



FINDINGS AND RECOMMENDATIONS

The Supreme Court declared that a franchise is a privilege, not a right:

A franchise started out as a "royal privilege or (a) branch of the King's prerogative, subsisting in the hands of a subject."**...Today, a franchise, being merely a privilege emanating from the sovereign power of the state and owing its existence to a grant,** is subject to regulation by the state itself by virtue of its police power through its administrative agencies.¹

In *Divinagracia vs. Consolidated Broadcasting Systems, Inc.*, the Supreme Court explained that the need for regulation for broadcast media in particular is justified due to the scarcity of airwaves, otherwise known as the Scarcity Doctrine.² It further acknowledged the government's duty to impose regulations to see to it that broadcasters promote the public good deemed important by the State and withdraw that privilege from those who fall short:

It is through that role that it becomes legally viable for the government to impose its own values and goals through a regulatory regime that extends beyond the assignation of frequencies, notwithstanding the free expression guarantees enjoyed by broadcasters. As the government is put in a position to determine who should be worthy to be accorded the privilege to broadcast from a finite and limited spectrum, **it may impose regulations to see to it that broadcasters promote the public good deemed important by the State, and to withdraw that privilege from those who fall short of the standards set in favor of other worthy applicants.**

The Supreme Court also recognized in *Del Mar vs. PAGCOR, et. al.*³ the legislature's power and duty to regulate public morals in its grant of a franchise "affected with public interest":

Lest the idea gets lost in the shoals of our subconsciousness, let us not forget that PAGCOR is engaged in business affected with public interest. **The phrase "affected with public interest" means that an industry is subject to control for the public good;** it has been considered as the equivalent of "subject to the exercise of the police power." Perforce, a legislative franchise to operate jai-alai is imbued with public interest and involves an exercise of police power. The familiar rule is that laws which grant the right to exercise a part of the police power of the state are to be construed strictly and any doubt must be resolved against the grant. **The legislature is regarded as the guardian of society, and therefore is not presumed to disable itself or**

¹ Radio Communications of the Philippines, Inc. vs. National Telecommunications Commission and Kayumanggi Radio Network Incorporated, G.R. No. L-68729, May 29, 1987.

² Santiago C. Divinagracia vs. Consolidated Broadcasting System, Inc. and People's Broadcasting Service, Inc., G.R. No. 162272, April 7, 2009.

³ G.R. Nos. 138298 & 138982, August 24, 2001.

abandon the discharge of its duty. Thus, courts do not assume that the legislature intended to part away with its power to regulate public morals. The presumption is influenced by constitutional considerations. Constitutions are widely understood to withhold from legislatures any authority to bargain away their police power for the power to protect the public interest is beyond abnegation.

This Committee now discusses the results of its extensive hearings on the franchise application of ABS-CBN and determines if ABS-CBN is worthy to be granted the privilege to operate a business affected with public interest.

I. AMERICAN CITIZENSHIP OF EUGENIO LOPEZ III

Records show that Mr. Lopez was born in Boston, Massachusetts in the United States of America on 13 August 1952 to Eugenio Lopez, Jr. and Conchita La'O.⁴ According to Mr. Lopez, his father was at the time taking up his post-graduate studies at Harvard University in Massachusetts, while his mother accompanied his father.⁵

He argues that as a legitimate child of Filipino parents, he is a natural-born citizen of the Philippines under the 1935 Constitution, the law in force at the time of his birth, following the principle of *just sanguinis*. However, because he was born in the United States, which follows the principle of *jus soli*, he is also considered an American citizen under US laws.⁶ Thus, he is purportedly a dual citizen.⁷ In 2001, he applied for recognition of his Philippine citizenship with the Bureau of Immigration.⁸ He claims in his affidavit that he has not renounced his Filipino citizenship and neither has he committed any act which could be considered as renunciation of the same.⁹

As proof that he is a Filipino citizen, he submitted to this Committee Department of Justice (DOJ) certifications purportedly recognizing his Filipino citizenship as well as copies of both his US and Philippine passports.

As to the issue of ownership and management of a mass media entity, Mr. Lopez argues that the 1987 Constitution does not distinguish between Filipino citizens and dual citizens.¹⁰ Hence, he is allowed to own mass media businesses and he and ABS-CBN Broadcasting Corporation (ABS-CBN) didn't violate the Constitution when he served as its Director, Chairman of the Board of Directors, President, and Chief Executive Officer.

The 1987 Constitution prohibits non-Filipinos from owning and managing mass media.

The foreign equity restriction in Section 11 (1), Article XVI of the 1987 Constitution provides:

4 Certified Copy of Record of Birth in Office of the City Registrar dated 13 August 1971.

5 TSN of the 03 June 2020 hearing, at IV-1.

6 TSN of the 03 June 2020 hearing, at II-3.

7 TSN of the 03 June 2020 hearing, at II-3.

8 TSN of the 03 June 2020 hearing, at I-12.

9 Affidavit of Eugenio Gabriel La'O Lopez III dated 29 February 2000.

10 TSN of the 03 June 2020 hearing, at III-4.

SECTION 11. (1) The ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations, cooperatives or associations, wholly-owned and managed by such citizens. x x x"¹¹

Section 2 of Presidential Decree No. 1018, s. 1976, similarly provides:

Section 2. The ownership and management of mass media shall be limited to citizens of the Philippines, or to corporations or associations wholly owned and managed by such citizens.

The constitutional and statutory foreign equity restrictions in mass media must be read in light of the broader state policy mentioned in Section 19, Article II of the 1987 Constitution:

SECTION 19. The State shall develop a self-reliant and independent national economy effectively controlled by Filipinos.

To be sure, the Supreme Court is yet to settle controversies squarely involving dual citizens and the 100% Filipino requirement for the ownership and management of mass media. However, since the plenary power and discretion to grant a franchise has been vested by the Constitution to Congress, then it is up to Congress to interpret said provision to implement its duty and power to develop a self-reliant and independent national economy effectively controlled by Filipinos.

A plain reading of Section 11 (1), Article XVI readily shows an intent to completely detach mass media from any iota of association with foreigners. It imposes not just a qualification for Filipino citizens, but a disqualification for foreigners from owning and managing mass media.

Thus, only corporations, cooperatives or associations wholly-owned and managed by Filipino citizens may own and manage mass media. Any iota of foreign equity is already a disqualification and results in violation of the constitutional prohibition. In other words, corporations, cooperatives or associations partly-owned and partly-managed by non-Filipinos are prohibited by the constitution from owning and managing mass media. By the same token, Filipino citizens who are also citizens of foreign jurisdictions, or dual citizens, must be prohibited from owning and managing mass media. The reason for the restriction is to prevent any conflict of interest should the two countries of citizenship be at odds with each other. The Constitution itself states that "*dual allegiance of citizens is inimical to the national interest and shall be dealt with by law*,"¹² thus Congress should consider this declaration of policy in exercising its legislative prerogative.

This distinction in the treatment of dual citizens is important because of the sensitive and vital position of mass media in national development, national security, and the protection of the integrity and sovereignty of the Philippines. For instance, mass media plays a very important role in elections and can be used to disrupt free, orderly and honest elections.

¹¹ Emphases supplied.

¹² Section 5, Article IV of the 1987 Constitution.

In the sponsorship speech of the Transitory Provisions of the Constitution, under which the provision on mass media falls under, Commissioner Rosario Braid acknowledged that *“the media have such a powerful socializing effect that they could tell audiences how to think and behave. They have a tremendous influence in shaping opinions and attitudes and could lead to cultural alienation and social uniformity.”* The constitutional provisions on communication and information are meant to *“truly serve the economic, political, social and cultural development of the nation. The provisions note the significant impact of the media of communication on Filipino values and culture. These concerns are expressed in support of an earlier provision on Filipinization of ownership of the mass media.”*¹³

Because Mr. Lopez is a dual citizen possessing both Philippine and US citizenships, this Committee believes that he is barred from owning and managing ABS-CBN, a mass media entity which the constitution restricts to Filipino citizens only. The fact of foreign citizenship disqualifies him from owning and managing a mass media entity.

Mr. Lopez became the Director, Chairman of the Board of Directors, President and Chief Executive Officer of ABS-CBN before he was recognized as Filipino.

