

[EXECUTIVE ORDER NO. 260, July 25, 1987]

**FURTHER AMENDING SECTION 11, PARAGRAPH 1, OF
PRESIDENTIAL DECREE NO. 1869, AS AMENDED.**

WHEREAS, Section 11(1) of Presidential Decree No. 1869 provides that the service fee to be paid to management and/or operator companies whose services may be engaged by the Philippine Amusement and Gaming Corporation (PAGCOR) in the operation of its gambling casinos shall not exceed ten per cent (10%) of the gross income;

WHEREAS, the prescription of the said amount of service fee is not at all times an ideal arrangement, hence, there is a need for providing an alternative method by which grantees of operating and/or management contracts would pay the government for such privilege;

WHEREAS, such an alternative would be the payment to the government of fixed monthly rentals for the operation of gambling casinos by grantees, after public bidding, to obtain the most advantageous terms for the government; and

WHEREAS, it is desirable to extend the privilege not only to registered and accredited companies possessing the knowledge, skill, expertise and facilities, but also to manage gambling casinos just as effectively.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. Section 11, paragraph 1, of Presidential Decree No. 1869, as amended, is hereby further amended to read as follows:

"SEC. 11. Scope of Franchise. - In addition to the rights and privileges granted it under the preceding section, this franchise shall entitle the Corporation to do and undertake the following:

(1) Enter into operating management contracts with any registered and accredited company or qualified person possessing the knowledge, skill, expertise and facilities to ensure the efficient operation of gambling casinos: *Provided*, That such management and/or operator companies or individuals whose services may be engaged by the Corporation shall either retain as service fee an amount the aggregate of which shall not exceed ten (10%) per cent of the gross income, or pay fixed monthly rental for its operation the amount of which shall be determined in a public bidding conducted for the purpose: *Provided, further*, That contracts entered into by the Corporation shall be valid if said contracts are in accordance with the preceding proviso."