Complainants made their Front Money deposits. It is the business model of international Junket operators/ promoters such as SUNCITY and MR. CHAU to bring players to their affiliated Junket rooms/ operations in various casinos and jurisdictions, that is the essence of the business of a Junket operator/ promoter.

Thus, it is not unusual for a player with accounts and Front Money deposited with Suncity in Macau to play in Suncity affiliated Junket rooms/ operations in Australia, Philippines, and other countries and use funds drawn against their deposits in Macau.

Second, they were given several opportunities to submit their report on the claims of the Complainants, including information on where the Front Money deposits were made, but only did so once, during the first face – to – face mediation meeting.

Notably, the report did not indicate where the Front Money deposits were made.

Also the COMMITTEE could not give probative value to the report considering it is incomplete and SUNCITY's and MR. CHAU's own counsel, ATTY. DEL ROSARIO created doubt on the accuracy of the same.

The COMMITTEE noted that during the first face – to – face mediation, ATTY. DEL ROSARIO was referring to a different/ updated report rather than the one submitted.²⁵

The COMMITTEE instructed ATTY. DEL ROSARIO to submit the updated report at the second face – to – face mediation, but he failed to do so.

Another opportunity was given to SUNCITY and MR. CHAU to submit a report as part of their Comments during the Adjudication phase of the proceedings, but again they failed, they did not even file their Comments.

The COMMITTEE finds it incredible that SUNCITY and MR. CHAU could not submit a complete and accurate report to even refute the amounts claimed by the Complainants.

Noteworthy is that the Complainants referred to a "Suncity App" which they used to access their accounts with SUNCITY.²⁶

The use of such application/ program shows that the player data and Front Money records of SUNCITY and MR. CHAU are in electronic form and

²⁵ Recording during the first face – to – face mediation.

²⁶ Complaint of the GROUP OF 7 dated November 8, 2021.

accessible anywhere through the Internet, which could facilitate the preparation of the report in a matter of days, if not hours.

SUNCITY and MR. CHAU failed to prove that some of the Complainants already executed an amicable settlement.

During the first face – to – face mediation, when ATTY. DEL ROSARIO related that some of the Complainants accepted amicable settlement, the COMMITTEE instructed said counsel to submit copies of the alleged settlements on the next mediation, but he failed to do so.

During the Adjudication phase, SUNCITY and MR. CHAU was specifically instructed by the COMMITTEE to submit a complete report on the claims together with their Comments,²⁷ but they failed to submit not only the report but their Comments as well.

Finally, the COMMITTEE could not consider the adjustments reflected in the report submitted by SUNCITY and MR. CHAU for the same reasons discussed above regarding accuracy and completeness of the said report.

Sanctions

Section 2 (12), Chapter 1, Book VII, EO292 provides that sanction “includes the whole or part of a prohibition, limitation or other condition affecting the liberty of any person; the withholding of relief; the imposition of penalty or fine; the destruction, taking, seizure or withholding of property; the assessment of damages, reimbursement, restitution, compensation, cost, charges or fees; the revocation or suspension of license; or the taking of other compulsory or restrictive action.”

Section 1 of PD1869 provided for the State policy and purpose for PAGCOR’s creation, among which is:

“(3) minimize, if not totally eradicate, the evils, malpractices and corruptions that are normally prevalent in the conduct and operation of gambling clubs and casinos without direct government involvement.”

Restitution of the Complainants’ Front Money deposits:

Considering the findings above, the COMMITTEE recommends restitution of the Complainants’ Front Money deposits as follows:

SUNCITY AND MR. CHAU BE ORDERED TO RELEASE TO THE COMPLAINANTS THE LATTER’S FRONT MONEY DEPOSITS WITHIN A

²⁷ Resolution dated November 29, 2021.

PERIOD OF ONE MONTH FROM RECEIPT OF THE DECISION OR ORDER FROM PAGCOR.

During the Mediation phase, the Parties failed to reach an amicable settlement due to the difference in the re-payment period. The Complainants wanted their Front Money deposits to be returned within 3 months from execution of the amicable settlement, while SUNCITY and MR. CHAU wanted varying periods depending on the amount of the Front Money deposits, they proposed periods from several months to one year.

The COMMITTEE finds the period of 1 month reasonable for the return of the Front Money deposits of the Complainants.

The COMMITTEE notes that the dispute started in early 2021, even earlier. Some of the Complainants opened their accounts and deposited their Front Money as early as before the COVID Pandemic, thus some funds are in the possession of SUNCITY and MR. CHAU for as long as 2 years already.