Mr. Lopez became the Chairman Emeritus of ABS-CBN on 19 April 2018. Prior to this, in 1992, he became a Director of the corporation and was elected as the Chairman of the Board of Directors in 1997. He was Chief Executive Officer of ABS-CBN since May 26, 1993 to January 1, 2013, and was President from May 26, 1993 to May 26, 1997 and then from March 16, 2006 to March 3, 2008.¹⁴

He applied for recognition of his Philippine citizenship only in 2001, and this recognition was granted by the Bureau of Immigration and DOJ in 2002, when Mr. Lopez was already fifty (50) years old.

Clearly, Mr. Lopez became Director, Chairman of the Board of Directors, President, and Chief Executive Officer of ABS-CBN before he was recognized as Filipino.

It must be noted from the Travel Records of Mr. Lopez submitted by the DOJ and the Bureau of Immigration that his first recorded arrival in Manila (from the US) was in 15 July 1986 using US Passport 051136203 (issued 19MAR1986). There is no prior record of Mr. Lopez' arrival/departure earlier than July 1986. Based on the same official records, Mr. Lopez solely used a US passport, *i.e.* travelled as US citizen from 15 July 1986 to 13 July 2004. He only started using both Philippine and US passports on 19 July 2004 (arrival in Manila).¹⁵

¹³ Record of the Constitutional Commission No.092, 25 September 1986.

¹⁴ Facts from ABS-CBN website. <https://www.abs-cbn.com/who-we-are/our-leadership>

¹⁵ Submission of the Bureau of Immigration.

***There is a cloud of
doubt on Mr. Lopez's
Filipino citizenship and
allegiance to the
Philippines.***

Mr. Lopez hinges his Filipino citizenship on the fact that both his parents are Filipino citizens at the time of his birth. A closer examination of the records from the DOJ and the Bureau of Immigration, however, reveals that there is no clear and convincing proof that Mr. Lopez's parents were Filipino citizens at the time of his birth, which is the operative fact that would be the basis for his Filipino citizenship.

Apart from a sworn affidavit of his mother, which for all legal purposes is considered self-serving, no other evidence was adduced to prove that Mr. Lopez's mother, Conchita La'O Lopez, was a Filipino citizen at the time of Mr. Lopez's birth. In fact, Mr. Lopez was not able to produce the authenticated birth certificates of his parents when he applied for recognition of his Filipino citizenship or during the hearings by this Committee. Neither were the Philippine passports of his parents presented to this Committee.

Mr. Lopez himself does not have a Philippine government issued birth certificate, which could have served as conclusive proof that he is a Filipino citizen. As pointed out during the proceedings, Mr. Lopez has not submitted his Philippine birth certificate, *i.e.* his Philippine Report of Birth as authenticated by the Philippine Statistics Authority. His parents were required under Philippine regulations to immediately report his birth at the nearest Philippine Embassy/Consulate to document his Filipino citizenship, but they failed to do so.¹⁶ His parents, including Mr. Lopez himself, could have applied for delayed registration of birth, but they likewise failed to do so.

Mr. Lopez' US Birth Certificate does not state that his parents are Filipino citizens. It merely states that they are of "Brown" colour and that their place of birth is "Manila".

Further, Mr. Lopez never submitted to the Bureau of Immigration/ DOJ or even to this Committee the Philippine passport of his father Eugenio Lopez Jr. to prove that his father was still Filipino at the time of Mr. Lopez' birth in 1952. Mr. Lopez submitted to the Bureau of Immigration a copy of a Philippine passport of his mother Conchita, but said passport was only issued in 1998, 46 years after Mr. Lopez's birth in 1952.

Verily, the lack of proof of Filipino citizenship of Mr. Lopez' parents at the time of his birth was apparent in the Bureau of Immigration official's **handwritten notation/comments dated 27 March 2001** stating that "***there is no proof of Filipino citizenship of his mother at the time of his (applicant's) birth on 13 Aug. 1952. Allegedly his mother is also deceased!***"¹⁷

His parents' Filipino citizenship at the time of Mr. Lopez's birth is a specific and crucial fact not present in the records of the Bureau of Immigration in order to dispel the possibility that his parents could have been naturalized as American citizens, *i.e.* that they had categorically renounced Filipino citizenship before Mr. Lopez was born in 1952. If his parents were already American citizens at the time of his birth, it was impossible for them to transmit Filipino citizenship to Mr. Lopez through *jus sanguinis*.

¹⁶ TSN of the 08 June 2020 hearing, at II-10.

¹⁷ Submission of the Bureau of Immigration; emphasis supplied.

Moreover, this Committee finds it deeply disturbing that Mr. Lopez cavalierly admits that he voted in the US elections as recently as 2016:

REP. BAUTISTA. While you live in... as an American citizen in the US, did you ever vote in the US election?

CHAIRPERSON SY-ALVARADO. Mr. Lopez.

MR. LOPEZ. Yes, Your Honor, I voted in 2016, the 2016 elections.¹⁸

Voting in elections is the supreme act citizenship of an individual, proclaiming to the world his exercise of sovereignty to choose government leaders of a State. “It is a recognition that the people in their sovereign character are the fountainhead of governmental authority, and that their right to participate in the power process is indispensable for democratic government to constitute an effective instrument of social control.”¹⁹ Mr. Lopez exercised this supreme sovereign right not as a Filipino citizen, but as an American citizen.

In sum, Mr. Lopez’s birth as a Filipino was never registered. It took him 50 years to apply for recognition as Filipino citizen, presenting no clear and convincing evidence that his parents were Filipino citizens at the time of his birth. From birth even to the present, he continues to use his US passport. He even voted during the last US Presidential elections. All these acts taken together demonstrate a pattern and ultimately cast doubt on the Filipino citizenship and allegiance of Mr. Lopez.

II. PHILIPPINE DEPOSITARY RECEIPTS

In arguing for the validity of the issuance and sale of PDRs to foreigners, ABS-CBN maintains that:²⁰

- 1) It is not a novel idea since it has counterparts in other countries like American Depositary Receipts, and that the instrument was brought about by the 1997 Asian financial crisis to help ailing companies recover;
- 2) The PDRs were issued by ABS-CBN Holding Corp., which has a distinct and separate personality from ABS-CBN Broadcasting Corporation;
- 3) The PDRs are different from shares of stock, and do not confer ownership over ABS-CBN Corp. nor voting rights to PDR holders;
- 4) There are two (2) rights granted to PDR holders, to wit: (1) cash distribution; and (2) exercise right or option to purchase the underlying share. Through the exercise right, a holder of PDR may exchange it with ABS-CBN share by the process of notice and paying the price – one share for every PDR certificate, but only for Filipinos. For non-Filipino holders, the commitment would be to turn over the proceeds of the sale of the underlying shares of the PDRs, after expenses, taxes and loans are deducted;

¹⁸ TSN of the 03 June 2020 hearing, at I-11.

¹⁹ *People of the Philippines vs. San Juan, et. al.*, G.R. No. L-22944, February 10, 1968.

²⁰ TSN of the 11 June 2020 hearing, at I-4 to 10.

- 5) When ABS-CBN Holdings applied for registration of its PDRs with the SEC and listing with the Philippine Stocks Exchange, it had fully disclosed that the PDRs can be sold to anyone regardless of nationality.

ABS-CBN issued PDRs to foreigners.

The Securities Regulations Code's Implementing Rules and Regulations define "beneficial owner or beneficial ownership" as "any person who, directly or indirectly, through any **contract, arrangement**, understanding, relationship or otherwise, has or shares voting power (which includes the power to vote or direct the voting of such security) and/**or investment returns or power** (which includes the power to **dispose** of, or **direct the disposition** of such security)." ²¹

ABS-CBN Holdings Corp. issued over 298 million PDRs valued at PHP 46 per PDR. It admits that only 111 million PDRs (37.4% of the total) with a value of about PHP 5 Billion were issued to Filipinos. The bulk of said PDRs, about 187 million (62.6% of the total) amounting to about PHP 8.6 Billion were issued to foreigners/non-Filipinos.

While ABS-CBN claimed that these PDRs were approved by SEC, SEC clarified that it had no control as to the buyers of these PDRs.

