

Republic of the Philippines  
Province of Cagayan  
TUGUEGARAO CITY

**NINTH CITY COUNCIL**

**COMMITTEE REPORT NO. 142-2024**

April 19, 2024

Submitted by:

**COMMITTEE OF THE WHOLE**

<b>HON. BEINVENIDO C. DE GUZMAN II</b>	-	Chairman, Presiding Officer
<b>HON. JUDE T. BAYONA</b>	-	Vice Chairman
<b>HON. MARK ANGELO B. DAYAG</b>	-	Member
<b>HON. MARIA ROSARIO B. SORIANO</b>	-	Member
<b>HON. RONALDO S. ORTIZ</b>	-	Member
<b>HON. IMOGEN CLAIRE M. CALLANGAN</b>	-	Member
<b>HON. KARINA S. GAUANI-VIERNES</b>	-	Member
<b>HON. ARNEL T. ARUGAY</b>	-	Member
<b>HON. GRACE B. ARAGO</b>	-	Member
<b>HON. TIRSO V. MANGADA</b>	-	Member
<b>HON. MARC ALDOUS C. BACCAY</b>	-	Member
<b>HON. RESTITUTO C. RAMIREZ</b>	-	Ex-Officio Member
<b>HON. CERENE PEARL T. QUILANG</b>	-	Ex-Officio Member

ABSENT:

<b>HON. MARY MARJORIE P. MARTIN-CHAN</b>	-	Member
<b>HON. GILBERT S. LABANG</b>	-	Member

**GUESTS/RESOURCE PERSONS:**

<b>MR. BUENAVENTURA F. LAGUNDI</b>	-	City Treasurer
<b>MR. RYAN BALUBAL</b>	-	BPLO Representative
<b>MR. JOAN R. AUDITOR</b>	-	PCSO Representative
<b>MR. HEHERSON PAMBID</b>	-	PCSO Manager

**SUBJECT: CLARIFICATION ON THE ALLEGED GROSS SALES MADE BY HIT IT BIG GAMING CORPORATION TO PCSO AND OTHER CONCERNS THAT MAY BE RAISED BY THE MEMBERS OF THE SANGGUNIAN.**

**FOR THE PRESIDING OFFICER:**

The Committee of the Whole met and deliberated on the request for clarification by members of the Sanggunian on the gross sales and receipts of Hit It Big Gaming Corporation to the Philippine Charity Sweepstakes Office (PCSO).

**FINDINGS:**

The Sangguniang Panlungsod through the Vice-Mayor Bienvenido C. De Guzman II, in various occasions the last was on April 19, 2024, invited Mr. HEHERSON B. PAMBID, Branch Manager of PCSO Cagayan Branch and Mr. King Finlian D. Borja, General Manager of Hit It Big Corporation to shed light on the operation of SmallTown Lottery in Tuguegarao City, Cagayan particularly on the reported gross sales generated from it.

deferred - 81<sup>th</sup> RS - 4/30/2024

Mr. Pambid furnished the Sanggunian monthly sales data to confirm the amount provided by the City Treasurer's Office including the reason why no STL shares have been remitted to the City for the year 2023. He also informed the body that the STL operation is guided by the 2020 Small Town Lottery Revised Implementing Rules and Regulations (STL RIRR) and that its regulation is exclusive to the PCSO Board of Directors as provided in Republic Act 1169.

Further, the STL AAC books of accounts can be made available only for inspection by the PCSO and/or Commission on Audit, at any day, during STL operating hours under Article IV Section 18-1 of the RIRR.

In the Letter reply of Mr. Heherson B. Pambid, Branch Manager - PCSO Cagayan Branch, he informed the august body their inquiry was endorsement to the PCSO Legal Department for proper guidance.

In the Letter also of Mr. King Finlian Borja, he informed the Sanggunian that Hit It Big Corporation is the PCSO's Authorized Agent Corporation (AAC) in the Province of Cagayan, he stated that as provided under Article IV Section 18-i of the Revised Implementing Rules and Regulations (STL RIRR), only the PCSO and/or the Commission on Audit can inspect all books of accounts. Mr. Borja likewise informed the Sanggunian that under Article IV Section 18-i of the RIR "that all books of accounts shall be readily available for inspection by the PCSO and/or the Commission on Audit at any day, during authorized STL operating hours".

Furthermore, Hon Ortiz mentioned, among others, that he commends the PCSO for stopping the operation of Pick 1 a few months ago since this was not included in Hit It Big Gaming Corporation's franchise he opined that this was violation on their part.

After thorough discussions, the members came out with the following courses of actions:

1. To refer it to a higher body that has contempt power in order to compel the concerned personalities appear before them for legislative inquiries, as suggested upon by some members.
2. Since there are allegations of irregularities in their declaration of actual sales, there is a need to establish valid grounds before coming up with a resolution.
3. That prior their investigation, there is only station was declared with corresponding business permit and later the operator declared 5 stations when the city council initiated the investigation to verify the correctness of the computation of city government's share from STL operation,

Mr. Pambid explained how they derive city government's share from STL operations. He stated that their basis of monitoring is the sales report by Hit It Big Gaming Corporation, that their safety net is the Guaranteed Monthly Retail Receipt (GMRR) of not lower than 55 Million Pesos, that Hit It Big Gaming Corporation is GMRR compliant,. He further explained that they intend to procure electric device that can effectively monitor STL sales to resolve the issue of actual sales from STL operations and to remove the doubts on the accuracy of records.