When this matter was brought to the attention of PAGCOR around July of 2021, apparently SUNCITY was already offering to settle their obligations within a period of several months to a year. It has been several months since then and SUNCITY and MR. CHAU could have made the settlement within that period or at the very least set aside the funds necessary.

The COMMITTEE accepts the position of the Complainants that their Front Money deposits should be intact and could be made available any time to them or at least a reasonable period upon demand.

*In the gaming industry Front Money refers to “cash, wired funds, or negotiable instruments that are deposited with the casino by a patron who will draw down on those funds for gambling Front-money accounts are sometimes described as **safekeeping** accounts.”²⁸ (emphasis ours)*

Being for safekeeping, Front Money deposits are not income of the casinos or Junket operators and therefore cannot be used for any other purpose, except for the play, expenses, or withdrawals of the players who placed the deposits.

Accordingly, the Front Money deposits should not be affected by the COVID Pandemic and therefore intact.

SUNCITY and MR. CHAU may have initially intended to stand by their obligations to the Complainants and the funds may have been initially intact and reserved for the agreed use or otherwise for the return the same.

However, despite assurances of SUNCITY and MR. CHAU that such is still the case, their failure to make reasonable arrangements for the release of the same or at the very least to provide concrete details on the status and whereabouts of the funds indicate otherwise – that they had misappropriated or converted said funds.

²⁸ Best Practices for Anti-Money Laundering Compliance, American Gaming Association, Glossary, page 33.

The COMMITTEE believes that this constitutes the legal situation of unfaithfulness or abuse of confidence.

In the law on malversation the failure of a person to have duly forthcoming funds or property with which he is chargeable, upon demand, shall be prima facie evidence that he has put such missing funds or property to personal use.

Although the present case is not a criminal case, the COMMITTEE is not precluded from accepting such reasonable conclusion from the circumstances, considering that the COMMITTEE is allowed to “admit and give probative value to evidence commonly accepted by reasonably prudent men in the conduct of their affairs”

Further, unfaithfulness or abuse of confidence is an element of a form of Swindling under Article 315 of the Revised Penal Code, while Swindling is a Predicate Crime or Unlawful Activity to Money Laundering.

However, the resolution of such aspect of the dispute is vested in other agencies of the Government which can give the Complainants additional remedies under the law.

Finally, the COMMITTEE makes no recommendations on cost, damages, or interests. The COMMITTEE notes that interest on the Front Money deposits is not among the conditions or obligations agreed upon by the Parties, while no costs or damages were proven by the Complainants.

Declaration that SUNCITY and MR. CHAU to be unsuitable to operate Junket business:

Section 1 of PD1869 provided for the State policy and purpose for PAGCOR's creation, among which is:

“(3) minimize, if not totally eradicate, the evils, malpractices and corruptions that are normally prevalent in the conduct and operation of gambling clubs and casinos without direct government involvement.”

The above legal provision translates in the gaming industry as the requirement of suitability of those who apply for or granted authority or license to engage in any aspect of the gaming business.

Suitability is the process where the gaming regulator evaluates the following:

Character, honesty, integrity and business reputation of an applicant or license holder and their associates;

The applicant's or license holder's financial position and financial background to ensure financial viability of its operations/ activities;

Whether there is a satisfactory ownership structure; and

Their business ability, knowledge or experience to successfully conduct their licensed operations/ activities or applied for.

In the gaming industry, suitability is a continuing requirement. A holder of an authority or license to engage in any aspect of the gaming business, must be suitable not only during the licensing process but also through the period of the authority or license, otherwise PAGCOR is required to take action to implement the policy of PD1869.

The words “minimize”, “eradicate”, “evil”, “malpractice”, and “corruption” have the following ordinary meanings:

<i>Minimize</i>	<i>to reduce or keep to a minimum²⁹</i>
<i>Eradicate</i>	<i>to do away with as completely as if by pulling up by the roots³⁰</i>
<i>Evil</i>	<i>morally reprehensible, arising from actual or imputed bad character or conduct, causing harm³¹</i>
<i>Malpractice</i>	<i>a dereliction of professional duty or a failure to exercise an ordinary degree of professional skill or learning by one (such as a physician) rendering professional services which results in injury, loss, or damage, an injurious, negligent, or improper practice³²</i>
<i>Corruption</i>	<i>dishonest or illegal behavior, a departure from the original or from what is pure or correct³³</i>

In light of the above standards, the COMMITTEE recommends as revocation of license and other compulsory or restrictive action, the following:

SUNCITY AND MR. CHAU BE DECLARED UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

SUNCITY and MR. CHAU are clearly not suitable to hold authority or license to operate a Junket business in the Philippines.