REP. M. T. DEFENSOR. Pero kung sino pong bibili nun, kung saan ibebenta, hindi niyo po alam iyon, hindi niyo po ina-approve iyon. Bahala na po sila.

MR. AMATONG. That is correct, Your Honor. That was the point I was trying to make kanina, that in the actual buying and selling, that's not reported to the SEC. It's really our self-regulatory organizations, the PSE and the PDEC that are aware of the actual transfers.

REP. M. T. DEFENSOR. Thank you po. Thank you, Mr. Chairman.²²

Further, SEC's grant or approval of the permit to sell PDRs as securities pertained only to an authority to sell the same but **not** to the validity and constitutionality of the terms thereof and qualifications of the actual PDR holder.²³ It was thus shown that ABS-CBN's PDRs entitles the non-Filipino holder thereof to adjust the terms of the instrument and modify their own rights, and these adjustments or modifications happen after the fact of registration with the SEC.

PDRs of ABS-CBN contains limitations on its ownership rights in favor of foreigners.

²¹ Section 1(A), Rule 3, IRR of the Securities Regulation Code; emphasis supplied.

²² TSN of the 11 June 2020 hearing, at IX-19.

²³ TSN of the 11 June 2020 hearing, at IX-19.

The unique feature of the subject PDRs is that ABS-CBN Holdings bound itself not to alter, modify, or otherwise changed its Articles of Incorporation or By-Laws or take any other action that would prejudice the right of the PDR holders.²⁴ By this token, there is an iota of foreign control over the Articles of Incorporation and the By-Laws of ABS-CBN Holdings which in turn is a principal stockholder owning **34.67%** shares of ABS-CBN.²⁵

Similarly, because of the pledge securing the PDRs, even if the foreigners are not indicated in the actual shares of stock of ABS-CBN owned by ABS-CBN Holdings, still, ABS-CBN Holdings' right is obviously restricted because it cannot dispose the underlying shares covered by the Pledge Agreement in favor of PDR holders.²⁶

Further, ABS-CBN Holdings does not have the full benefits of ownership over the shares of stocks underlying the PDRs because it is not in the legal possession of the shares and not entitled to the fruits thereof.²⁷ Under the Civil Code, full beneficial ownership means that the owner has the benefits of the rights to enjoy, possess, and dispose of the fruits. "To the owner belongs x x x the civil fruits,"²⁸ but obviously this is not the case with the PDRs of ABS-CBN.

The PDRs appear to have been utilized to allow foreign ownership in ABS-CBN which could have violated the 1987 Constitution.

The mere designation by the parties in contracts they enter into between themselves should not stop Congress from looking further. Indeed, Congress must work not only at a superficial examination of nominal compliance, but to discern avenues of circumvention.

To this Committee, the mechanism of corporate layering employed by ABS-CBN and ABS-CBN Holdings effectively makes the PDR holders the indirect owners of the underlying shares of stock of ABS-CBN. Indeed, while ABS-CBN Holdings is the nominal owner of the shares of stocks, it cannot exercise the full rights of ownership because it entered into a contract of pledge over the shares of stock with the Philippine Central Depository, Inc., to hold on behalf of the PDR holders the shares as security for certain obligations of ABS-CBN Holdings Corp.

Because of the pledge securing the PDRs, both ABS-CBN and ABS-CBN Holdings cannot dispose the underlying shares covered by the pledge agreement in favor of PDR holders. Similarly, the holding company is neither in legal possession of the shares nor entitled to the fruits (cash dividends given to stockholders of ABS-CBN). The cash dividends, less the operating expenses and taxes of ABS-CBN Holdings, belong to the PDR holders.

The impression given by the issuance of PDRs is that it was resorted to creatively allow the participation of foreigners to fully-nationalized and partially-nationalized activities. The foreign holders of PDRs practically own 187 million underlying shares of ABS-CBN Corporation which is already 62% of the total, and nothing restricts ABS-CBN from issuing shares of stock to ABS-CBN Holdings Corp. and the latter from selling more PDRs representing all of its shares in ABS-CBN Corporation.

²⁴ Section 12.2 of the PDR instrument; TSN of the 08 June 2020 hearing, at IX-1.

²⁵ Submission of ABS-CBN, principal stockholders of ABS-CBN.

²⁶ Submission of ABS-CBN, Pledge Document and PDR Instrument.

²⁷ Submission of ABS-CBN, principal stockholders of ABS-CBN.

²⁸ Art. 441, Civil Code.

Congress shouldn't indirectly allow foreigners to acquire economic rights to the cash flow of mass media corporations, which is the very evil the Constitution seeks to prevent.

ABS-CBN's PDRs appear to have allowed foreigners a measure of control in the company which could have violated the 1987 Constitution.

Based on the corporate papers of ABS-CBN, the issuer of PDRs ABS-CBN Holdings owns more than one-third, i.e. **34.67%**, of all outstanding shares of stock of ABS-CBN. This is crucial because the remaining owners of ABS-CBN shares are already less than two-thirds, i.e. at only **65.03%**, which would not allow them to effect any fundamental changes in the ABS-CBN without the participation of ABS-CBN holdings.

Under the Philippine Corporation Code,²⁹ **two-thirds vote** (or **66.6%**) of all stockholders is necessary to effect the following fundamental changes in a corporation:

- Amendment of Articles of Incorporation
- Removal of Director or Trustee
- Ratifying Corporation's Voidable Dealings with its Directors, Trustees or Officers with the Corporation
- Ratifying Disloyal Acts of a Director
- Extending or Shortening Corporate Term
- Power to increase or Decrease Capital Stock; Incur, Create or Increase Bonded Indebtedness
- Power to Deny Preemptive Right
- Sale or Other Disposition of Assets
- Power to Invest Corporate Funds in Another Corporation or Business or for Any Other Purpose
- Power to Declare Dividends
- Delegation of Power to Amend to By-Laws
- Approval of Plan of Merger or Consolidation

Thus, ABS-CBN Holdings' ownership share in ABS-CBN can actually prevent ABS-CBN from effecting fundamental changes as enumerated above.

However, as established during the proceedings, ABS-CBN Holdings has admitted to pledging almost two-thirds, i.e. 62%, of its ABS-CBN shares to non-Filipinos. This pledge appears to have allowed foreigners a measure of control on 62% of ABS-CBN shares held by ABS-CBN Holdings, which in effect, upon the desire of these non-Filipinos exercising rights over their ABS-CBN shares, can prevent ABS-CBN Holdings from consenting to the required two-thirds vote of outstanding shareholders of ABS-CBN.

²⁹ Republic Act no. 11232 or the Revised Corporation Code of the Philippines.

The rationale for the issuance of PDRs already ceased, but ABS-CBN's issuance of PDRs continued.

It is said that the PDRs were brought about to address the 1997 Asian financial crisis to raise funds as a remedy for ailing companies.³⁰ Said rationale already ceased when the world economy recovered from the downturn. More than two decades had already passed since the crisis and ABS-CBN no longer suffers from the plunge it took as evidenced by the billions of income it has been earning over the past years. What then is the current underlying motive for the issuance of PDRs in favor of foreigners?

Given that the network is a mass media entity required to be 100% Filipino owned and managed, and noting its stature and influence in Philippine society and public policy, ABS-CBN should have been circumspect to avoid any doubt or suspicion of impropriety from its scheme of allowing foreigners to hold PDRs corresponding to shareholdings in ABS-CBN.

III. ON THE 50-YEAR LIMIT ON FRANCHISES

The facts elicited in the hearings show that ABS-CBN has been in operation since 1967. On 24 February 1957, Eugenio H. Lopez, Sr., owner of the Chronicle Broadcasting Network (CBN), acquired Alto Broadcasting System (ABS). On 1 February 1967, CBN and ABS merged into the now mass media giant.³¹

The issue presented before this Committee is whether the grant of a new franchise in favor of ABS CBN would violate Section 11, Article XII of the 1987 Constitution:

SECTION 11. No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least sixty per centum of whose capital is owned by such citizens, **nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period than fifty years...**³²

ABS-CBN stated that the fifty-year limit appears as exactly worded in the 1935 and 1973 Constitutions and is clear on its face, claiming that the fifty-year does not prohibit the grant of a new franchise to the same entity upon the expiry of a previous franchise.