After making comparison of sales and shares of the city government between the former franchisee, Charity Games of Chance Corporation and Hit It Big Gaming Corporation, and considering that there is refusal from the manager to appear for legislative inquiry, the Body finally arrived at a consensus to come up with a resolution earnestly requesting the PCSO Head Office to allow personnel from LGU Tuguegarao City to monitor daily STL gross sales in the city for the determination of LGU's share from said operation. Hon. Ortiz committed to draft said resolution.


**RECOMMENDATION:**

After thorough discussions, the Committee of the Whole recommends for the passage of Resolution earnestly requesting the PCSO Head Office to allow personnel from LGU Tuguegarao City to monitor daily STL gross sales in the city for the determination of LGU's share from said operation.

SO RECOMMENDED.


Respectfully submitted:


  
**HON. BIENVENIDO C. DE GUZMAN II**  
Chairman-Presiding Officer

  
**HON. JUDE T. BAYONA**  
Vice Chairman,


**HON. TIRSO V. MANGADA**  
Member

**HON. MARC ALDOUS C. BACCAY**  
Member

  
**HON. RONALDO S. ORTIZ** OS  
Member

  
**HON. MARIA ROSARIO B. SORIANO**  
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**HON. CERENE PEARL T. QUILANG**  
Member

**HON. RESTITUTO C. RAMIREZ**  
Member

**DRAFT RESOLUTION EARNESTLY REQUESTING THE PCSO CENTRAL OFFICE TO ALLOW CITY OFFICIALS AND MEMBERS OF THE SANGGUNIANG PANLUNGSOD OF TUGUEGARAO CITY TO OBSERVE AND MONITOR THE DAILY GROSS SALES OF SMALL TOWN LOTTERY OPERATING TO DETERMINE THE CITY'S SHARE THEIR OPERATIONS IN TUGUEGARAO CITY, CAGAYAN.**

**WHEREAS**, Section 16 of Republic Act (R.A.) No. 7160, otherwise known as the Local Government Code of 1991, provides that "Every local government unit shall exercise the powers expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance and those which are essential to the promotion of the general welfare";

**WHEREAS**, Republic Act No. 1169 amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157 establish the Charter of the Philippine Charity Sweepstakes Office (PCSO) which shall be the principal government agency for raising and providing funds for health programs, medical assistance and services, and charities of national character and as such shall have the general powers conferred in Section 13 of Republic Act No. 1449;

**WHEREAS**, the Philippine Charity Sweepstakes Office (PCSO), a government-owned and controlled corporation of the Philippines under the direct supervision of the Office of the President of the Philippines, is mandated to supervise and regulate the conduct of Small Town Lottery (STL) operations in the Philippines;

**WHEREAS**, under the 2020 STL Revised Implementing Rules and Regulations, Small Town Lottery shares are granted to cities/ municipalities and provinces as part of the Charity Funds of STL Operations in their respective territorial jurisdictions;

**WHEREAS**, Hit it Big Gaming Corporation is the Authorized Agent Corporation(AAC) of PCSO for the operation of Small Town Lottery in the Province of Cagayan and in Tuguegarao City;

**WHEREAS**, the Tuguegarao City Government through the 9<sup>th</sup> City Council has consistently extended invitations to the Branch Manager of Hit It Big Gaming Corporation, urging him to provide details on the reported gross sales to PCSO as source of information on the allocation of the its share from the Corporation's gross profits generated through gaming activities;

**WHEREAS**, despite numerous efforts by the City Council to secure substantial information from Hit it Big Gaming Corporation regarding the aforementioned invitation, the Corporation has regrettably failed to substantially address the concerns raised by the Members of the Sangguniang Panlungsod Ninth City Council during its Committee of the Whole meetings and regular sessions;

**WHEREAS**, Mr. Heherson Pambid, PCSO Cagayan Branch Office Area Manager informed the body that there are about Five Hundred (500) Sales Agents (cabo/collectors) in Tuguegarao City. Assuming that in the three (3) daily draws, the said sales agents are able to collect the amount of One Thousand Fiver Hundred Pesos (Php 1,500.00), the gross monthly remittance of the sales agents shall be more or less Twenty Two Million Five Hundred Thousand Pesos (Php 22,500,000.00) per month which means that the one point seventy six percent (1.76%) share of the city is approximated to be Three Hundred Ninety Six Thousand Pesos (Php 396,000.00)

**WHEREAS**, upon examination of available information, Hit It Big Gaming Corporation has been remitting only Ninety Five Thousand Pesos (Php 95,000.00) per month to Tuguegarao City Government the PCSO;

**WHEREAS**, recognizing the importance of transparency and accountability, the 9<sup>th</sup> City Council earnestly requests the PCSO Central Office to allow Tuguegarao City Personnel and Officials to monitor the inputs of sales agent operating in a daily basis to determine the shares derived from the profits of Hit It Big Gaming Corporation allocated to Tuguegarao City Government.

**NOW, THEREFORE, RESOLVE**, as it is hereby **RESOLVED**, to earnestly request the Philippine Charity Sweepstakes Office(PCSO) Central Office to allow the personnel and some City Officials of Tuguegarao City Government to monitor the daily STL gross sales for the determination of the city's share derived from the STL operations in Tuguegarao City, Cagayan.