Their multiple (29 instances) of breach of their obligations to the Complainants, amounting to more than Pesos 2.9 Billion, constitute the evils, malpractices, and corruptions which PAGCOR is required to eradicate under the State policy established under PD1869.

²⁹ <https://www.merriam-webster.com/dictionary/minimize>

³⁰ <https://www.merriam-webster.com/dictionary/eradicate>

³¹ <https://www.merriam-webster.com/dictionary/evil>

³² <https://www.merriam-webster.com/dictionary/malpractice>

³³ <https://www.merriam-webster.com/dictionary/corruption>

Their breach of their obligations to return the Complainants' Front Money deposits, due to what could only be construed as their misappropriation or conversion of such funds, is undeniably bad conduct, dereliction of their duty, and dishonest behavior.

Such conduct affects adversely their suitability, particularly:

Their character, honesty, integrity and business reputation; and

Their financial position and financial background to ensure financial viability of its operations/ activities.

It is however, established in the gaming industry that an applicant or licensee may regain suitability by rectifying the circumstances which gave rise to their being declared unsuitable.

Thus, the COMMITTEE recommends that suitability may be regained in the following manner:

SUNCITY AND MR. CHAU MAY HOWEVER REGAIN THEIR SUITABILITY TO HOLD SUCH AUTHORITY/ LICENSE UPON COMPLIANCE WITH THE RETURN OF THE FRONT MONEY DEPOSITS, TOGETHER WITH THE UNDERTAKING THAT THEY SHALL ESTABLISH THE FOLLOWING PROCEDURES:

1. *All player Front Money deposits received in the Philippines shall be deposited in a bank account exclusively for such purpose and shall not be mingled with the capital or operational funds.*
2. *No amount from such account shall be used except for withdrawals, use, or benefit of the players who deposited the same.*
3. *SUNCITY and MR. CHAU shall submit to the PAGCOR Monitoring Team (PMT) assigned at the host casino a quarterly report under oath on the current amount of Front Money deposits and the balance of the bank account where the same are deposited.*

FAILURE OF SUNCITY AND MR. CHAU TO COMPLY WITH THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, WILL RENDER THEM PERMANENTLY UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

ON THE OTHER HAND, UPON SATISFACTION OF THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, SUNCITY AND MR. CHAU MAY AGAIN BE DECLARED BY THE BOARD AS SUITABLE TO HOLD AUTHORITY/ LICENSE TO OPERATE JUNKET BUSINESS IN THE PHILIPPINES. PROVIDED THERE ARE NO OTHER

REASONS FOR THEIR DISQUALIFICATION. PROVIDED FURTHER. THAT THEY MEET THE OTHER REQUIREMENTS OF PAGCOR.

Other Proceedings

Both Section 9, PD1869 (in relation to the Corporation Code, the Revised Corporation Code, and PD902-A) and Section 13, Chapter 3, Book VII, EO292 authorize the issuance of Subpoena to require the attendance of witnesses or the production of books, papers, documents and other pertinent data.

During the course of the proceedings, the COMMITTEE issued Subpoena Duces Tecum Ad Testificandum to the four Entertainment City Integrated Resorts (ECIR) requiring the responsible officer to submit:

- “1. Certified True Copy of the latest Junket agreement(s)/ contract(s) between your Company and Suncity Group Manila, Inc. and /or Suncity Philippines, Inc.;
2. Certified True Copy of any other document(s) that is related to the above agreement(s)/ contract(s) which will clarify, explain, or provide additional information on any provision of the latter;”

Melco Resorts Leisure (PHP) Corporation, the operator of City of Dreams Manila and Tiger Resort, Leisure and Entertainment, Inc, operator of Okada Manila, responded to the Subpoena by submitting their respective Junket agreements with MR. CHAU.

Travellers International Hotel Group. Inc. (TRAVELLERS), operator of Resorts World Manila (RWM) submitted a letter from MR. AMIDA, Sr. Director for Gaming Operations, stating:

“We hereby confirm that based on authentic records in our possession that there is no existing junket agreement/ contract between the Company and Suncity Group Manila, Inc. and/ or Suncity Philippines, Inc.”