This Committee agrees with the position of ABS-CBN. While it is true that the Supreme Court has not yet squarely ruled on the fifty-year limit on legislative franchises, and that the record of deliberations of the 1986 Constitutional Commission is wanting on insight on the matter, this Committee believes that the ordinary and straightforward meaning of the provision refers to the maximum period of fifty years vis-à-vis a particular grant of legislative franchise, certificate or authorization. This has been the practice of all seventeen Congresses before this

³⁰ TSN of the 11 June 2020 hearing, at IV-2.

³¹ TSN of the 15 June 2020 hearing, at VII-6.

³² Emphasis supplied.

18th Congress, and this Committee is not prepared to deviate from such sound practice based on reason and practical considerations.

IV. RETURN OF ABS-CBN TO THE LOPEZ FAMILY AFTER MARTIAL LAW

On 17 April 1986, the Lopez family, through counsel, former Senator Lorenzo Tañada, requested President Aquino to order the return of TV Stations 2 and 4. On 13 June 1986, the Lopez family made a written request to the Presidential Commission on Good Government (PCGG) for the return of TV Station Channel 2.³³

On 18 June 1986, the PCGG allegedly approved the return of the TV Station Channel 2 to the Lopez family. Acting upon the request, the Executive Secretary, by authority of the President, entered into an "Agreement to Arbitrate" with ABS-CBN Broadcasting Corporation, represented by its President, Eugenio Lopez, Jr., pursuant to which an Arbitration Committee was created, composed of Atty. Catalino Macaraig, Jr., for the Republic of the Philippines, Atty. Pastor del Rosario, for ABS-CBN, and retired Justice Vicente Abad Santos, as Chairman.³⁴

On 16 October 1986, the said Agreement to Arbitrate was upheld by the Supreme Court³⁵ after being assailed by a group led by Jose Luis Martin C. Gascon. The gradual return of the properties and broadcast equipment to the Lopez Family began on 18 October 1986 while the arbitration proceedings were being conducted.³⁶

It appears that the prescribed process for the return of the subject assets and equipment was not followed.

Pursuant to Executive Order No. 5 (1986)³⁷ and Proclamation No. 50, the Committee on Privatization and the Asset Privatization Trust³⁸ were created. Section 22 and 23 of the said Proclamation provide:

SECTION 22. TRANSFER OF ASSETS. The Committee shall:

- (1) Arrange for the transfer to, and eventual disposition by, the National Government of certain non-performing assets of government financial institutions, as may be determined under terms mutually acceptable to all the parties concerned, and
- (2) Arrange for the disposition of certain government-owned or controlled corporations which have been approved for divestment by the President of the Philippines; Provided, that

³³ TSN of the 15 June 2020 hearing, at VIII-4; submission of ABS-CBN, letter dated 17 April 1986 of Atty. Tañada.

³⁴ Submission of ABS-CBN, Agreement to Arbitrate.

³⁵ In the Matter of Arbitration of Claims between Republic of the Philippines and ABS-CBN Broadcasting Corporation Case File.

³⁶ Submission of ABS-CBN, Affidavit of Atty. Augusto Almeda-Lopez acknowledged before a Notary Public on 8 August 1994.

³⁷ Executive Order No. 5 (1986) <https://www.officialgazette.gov.ph/1986/03/12/executive-order-no-5-s-1986/>

³⁸ Proclamation No. 50 <https://www.pmo.gov.ph/p50.pdf>

the matter of appropriate valuation procedures for such transfers of assets shall be determined by the Committee.

...

SECTION 23. MECHANICS OF TRANSFER OF ASSETS.

As soon as practicable, but not later than six months from the date of the issuance of this Proclamation, the President, acting through the Committee on Privatization, shall identify such assets of government institutions as appropriate for privatization and divestment in an appropriate instruments describing such assets or identifying the loan or other transactions giving rise to the receivables, obligations and other property constituting assets to be transferred.

The Committee shall, from the list of asset deemed appropriate for divestment, identify assets to be transferred to the Trust or to be referred to the government institutions in an appropriate instrument, which upon execution by the Committee shall constitute as the operative act of transfer or referral of the assets described therein, and the Trust or the government institution may thereupon proceed with the divestment in accordance with the provisions of this Proclamation and guidelines issued by the Committee.

Based on the statutory provisions above, the assets should have been identified by the Committee on Privatization and then transferred to the Asset Privatization Trust (APT) or referred to the proper government institutions to constitute as an operative fact of transfer or referral. The APT should then proceed with divestment. However, it appears that the disposition did not pass the Committee on Privatization. The PCGG representative testified that the prescribed process was not observed:

REP. M.T. DEFENSOR. ...Mayroon ho kayong Proclamation No. 50, iyan po ba ay pumasok sa regulasyon ng batas?

PCGG COMMISSIONER AGBAYANI. 'Yung pag dispose po ng equipment na 'yan. Kung inaamin po ng ABS-CBN na iyan po ay part noong agreement nila na ibinalik sa kanila ng gobyerno, based sa Proclamation No. 50 which regulates the disposal of assets of government, hindi po nasunod iyon. Hindi po dumaan ang disposal of assets through a regular procedure at the assets were disposed of through the Executive Secretary during that time. Normally po sa PCGG, kapag 'yung sequestered asset ay na lift then the ownership of the sequestered asset is transferred to the National Government, the PCGG for example, we will sell and dispose this asset through the Committee on Privatization. Centralized po kasi ang disposal ng asset... In the case of ABS-CBN in 1992, the law that governed the disposal during that time was the Committee of Privatization...

REP. M.T. DEFENSOR. Kaya nga po, ang nangyari po sa inyo, ang mga equipment na ito, bigla nalamang nawala sa inyo na hindi sinusundan 'yung proseso na gumagabay sa inyong ahensya at ibinalik lang sa ABS-CBN nang hindi dumaan sa tamang proseso?

PCGG COMMISSIONER AGBAYANI. Based po sa records namin, hindi ho narecord 'yung proseso na 'yan. Bigla nalang nawala. Wala hong record sa amin na 'yan ay binenta at ang proceeds ay binigay sa amin. Hindi po dumaan sa regular procedure.³⁹

It is curious why the arbitration proceedings between the Cory Aquino Administration and ABS-CBN immediately presupposed ABS-CBN's ownership over its properties purportedly sequestered during Martial Law, and merely focused on the compensation purportedly due to ABS-CBN. More curious still is the apparent haste of the Cory Government to give due course to the request of ABS-CBN's immediate return of its properties without observing the regular procedure prescribed by the Presidential Commission on Good Government which governs the return of sequestered properties. Under the required procedure, ABS-CBN had the burden to prove that it is absolute owner of the properties sought to be returned to it by the government.

ABS-CBN's submission of a copy of its Transfer Certificate of Title covering its Mother Ignacia property where its main broadcast station and transmitter are located only raised more questions. During the interpellations, it was pointed out that said TCT has no actual record in the Register of Deeds:

REP. MARCOLETA. Mr. Chair, ganito po, dahil sa kagustuhan kong makakita man lang kahit isa, ang ginawa ko po ay kumuha ako ng certified electronic copy sa...sa opisina po ng Register of Deeds ng Quezon City ngayong umaga, Mr. Chair. Nagtaka po ako bakit ang naibigay po sa akin ay owner's duplicate certificate. Ang inaasahan ko po kasi, Mr. Chair, ang makukuha ko ay isang original copy which is written on the left side of the title itself. Hindi po ganun ang nangyari. Ang ibig pong sabihin nito, iyong titulong ipinadala sa atin, iyong 125702, does not appear in the registry file of the Register of Deeds. It is not extant. Meaning to say, it's not there. Kasi po kung iyon ay nandoon, ang nakuha ko po sana is an original copy, hindi po owner's duplicate copy na kagaya po ng nakuha at binigay na sa atin.

Pangalawa po, Mr. Chair, mayroon pong nakalagay ritong parang Provisional Registration 9690. Ang nakakapagtaka po rito, Mr. Chair, if we are guided by the date of this title which was submitted to us before by ABS-CBN, ito po ay dated December 26, 1967. Kung talaga pong ito ay for reconstitution, Mr. Chair, bakit hindi po naka-annotate iyong facts of a pending reconstitution? Kung talagang totoo, dapat naka-annotate dito sa pahina ng titulo. Wala po iyon, Mr. Chair. At the very least, kung makikita po natin na pending reconstitution ang title, nakalagay po iyong, let's say, iyong court number, iyong file number and other facts associated by this. Wala po.

