

PAGCOR ADVISORY

In light of recent events within the casino gaming industry, the public is hereby advised to exercise caution about the dangers of casino financing, especially the junket operations within the Philippines.

*Casino Financing*¹ is a colloquial term used to describe overly risky investment or trades. This type of investing is akin to gambling, where investors hope to hit the proverbial lottery with their investments. These investments often refer to large "bets" that are typically high risk, with an anticipated high potential reward outcome. However, as with betting at a casino, the investor could lose it all.

An example of a common scheme is that a *scam operator and their agents* will claim that a casino granted them VIP rooms or junket arrangements, and that they need to raise money to do casino financing for their VIP guests from any foreign country. Investors then place money, sign contracts of loan for a lock-in period of twelve (12) months or more, and get postdated checks. This is a kind of Ponzi² scheme wherein the money of the new investors is used to pay off the investments of the earlier investors.

Another example are *casino financiers/runner/loan sharks*, in which these persons offer loans above the maximum legal rate or an extremely high interest rates to casino players. These money lenders exist in the casino to accommodate gamblers who are running low on cash in hope that those patrons will be interested in borrowing money.

To avoid being scammed, the casino goers are urged to exercise due diligence, carefully research investment opportunities before committing funds, and refer to the *A Casino Guide for a Fitness and Propriety Assessment for Junket Operators* (<https://www.pagcor.ph/pased/docs/regulatory-order-RO-2022-06-001.pdf>). Furthermore, it is also recommended to only invest with SEC-registered entities, especially when in doubt.

Similarly, the Securities and Exchange Commission (SEC), in their Advisory (https://www.sec.gov.ph/wp-content/uploads/2019/11/2019Advisory_CASINO-FINANCING.pdf) also warns the public about risks involved with transacting or contracting with *casino financiers and scam junket operators*, likewise naming a few alleged scammers of the latter.

Moreover, while PAGCOR is both an operator and regulatory body overseeing casino operations in the Philippines, we have no involvement in these activities and neither endorse nor promote any of these actions.

Accordingly, PAGCOR does not condone any illegal activities related to the aforementioned casino financing investment scams and schemes. The rule of law and appropriate actions will be enacted for any individuals, group or entities that are proven guilty of defrauding the public and PAGCOR's customers.

Finally, PAGCOR being socially responsible, encourages its customers and the public to report any casino financing or similar schemes through our website's *Contact Us* page (<https://www.pagcor.ph/contact-us.php>).

¹ <https://www.investopedia.com/terms/c/casino-finance.asp>

² <https://www.bing.com/search?q=ponzi+scheme+definition&q=AS&pq=ponzi+scheme&sk=AS1&sc=10-12&cvid=0FA86A1B5A2E42819A7DF4C9E757B845&FORM=QBRE&sp=2&ghc=1>