Lastly, ATTY. PAILAN, Director of Regulatory Affairs of Bloomberry Resorts and Hotels, Inc. (BLOOMBERRY), the operator of Solaire Resorts and Casino (SOLAIRE), did not respond at all.

Contempt proceeding against MR. AMIDA of TRAVELLERS:

Prior to issuing the Subpoena to the four ECIRs the COMMITTEE requested the Gaming Licensing and Development Department (GLDD) for copies of Junket

Operators Notification Form (Form 34)³⁴ submitted by the ECIRs notifying of the Junket operations of SUNCITY from 2018 to current.

The COMMITTEE also requested from GLDD copies of the monthly Junket reports of the ECIRs³⁵ which lists SUNCITY among their Junket operators, from 2018 to current.

The records of GLDD show that TRAVELLERS reported SUNCITY as a Junket operator on August 2019.

Thereafter, TRAVELLERS included SUNCITY in their monthly reports of "Active List of Third – party Chipwashing and Junket Operators" until November 2020.³⁶

More importantly, based TRAVELLERS' submissions, Mr. Hakan Dagtas, EVP - Chief Marketing and Gaming Officer (MR. HAKAN) certified under oath that:

"4. That Travellers has on file a copy of the following x x x

(b) Junket Agreement between Travellers International Hotels Group, Inc. and CHAU, CHEOK WA/ SUNCITY GROUP;" (attachment to Annex A)

Accordingly, on September 23, 2021, the COMMITTEE issued an Order to Show – Cause to MR. AMIDA, directing him to submit an Explanation Under Oath why he should not be adjudged guilty of Contempt for unjustifiably refusing/ failing to comply with or otherwise failing to give appropriate attention to the Subpoena of the COMMITTEE.

He was also informed that should he be adjudged guilty of Contempt the penalty as provided by the Rules of Court may be imposed, without prejudice to any administrative penalties as a licensed gaming employee.

MR. AMIDA submitted a letter explaining the confusion which occurred in the compliance with the Subpoena which arose from the fact that their contract for SUNCITY's Junket operations was directly with MR. CHAU. The contract in question was submitted together with the letter – explanation.

Contempt proceeding against ATTY. PAILAN of SOLAIRE:

Prior to issuing the Subpoena to the four ECIRs the COMMITTEE requested the Gaming Licensing and Development Department (GLDD) for copies of Junket

³⁴ Required to be submitted under the CRM for Entertainment City Licensees, under Regulation 20, Section 1 (b) of the CRM for Entertainment City Licensees.

³⁵ Required to be submitted under the CRM for Entertainment City Licensees, under Regulation 20, Section 1 (c) of the CRM for Entertainment City Licensees

³⁶ As required under Regulation 20 of the Casino Regulatory Manual (CRM) of Entertainment City Licensees.

Operators Notification Form (Form 34)³⁷ submitted by the ECIRs notifying of the Junket operations of SUNCITY from 2018 to current.

The COMMITTEE also requested from GLDD copies of the monthly Junket reports of the ECIRs³⁸ which lists SUNCITY among their Junket operators, from 2018 to current.

The records of GLDD show that SOLAIRE reported SUNCITY as a Junket operator on February 2019 and August 2020.

Thereafter, SOLAIRE included SUNCITY in their monthly report of third – party chipwashing and/ or junket operators to GLDD until August 2021. More importantly, based on SOLAIRE's submissions, Mr. Lawrence Upton, EVP of International Marketing (MR. UPTON) certified under oath that:

“4. That Lawrence Upton has on file a copy of the following x x x

(b) Junket Agreement between Lawrence Upton and **SUNCITY MANILA;**” (emphasis ours)

Accordingly, on October 28, 2021, the COMMITTEE issued an Order to Show – Cause to ATTY, PAILAN, directing him to submit an Explanation Under Oath why he should not be adjudged guilty of Contempt for unjustifiably refusing/ failing to comply with or otherwise failing to give appropriate attention to the Subpoena of the COMMITTEE.

ATTY. PAILAN was informed that SOLAIRE is yet to submit the subpoenaed documents or otherwise reply to the Subpoena, despite lapse of more than 2 months and repeated verbal reminders.

He was also informed that should he be adjudged guilty of Contempt the penalty as provided by the Rules of Court may be imposed, without prejudice to any administrative penalties as a licensed gaming employee.

ATTY. PAILAN submitted a letter apologizing for the delay, explaining that the Subpoena was referred to another officer and that after follow up, the said officer produced the subpoenaed documents, which was submitted with the letter explanation.