³⁹ TSN of the 17 June 2020 hearing.

Pangatlo, Mr. Chair, ito pong pinagmulan na titulo na ibinigay sa atin ng ABS-CBN, iyong xerox copy, ang nakalagay po ay TCT No. 110731. Kumuha po ako ng certified true copy rin nito. Nagtaka po ako. Itong pinagmulan na titulo na 127...125702 ay nasa ibang lugar at ang nakapagtataka po, 42 square meters lang, hindi 44,000 plus square meters. Bakit po ganito, Mr. Chair?⁴⁰

This Committee is moreover perplexed why, despite the supposed conduct of said arbitration proceedings, there was no records of said proceedings submitted to the Committee despite request by its members. No resource person from ABS-CBN or the PCGG was able to explain why there was just a Compromise Agreement between the parties, as approved by the Regional Trial Court of Makati, and no record whatsoever of the proceedings leading to such Compromise Agreement.

V. ABS-CBN TV PLUS BOX AND KBO PAY-PER-VIEW

Section 4 of R.A. No. 7966, the legislative franchise of ABS-CBN, provides that before any frequency in the TV or radio spectrum is used, authority from the National Telecommunications Commission must be secured:

Sec. 3. *Prior Approval of the National Telecommunications Commission.*
— The grantee shall **secure from the National Telecommunications Commission the appropriate permits and licenses** for its station and shall **not use any frequency in the television or radio spectrum without having been authorized by the Commission.** The Commission, however, shall not unreasonably withhold or delay the grant of any such authority.⁴¹

On 10 February 2015, NTC granted ABS-CBN Demonstration Permit No. BSD-0010-2015 to test its Digital Channel 43 until 30 June 2015.

ABS-CBN sold TV Plus Boxes to access its encrypted multiple channels.

Upon receipt of said permit, ABS-CBN proceeded to use the frequency to generate multiple channels/programs to be included in its TV Plus Box. This continued even beyond the expiration of said demonstration permit.⁴² There is no NTC authorization on record allowing ABS-CBN to produce the TV Plus Box containing multiple channels, much less to sell it for profit.

Initially, NTC said that the sale of set-up boxes like TV Plus Boxes is allowed as being akin to a sale of appliance to access digital channels, thus the NTC said it does not regulate the sale of such boxes.⁴³ However, when asked if this was specifically allowed under NTC's regulations,

⁴⁰ TSN of the 29 June 2020 hearing, at IX-18.

⁴¹ Emphasis supplied.

⁴² TSN of the 29 June 2020 hearing, at V-16.

⁴³ TSN of the 29 June 2020 hearing, at III-15.

both ABS-CBN and NTC concede that there is nothing in the demonstration permit of ABS-CBN which expressly allowed it to sell set-up boxes or the TV Plus Box.⁴⁴

With regard to the multiple channels in the TV Plus Box, ABS-CBN claimed that using a multi-channel format for its digital channel 43 does not require prior approval by the NTC as the latter allows “the provision of new programs, in addition to the analog legacy program.”⁴⁵

However, while splitting digital channel 43 into multiple sub-channel or “programs” is permissible, NTC said ABS-CBN did not have the authority to **encrypt** these digital sub-channels and reserve its exclusive use for its TV Plus Box customers. Thus, it was shown that ABS-CBN violated the terms of its legislative franchise by encrypting its various digital sub-channels which led the public to purchase ABS-CBN’s TV Plus Boxes.⁴⁶

NTC itself confirmed that based on its existing regulations, ABS-CBN had no authority to encrypt or lock from the non-paying public its TV Plus Box channels which are clearly only “free-to-air” under its legislative franchise.⁴⁷

ABS-CBN charged the public to access its KBO pay-per-view channel.

It was also learned that ABS-CBN did not secure any prior permit to charge the viewers of its Kapamilya Box Office (KBO) pay-per-view channel:

MR. KATIGBAK. Mr. Chair, nag-umpisa po 'yan noong April 1, 2015. Sinulatan po naming ang NTC, to inform them that we would be airing the Pacquiao-Mayweather fight.

...

REP. MARCOLETA. ...Sabi po ng NTC, you were directed, “You are directed to refrain from offering any pay television service in your DTTV trials...” until such time that the Commission has come up with the appropriate guidelines for the same.” Is that correct?

MR. KATIGBAK. Tama po.

REP. MARCOLETA. But despite having received this letter of NTC on the same day, you still proceeded with the PPV fight, did you not?

...

MR. KATIGBAK. When we received the letter, we did not stop from offering the service at that point in time, but we also had the commitment to the public who had already paid the service, Your Honor, which is why we decided to pursue it.⁴⁸

⁴⁴ TSN of the 29 June 2020 hearing, at VI-5.

⁴⁵ Section 2.4, NTC Memorandum Circular dated July 12, 2014, Rules and Regulations for the DTT Broadcast Service.

⁴⁶ TSN of the 29 June 2020 hearing, at V-15.

⁴⁷ TSN of the 29 June 2020 hearing, at V-15.

⁴⁸ TSN of the 29 June 2020 hearing, at VI-9 to 10.

NTC confirmed that it directed ABS-CBN to wait for NTC's guidelines prior to offering such pay-per-view services.⁴⁹ ABS-CBN disregarded the directive of NTC when it continued to air the Pacquiao-Mayweather fight.

ABS-CBN, contrary to the terms of its franchise, operated its pay-per-view (PPV) channel, otherwise known as the Kapamilya Box Office, without a valid permit from the NTC. As per NTC documents, the **KBO PPV promo** is a value added service authorized for **ABS-CBN Convergence, Inc.** which is registered as a value-added service provider for **Telecommunications Carrier**.⁵⁰

ABS-CBN Convergence, Inc. is **not** a legislative franchise holder for broadcasting operations. ABS-CBN Convergence, Inc. is **not** authorized to use ABS-CBN's digital frequency/ channels assigned by the State or even ABS-CBN's TV Plus Box. However, in almost all promo mechanics of ABS-CBN Convergence, Inc., it required that subscribers also have the TV Plus Box in order to watch the KBO shows.⁵¹

To repeat, neither ABS-CBN nor ABS-CBN Convergence was authorized by the NTC or by a legislative franchise to operate the TV Plus Box, or even charge subscribers for the KBO service therein.

ABS-CBN TV Plus Box system is akin to Cable TV operations requiring a separate legislative franchise.

ABS-CBN's legislative franchise is for Radio and Television broadcasting using the free-to-air frequency granted by the State. However, its TV Plus Box, the encrypted channels therein, and the KBO PPV service all pertain to the delivery of video and audio signals for a **fee** through technological means including transmission via wired or wireless means.

ABS-CBN cites **DOJ Opinion dated 11 June 2018** addressed to NTC to justify that it was allowed to "commercialize" the digital channel 43 assigned to it by NTC.⁵² However, the DOJ Opinion expressly cautioned NTC to ensure that said "commercial activities" of TV broadcasters should not amount to cable TV operations:

To summarize, it is our opinion that TV broadcasters may be allowed to engage in Conditional Access (CA) or Conditional Access System (CAS), more specifically to offer TV pay-per-view services, **provided that it does not amount to CATV service, which shall only be considered as such if it is 'for purposes of providing multiple channel CATV service'.**⁵³

Precisely, the Federation of International Cable TV Associations of the Philippines (FICTAP), in opposing the franchise application of ABS-CBN, said that the TV Plus Box, the multiple

⁴⁹ TSN of the 29 June 2020 hearing, at V-15.

⁵⁰ Submission of ABS-CBN, copies of NTC Letters addressed to ABS-CBN Convergence, Inc.

⁵¹ Submission of ABS-CBN, copies of NTC Letters addressed to ABS-CBN Convergence, Inc.

⁵² Submission of ABS-CBN, copy DOJ Opinion dated 11 June 2018.

⁵³ Submission of ABS-CBN, copy DOJ Opinion dated 11 June 2018; emphasis supplied.

encrypted channels therein and the KBO PPV of **ABS-CBN** are **“killing”** the **cable industry** which depends on monthly based subscriptions of its public clientele.⁵⁴

There is merit in FICTAP’s claim that ABS-CBN’s TV Plus Box, the multiple encrypted channels therein and its KBO PPV service fall under Sec. 3 (b) of R.A. 10515, or the Anti-Cable Television and Cable Internet Tapping Act of 2013, which speaks of Cable Television Service:

(b) **‘Cable Television (CATV) Service’** — refers to the transmission or delivery of video and audio signals and programming for a fee through fiber optics, coaxial cable, and other technological means which shall include, but not limited to, **transmission via wired or wireless means, including microwave, radio signal or frequencies for purposes of providing multiple channel CATV service.** The term shall also include **electronic equipment** such as **digital** or analog **receiver-decoder boxes, set-top and converter boxes** as well as, but not limited to, master antenna television, satellite master antenna television, direct broadcast satellite/direct to home, multi-point distribution service, a **television receive-only satellite program distributor and other providers of video and audio programming, whatever the technology;** x x x⁵⁵

In turn, Section 1 of Executive Order No. 436 requires that operation of cable television systems be maintained **separate** from broadcast television:

Section 1. The **operation of cable television systems**, as a **subscriber service** undertaking with a **unique** technology, shall be **maintained separate** and **distinct** from telecommunications or **broadcast television**.

Moreover, the Cable TV Operator needs a distinct permit from NTC to be able to operate a cable television system as provided for by Section 4 of Executive Order No. 436:

Section 4. Local exchange operators and/or broadcasters, as well as operators of direct broadcast satellite service, multi-point distribution service, television receive-only satellite program distribution service and other systems of providers of video programming utilizing whatever technology, shall **not operate cable television systems** or any form of service involving the delivery [of] television programs and signals, by wire or cable or through the airwaves and other wireless video signal transmission systems **without specific permits, licenses and/or authority to operate a cable television system** as provided hereunder and under applicable laws and rules and regulations, which permits, licenses and/or authority shall be issued in accordance with the provisions of this Executive Order.⁵⁶

⁵⁴ TSN of the 29 June 2020 hearing, at II-10 to 15, testimony of Ms. Estrellita Juliano-Tamano, National Chair, FICTAP.

⁵⁵ Emphasis supplied.

⁵⁶ Emphasis supplied.

As per NTC records, ABS-CBN digital channel 43 is just on a **test broadcast**.⁵⁷ Yet, ABS-CBN has used such allotted digital channel to develop and sell the ABS-CBN TV Plus Box to provide multiple-channels for a fee, but without securing the required permits and franchise for a Cable TV Operator.

ABS-CBN and/or ABS-CBN Convergence, Inc. do not have a franchise as Cable TV Operators, nor do they have any permit/authority from the NTC as such, yet they have circumvented the law and regulations through the ABS-CBN TV Plus Box (with multiple channels) and the KBO PPV channel which both charge the public fees.

VI. ABS-CBN AND AMCARA

Digital channel 43 was assigned to ABS-CBN pursuant to NTC's Demonstration Permit BSD-0010-2015 dated 10 February 2015 issued to ABS-CBN. Said authority from NTC was predicated on ABS-CBN's legislative franchise.⁵⁸

However, when the NTC issued its Cease and Desist Order on 5 May 2020 upon expiration of ABS-CBN's franchise on 04 May 2020, ABS-CBN continued with its digital broadcast aired over its digital channel 43 and using its TV Plus Box technology.⁵⁹

During the hearing on 29 June 2020, when confronted why ABS-CBN was still broadcasting its TV Plus Box channels through digital channel 43, ABS-CBN revealed that it has "assigned" to AMCARA Broadcasting Network, Incorporated (AMCARA) its right over digital channel 43, and that ABS-CBN was merely buying block-time from AMCARA to continuously air via said digital channel 43.⁶⁰

When asked why ABS-CBN was still being allowed to broadcast using digital channel 43, NTC said that the authority to use digital channel 43, which is based on ABS-CBN's franchise, also lapsed when ABS-CBN's legislative franchise expired. NTC clarified that ABS-CBN can no longer broadcast through digital channel 43.⁶¹

The so-called block-time arrangement between ABS-CBN and AMCARA

AMCARA's legislative franchise, R.A. No. 8135 (*An Act Granting the AMCARA Broadcasting Network, Incorporated, a Franchise to Establish, Operate and Maintain Radio and Television Broadcasting Stations in the Philippines*), prohibits it from transferring, assigning or granting any usufruct over its franchise to another entity without the authorization from Congress:

SEC. 11. Sale, Lease, Transfer, Usufruct, etc. – The **grantee** shall **not lease, transfer**, grant the **usufruct** of, sell nor **assign** this **franchise** or the **rights** and **privileges** acquired there under to

⁵⁷ Submission of ABS-CBN, Demonstration Permit no. BSD-0010-2015 dated 10 February 2015 issued by NTC in favor of ABS-CBN.

⁵⁸ Submission of ABS-CBN, Demonstration Permit no. BSD-0010-2015 dated 10 February 2015 issued by NTC in favor of ABS-CBN.

⁵⁹ TSN of the 29 June 2020 hearing, at I-6 to 10.

⁶⁰ TSN of the 29 June 2020 hearing, at VI-3.

⁶¹ TSN of the 29 June 2020 hearing, at VI-17.

any person, firm, company, corporation or other commercial or legal entity, nor shall the controlling interest in the grantee be transferred to any such private person, firm, company, corporation or entity **without the prior approval of the Congress** of the Philippines. Any person or entity to which this franchise is sold, transferred or assigned, shall be subject to all the same conditions, terms, restrictions, and limitations of this Act.⁶²

AMCARA's franchise allowed it to maintain and operate channel 23, then called **Studio 23** which was rebranded to **ABS-CBN Sports+Action** in 2014. However, for the past 23 years, it maintained an agreement with ABS-CBN, which it calls a "block-time" agreement, to allow ABS-CBN to broadcast its programs over Studio 23/ABS-CBN Sports+Action.⁶³

Further, the block-time agreement between ABS-CBN and AMCARA allows ABS-CBN to use AMCARA's Channel 23 for almost the whole day, at 21 hours, every day. This means that ABS-CBN has continuous control over AMCARA's channel, and such control only rests when the signal is turned off the air for only three hours every day.⁶⁴

There is reason to believe that ABS-CBN controls AMCARA in its entirety and not only its frequency.

For 23 years, ABS-CBN owned 49% of AMCARA, until ABS-CBN supposedly sold its shares in 2019 back to AMCARA's original owners for PHP 40 Million.⁶⁵

For the past 23 years, AMCARA exclusively broadcast ABS-CBN programs and content in Studio 23/ABS-CBN Sports+Action for 21 hours per day, 7 days a week, for 365 days of the year. It appears that AMCARA had no broadcast equipment and TV towers of its own.⁶⁶ ABS-CBN thoroughly took over the broadcast of AMCARA so much so that AMCARA itself was never in the public consciousness.

And in addition to Studio 23/ABS-CBN Sports+Action, towards the expiration of ABS-CBN's own legislative franchise on May 5, 2020, ABS-CBN was able to **assign digital channel 43** to AMCARA and again entered into another block-time agreement for ABS-CBN to continue broadcasting through digital channel 43 its TV Plus Box multiple channels.⁶⁷

Notwithstanding the purported assignment of digital channel 43, NTC declared that AMCARA itself has no digital TV transmission equipment, nor was it issued any digital broadcasting permit. NTC further declared that AMCARA's purported digital signal was actually originating from ABS-CBN's own tower inside the ABS-CBN Compound in Quezon City.⁶⁸ All these even after the May 5, 2020 Cease and Desist Order issued by NTC against ABS-CBN. Significantly, it was revealed during the proceedings that ABS-CBN reporter Jeff

⁶² Emphasis supplied.

⁶³ Submission of ABS-CBN, Block-Time Agreement between ABS-CBN and AMCARA.

⁶⁴ Submission of ABS-CBN, Block-Time Agreement between ABS-CBN and AMCARA.

⁶⁵ TSN of the 29 June 2020 hearing, at III-4 to 6.