Recommendation to withdraw the Contempt proceedings against MR. AMIDA and ATTY. PAILAN of and instead to issue a warning

³⁷ Required to be submitted under the CRM for Entertainment City Licensees, under Regulation 20, Section 1 (b) of the CRM for Entertainment City Licensees.

³⁸ Required to be submitted under the CRM for Entertainment City Licensees, under Regulation 20, Section 1 (c) of the CRM for Entertainment City Licensees

to the four ECIRs to observe accurate reporting to PAGCOR:

Considering the explanations submitted by MR. AMIDA and ATTY. PAILAN the COMMITTEE recommends withdrawal of the Contempt proceedings against them and in lieu of which the COMMITTEE recommends a warning to all ECIRs to ensure the accuracy of their reports to PAGCOR.

Unless the inaccuracy of their pervious submissions regarding SUNCITY and MR. CHAU constitutes other offenses/ violations under the CRM and other PAGCOR issuances.

The COMMITTEE notes that all the junket agreements submitted by the ECIRs were with MR. CHAU alone, not with SUNCITY.

However, the reports of the ECIRs to GLDD indicate that their junket agreements were with SUNCITY or SUNCITY/ MR. CHAU.

In almost all junket agreements there is no mention of SUNCITY (or at the very least MR. CHAU was acting on behalf of SUNCITY), the lone exception being the agreement with SOLAIRE where "SUNCITY MANILA" was mentioned in one of the Whereas clauses.

The foregoing notwithstanding, the ECIRs allowed MR. CHAU to represent his junket operations as that of SUNCITY.

If approved, this matter will be referred to GLDD for issuance of the warning or for other appropriate action if the above circumstances constitute other violations.

It is also recommended that GLDD conduct random audits of the submissions of licensed casinos to ensure accuracy and completeness of the same.

Conclusions/ Recommendations

IN CONSIDERATION OF ALL THE FOREGOING, the COMMITTEE respectfully submits the following conclusions and recommendations:

THERE IS SUBSTANTIAL EVIDENCE TO SUPPORT THE COMPLAINTS AGAINST SUNCITY AND MR. CHAU.

SUNCITY AND MR. CHAU BE ORDERED TO RELEASE TO THE COMPLAINANTS THE LATTER'S FRONT MONEY DEPOSITS WITHIN A PERIOD OF ONE MONTH FROM RECIEPT OF THE DECISION OR ORDER FROM PAGCOR.

SUNCITY AND MR. CHAU BE DECLARED UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

SUNCITY AND MR. CHAU MAY HOWEVER REGAIN THEIR SUITABILITY TO HOLD SUCH AUTHORITY/ LICENSE UPON COMPLIANCE WITH THE RETURN OF THE FRONT MONEY DEPOSITS, TOGETHER WITH THE UNDERTAKING THAT THEY SHALL ESTABLISH THE FOLLOWING PROCEDURES:

1. *All player Front Money deposits received in the Philippines shall be deposited in a bank account exclusively for such purpose and shall not be mingled with the capital or operational funds.*
2. *No amount from such account shall be used except for withdrawals, use, or benefit of the players who deposited the same.*
3. *SUNCITY and MR. CHAU shall submit to the PAGCOR Monitoring Team (PMT) assigned at the host casino a quarterly report under oath on the current amount of Front Money deposits and the balance of the bank account where the same are deposited.*

FAILURE OF SUNCITY AND MR. CHAU TO COMPLY WITH THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, WILL RENDER THEM PERMANENTLY UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

ON THE OTHER HAND, UPON SATISFACTION OF THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, SUNCITY AND MR. CHAU MAY AGAIN BE DECLARED BY THE BOARD AS SUITABLE TO HOLD AUTHORITY/ LICENSE TO OPERATE JUNKET BUSINESS IN THE PHILIPPINES. PROVIDED THERE ARE NO OTHER REASONS FOR THEIR DISQUALIFICATION. PROVIDED FURTHER. THAT THEY MEET THE OTHER REQUIREMENTS OF PAGCOR.

The COMMITTEE also respectfully recommends the following on other issues which arose in the course of the proceedings:

Withdrawal of the Contempt proceedings against Mr. Sandy Amida (MR. AMIDA)³⁹ and Atty. Ellan Mark Pailan (ATTY. PAILAN),⁴⁰ and in lieu of which the COMMITTEE recommends a warning to all Entertainment City Integrated Resorts (ECIRs) to ensure the accuracy of their reports to PAGCOR.