⁶⁶ TSN of the 29 June 2020 hearing, at III-4 to 6.

⁶⁷ TSN of the 29 June 2020 hearing, at VI-3.

⁶⁸ TSN of the 02 July 2020 hearing, at III-6 to 8.

Canoy featured one of ABS-CBN's engineers (not AMCARA's) as the engineer who turned off the digital signal transmission for the TV Plus Box.⁶⁹

AMCARA itself admits that it has been using ABS-CBN's digital TV transmitters under the supposed deed of assignment. However, it admits that this deed of assignment has never been submitted to the NTC. AMCARA has not paid the consideration of PHP 40 Million for the 49% stake that ABS-CBN supposedly divested in January 2019.⁷⁰

AMCARA's officials are likewise shown to be interlocked with ABS-CBN. AMCARA's President, Atty. Jose Antonio Veloso, was former legal counsel of ABS-CBN. Mr. Federico "Freddie" Garcia, former executive of AMCARA, was also the former Executive Vice President of ABS-CBN:

REP. MARCOLETA. **Mr. Freddie Garcia. Hindi po ba 'yan dating Direktor ng ABS-CBN?**

MR. VELOSO. I'm not... Wala na po ako nung ano, I don't know what his position, Your Honor.

REP. MARCOLETA. **Executive Vice President ng ABS-CBN.**

MR. VELOSO. **Yes, once...once upon a time,** Your Honor.

REP. MARCOLETA. Ganito po kasi 'yung nakikita namin, Atty. Veloso. **Counsel din po ba kayo dati ng ABS-CBN?**

MR. VELOSO. Long time ago, Your Honor. I was already in ABS, GMA, MTRCB. So, '90s...'90s pa po.⁷¹

The above-mentioned circumstances lead us to conclude that ABS-CBN itself is in charge of the actual act of broadcasting rather than AMCARA. ABS-CBN, in doing the actual broadcasting using the franchise of AMCARA, thus obtained exclusive use and control of AMCARA's legislative franchise without the consent of Congress. This is not just a mere usufruct allowing ABS-CBN to enjoy the fruits of AMCARA's franchise, but a fraudulent machination which allowed ABS-CBN to exclusively and totally control the legislative franchise granted to AMCARA. This is an outright violation of AMCARA's legislative franchise which in effect illegally extended ABS-CBN's broadcast services beyond the expiration of its own franchise.

For the past 23 years, ABS-CBN effectively operated and maintained another broadcast frequency through AMCARA. And now that ABS-CBN's own legislative franchise has expired, it is able to use AMCARA to continue broadcasting. Then and now, AMCARA existed solely for and because of ABS-CBN. There is thus sufficient reason for this Committee to believe that AMCARA is a mere dummy of ABS-CBN which should warrant the piercing of the veil of corporate fiction.

⁶⁹ TSN of the 02 July 2020 hearing, at III-11.

⁷⁰ TSN of the 02 July 2020 hearing, at IV-2.

⁷¹ TSN of the 02 July 2020 hearing, at IV-10.

VII. FAILURE TO REGULARIZE ITS EMPLOYEES

ABS-CBN claims it is “fully compliant” with labor laws, pointing to the Department of Labor and Employment’s (DOLE) purported findings that it complied with the directives of DOLE.⁷²

However, DOLE issued an official statement on July 1, 2020 declaring that its labor inspectors found violations of laws and labor standards by ABS-CBN, and that there are 67 pending cases against the company in the NLRC and the various courts. After hearing ABS-CBN’s testimony to this Committee, DOLE warned the counsels of ABS-CBN against wrongfully presenting policy issuances of the department to the advantage of their client. The cited rule governing the employee-employer relationship in the broadcast industry 40 years ago, which is not aligned with the provisions of the Labor Code, does not apply anymore, according to DOLE.⁷³

No less than the Constitution affirms the State’s duty to “protect the rights of workers and promote their welfare”:⁷⁴

The State shall **afford full protection to labor**, local and overseas, organized and unorganized, and **promote full employment and equality of employment opportunities for all**.

It shall guarantee the **rights of all workers to self-organization, collective bargaining and negotiations**, and peaceful concerted activities, including the right to strike in accordance with law. They shall be entitled to **security of tenure**, humane conditions of work, and a living wage. They shall also **participate in policy and decision-making processes affecting their rights and benefits** as may be provided by law.

× × ×

The State shall regulate the relations between workers and employers, recognizing **the right of labor to its just share in the fruits of production** and the right of enterprises to reasonable returns on investments, and to expansion and growth.⁷⁵

The Labor Code directs that employees who “perform activities which are usually necessary or desirable in the usual business or trade of the employer” or “has rendered at least one year of service, whether such service is continuous or broken” are considered **regular employees**:

The provisions of **written agreement** to the contrary **notwithstanding** and **regardless** of the **oral agreement** of the parties, an employment shall be deemed to be **regular** where the employee has been engaged to perform activities which are **usually necessary or desirable in the usual business or trade of the employer**, except where the employment has been fixed for a specific project or undertaking the completion or termination of which has been determined at the time of the

⁷² TSN of the 30 June 2020 hearing, at V-6.

⁷³ <https://www.dole.gov.ph/news/statement/> (last accessed on 11 July 2020).

⁷⁴ Section 18, Article II, Constitution; emphasis supplied.

⁷⁵ Section 3, Article XIII, Constitution; emphasis supplied.

engagement of the employee or where the work or service to be performed is seasonal in nature and the employment is for the duration of the season.

An employment shall be deemed to be casual if it is not covered by the preceding paragraph: Provided, That **any employee who has rendered at least one year of service, whether such service is continuous or broken, shall be considered a regular employee** with respect to the activity in which he is employed and his employment shall continue while such activity exists.⁷⁶

ABS-CBN's labor practices are less than exemplary.

Former employees who previously filed cases against ABS-CBN testified that they were illegally dismissed because they formed unions. They assert that their dismissal violates their right to organize — to form, join or assist unions, organizations or associations for purposes of collective bargaining and negotiation and for mutual aid and protection. They also claim that they were performing the functions of regular employees.⁷⁷

These former employees declared that they were made to sign employment contracts containing a waiver of the right to regularization. Those who refused to sign an employment contract containing a waiver of regularization were downgraded to project employees and later dismissed. The dismissed employees were only informed of their termination through text messages from their supervisors that they should not report for work anymore or they were not scheduled for work.⁷⁸

ABS-CBN's reason in failing to regularize many of its employees is the “uniqueness” of their industry, claiming that many of these employees are hired for specific programs and since programs don't last forever, neither does their employment.

The Committee pointed out to ABS-CBN that the bread and butter of ABS-CBN comes from the production and intellectual creations of employees, who are mostly non-regulars, including make-up artists, camera personnel, and similar workers who perform tasks that are necessary and desirable to the business of ABS-CBN.⁷⁹

Many of these workers have been serving ABS-CBN for more than 10, 15, or even 20 years. Their length of service is a testament to their competence, loyalty and dedication. Ironically, it is ABS-CBN's independent contractors and talents who produce the programs which generate the biggest source of income for the company.⁸⁰

From 2007 to 2020, ABS-CBN was a party in 109 illegal dismissal cases in the National Labor Relations Commissions, with a majority or more than 60% of cases decided in favor of the

⁷⁶ Article 280, Labor Code; emphasis supplied.

⁷⁷ TSN of the 29 June 2020 hearing, at VII-1 to 6.

⁷⁸ TSN of the 29 June 2020 hearing, at VII-1 to 6.

⁷⁹ TSN of the 30 June 2020 hearing, at VI-13.

⁸⁰ TSN of the 30 June 2020 hearing, at V-6.

workers.⁸¹ The cases filed, decided and pending against ABS-CBN narrate its constant attempt to circumvent labor laws and its apparent low regard for its employees.

In *ABS-CBN Broadcasting Corporation v. Marlyn Nazareno et al.*⁸², for example, the respondents were production assistants hired continuously for more than 5 years for various radio programs of ABS-CBN. In ruling that the respondents were regular employees, the Court stated that “the primary standard therefore of determining regular employment is the reasonable connection between the particular activity performed by the employee in relation to the usual trade or business of the employer.” The Court further stated that even if one is a project or seasonal employee, one who has rendered at least one year of service, whether continuous or intermittent, is deemed regular with respect to the activity performed and while such activity actually exists.”