Unless the inaccuracy of their previous submissions regarding SUNCITY and MR. CHAU constitutes other offenses/ violations under the Casino Regulatory Manual (CRM) and other PAGCOR issuances.

³⁹ Sr. Director for Gaming Operations of Travellers International Hotel Group. Inc. (TRAVELLERS), operator of Resorts World Manila (RWM).

⁴⁰ Director of Regulatory Affairs of Bloomberry Resorts and Hotels, Inc. (BLOOMBERRY), the operator of Solaire Resorts and Casino (SOLAIRE).

If approved, this matter will be referred to GLDD for issuance of the warning or for other appropriate action if the above circumstances constitute other violations.

It is also recommended that GLDD conduct random audits of the submissions of licensed casinos to ensure accuracy and completeness of the same.

RESPECTFULLY SUBMITTED. February 10, 2022.”

IN CONSIDERATION of the approval by the PAGCOR Board of Directors of the above Report and Recommendations, the final disposition of the present case are as follows:

THERE IS SUBSTANTIAL EVIDENCE TO SUPPORT THE COMPLAINTS AGAINST SUNCITY AND MR. CHAU.

SUNCITY AND MR. CHAU ARE ORDERED TO RELEASE TO THE COMPLAINANTS THE LATTER'S FRONT MONEY DEPOSITS WITHIN A PERIOD OF ONE MONTH FROM RECEIPT OF THE THIS FINAL ORDER/ DECISION.

SUNCITY AND MR. CHAU ARE DECLARED UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

SUNCITY AND MR. CHAU MAY HOWEVER REGAIN THEIR SUITABILITY TO HOLD SUCH AUTHORITY/ LICENSE UPON COMPLIANCE WITH THE RETURN OF THE FRONT MONEY DEPOSITS, TOGETHER WITH THE UNDERTAKING THAT THEY SHALL ESTABLISH THE FOLLOWING PROCEDURES:

1. All player Front Money deposits received in the Philippines shall be deposited in a bank account exclusively for such purpose and shall not be mingled with the capital or operational funds.
2. No amount from such account shall be used except for withdrawals, use, or benefit of the players who deposited the same.
3. SUNCITY and MR. CHAU shall submit to the PAGCOR Monitoring Team (PMT) assigned at the host casino a quarterly report under oath on the current amount of Front

Money deposits and the balance of the bank account where the same are deposited.

FAILURE OF SUNCITY AND MR. CHAU TO COMPLY WITH THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, WILL RENDER THEM PERMANENTLY UNSUITABLE TO HOLD ANY AUTHORITY/ LICENSE TO OPERATE A JUNKET BUSINESS IN THE PHILIPPINES.

ON THE OTHER HAND, UPON SATISFACTION OF THE ABOVE CONDITIONS, PAGCOR'S REQUIREMENTS FOR ENTRY, AND THE ANTI – MONEY LAUNDERING COUNCIL'S (AMLC) REQUIREMENTS, SUNCITY AND MR. CHAU MAY AGAIN BE DECLARED BY THE BOARD AS SUITABLE TO HOLD AUTHORITY/ LICENSE TO OPERATE JUNKET BUSINESS IN THE PHILIPPINES. PROVIDED THERE ARE NO OTHER REASONS FOR THEIR DISQUALIFICATION. PROVIDED FURTHER. THAT THEY MEET THE OTHER REQUIREMENTS OF PAGCOR.

Further are the following dispositions on other issues which arose in the course of the proceedings:

Withdrawal of the Contempt proceedings against Mr. Sandy Amida and Atty. Ellan Mark Pailan and in lieu of which a warning to all Entertainment City Integrated Resorts (ECIRs) to ensure the accuracy of their reports to PAGCOR.

Unless the inaccuracy of their previous submissions regarding SUNCITY and MR. CHAU constitutes other offenses/ violations under the Casino Regulatory Manual (CRM) and other PAGCOR issuances.

This matter will be referred to GLDD for issuance of the warning or for other appropriate action if the above circumstances constitute other violations.

GLDD will conduct random audits of the submissions of licensed casinos to ensure accuracy and completeness of the same.

SO ORDERED.

City of Manila. February 21, 2022.



ATTY. ARNOLD FERDINAND C. SALVOSA
Committee Chairman



ATTY. LEAH MARIE M. SERNAL
Member



AVP ROBERT C. LUCQUIAO
Member