In *Angorio Dela Rosa v. ABS-CBN Corporation*⁸³, while the Court upheld the petitioner's dismissal for just cause, the Court ruled that he was a regular employee since he was repeatedly hired under fixed-term contracts. “For a fixed-term employment contract to be valid, it must be shown that the fixed period was knowingly and voluntarily agreed upon by the parties, who dealt with each other on more or less equal terms with no moral dominance being exercised by the employer over the employee. Moreover, while fixed-term employment contracts have been recognized to be valid, the Court has held that if it is apparent that the period has been imposed to preclude acquisition of tenurial security by the employee, then such period must be struck down for being contrary to law, morals, good customs, public order, and public policy.” “Case law holds that the repeated engagement under a contract of hire is indicative of the necessity and desirability of the employee’s work in the employer’s business; and if an employee’s contract has been continuously extended or renewed for the same position, with the same duties, without any interruption, then such employee is a regular employee.”

The Court held in *Begino v. ABS-CBN Corporation*⁸⁴ that notwithstanding the nomenclature of the Talent Contracts and/or Project Assignment Forms and the terms and conditions embodied therein, petitioners are regular employees of ABS-CBN. As cameramen, editors, and reporters, petitioners were undoubtedly performing functions necessary and essential to ABS-CBN’s business of broadcasting television and radio content. ABS-CBN’s repeated hiring of petitioners for its long running news program positively indicates that the latter were ABS-CBN’s regular employees.

In a number of cases, ABS-CBN has also been found guilty of bad faith in treating its employees. In *Farley Fulache et al. v. ABS-CBN*,⁸⁵ after four drivers were found to be regular employees by the Labor Arbiter and pending appeal by ABS-CBN, the latter dismissed the four drivers supposedly since their jobs have been contracted out. In ruling against the company, the Court held that ABS-CBN acted with plain and unadulterated bad faith in dismissing its employees. “It [ABS-CBN] merely claimed that it was contracting out the petitioners’ activities in the exercise of its management prerogative. ABS-CBN’s intent, of course, based on the records, was to transfer the petitioners and their activities to a service contractor without paying any attention to the requirements of our labor laws; hence, ABS-CBN dismissed the petitioners when they refused to sign up with the service contractor. In this manner, ABS-CBN fell into a downward spiral of irreconcilable legal positions, all

⁸¹ TSN of the 29 June 2020 hearing, at VII-9.

⁸² G.R. No. 164156, September 26, 2006.

⁸³ G.R. No. 242875, August 28, 2019.

⁸⁴ G.R. No. 199166, April 20, 2015.

⁸⁵ G.R. No. 183810, January 21, 2010.

undertaken in the hope of saving itself from the decision declaring its “talents” to be regular employees.”

In *ABS-CBN v. Honorato Hilario*,⁸⁶ a company named CCI was formed in 1995 by Mr. Edmund Ty and some officers of ABS-CBN namely Mr. Eugenio Lopez III, Charo Santos-Concio, Felipe Yalong and Federico Garcia. CCI was engaged by ABS-CBN as a contractor for the set design of its shows and programs. Respondents were employees of CCI. In 2003, CCI was dissolved and Ty formed a new company called Dream Weaver Exponents, Inc. (DWVEI) and took CCI’s place as ABS-CBN’s contractor. As a consequence of CCI’s dissolution, the respondents were dismissed from their jobs. In ruling against ABS-CBN, the Court stated that “both the labor tribunals and the CA found that the purported closure of business operation of CCI was undertaken for the purpose of circumventing the provisions of the Labor Code which guarantees security of tenure of respondents and all other employees of CCI.” It was a ploy to get rid of employees “and there was actually a plan to continue the business operations under the guise of a new corporation, DWVEI, which merely transferred and rehired most of the employees of CCI, to the prejudice of herein respondents who were terminated. Clearly, respondents’ termination of employment was illegal as it was done in bad faith and in circumvention of the law.”

It must be noted that despite these rulings by the Supreme Court, ABS-CBN continues to use the same line of reasoning in defending its stance. During the committee hearings, they continue to distinguish program employees from regular employees when it is clear from the decisions of the Court that the mere fact of being a program employee does not preclude one from becoming a regular employee. The argument that the contracts of program employees are terminated once the program is completed no longer holds since the Court has ruled that repeated hiring of these employees elevates them to regular status, thus, making them entitled to all the benefits of a regular employee.

While ABS-CBN gives its non-regular employees various company-initiated benefits, it can’t give the benefit most important and advantageous to them – security of tenure. It is unfortunate that a multi-billion company like ABS-CBN has not regularized its independent contractors, talents, contractuels, project, and seasonal workers who perform the functions of regular employees. This Committee notes that only 25% or 2,661 of the total 11,701 workers of ABS-CBN are regular employees.

Corporations which are granted special privilege to engage in business affecting public interests must respect the rights of its workers and give them their just share in the fruits of production. The employees’ welfare must not be sacrificed in the pursuit of profits.

VIII. TAX AVOIDANCE

In 2009, ABS-CBN Corporation incorporated the following companies, all of which it wholly owns:⁸⁷

- **07 January 2009** ABS-CBN Hungary was incorporated to be the holding company of certain international subsidiaries.

⁸⁶ G.R. No. 193136, July 10, 2019.

⁸⁷ 2009 Consolidated Financial Statements of ABS-CBN Broadcasting Corporation and Subsidiaries.

- **19 May 2009** ABS-CBN Hungary incorporated ABS-CBN Netherlands, an intermediate holding and finance company.
- **19 June 2009** ABS-CBN Hungary established a branch in Luxembourg (ABS-CBN Luxembourg).
- **14 July 2009** Philippine Economic Zone Authority (PEZA) approved the application of Big Dipper Digital Content and Design, Inc. (“Big Dipper”) as an “Ecozone Information Technology (IT) Enterprise.”
- **01 September 2009** PEZA and Big Dipper entered into a Registration Agreement, giving Big Dipper a non-pioneer status and an Income Tax Holiday of 4 years.
- **01 October 2009** Big Dipper and ABS-CBN Luxembourg entered into an Assignment Agreement whereby Big Dipper assigned and transferred all of its rights, title and interests in the programs and content including Intellectual Property Rights produced by ABS-CBN and its certain subsidiaries from September 1, 1986 to September 30, 2009. As a consideration for the assignment, ABS-CBN Luxembourg paid Big Dipper an acquisition fee of US\$5,018,000 (P236,874,690) in 2009.
- **31 December 2009** Big Dipper and ABS-CBN Luxembourg entered into a Service Agreement where Big Dipper provides services such as archiving, digitization, warehousing, storage, maintenance of television programs for transmission or distribution on the internet and other kinds of new media delivery systems.

ABS-CBN controlled the following international subsidiaries or companies as of 2009:

Company	Place of Incorporation	Principal Activities	Effective Interest		
			2009	2008	2007
ABS-CBN Global Ltd.	Cayman Islands	Holding Company	100.0	100.0	100.0
ABS-CBN Europe Ltd.	United Kingdom	Cable and Satellite Programming Services	100.0	100.0	100.0
ABS-CBN Japan, Inc.	Japan	Cable and Satellite Programming Services	100.0	100.0	100.0
ABS-CBN Middle East FZ-LLC	Dubai, UAE	Cable and Satellite Programming Services	100.0	100.0	100.0
ABS-CBN Middle East LLC	Dubai, UAE	Trading	100.0	100.0	100.0

ABS-CBN Global Hungary Kft. (ABS-CBN Hungary)	Budapest, Hungary	Holding Company	100.0	-	-
ABS-CBN International	California, USA	Cable and Satellite Programming Services	100.0	98.0	98.0
ABS-CBN Australia Pty. Ltd.	Victoria, Australia	Cable and Satellite Programming Services	100.0	98.0	98.0
ABS-CBN Telecom North America, Inc.	California, USA	Telecommunications	100.0	98.0	98.0
ABS-CBN Canada, ULC	Canada	Cable and Satellite Programming Services	100.0	98.0	98.0
ABS-CBN Global Netherlands B.V.	Amsterdam, Netherlands	Intermediate holding and financing company	100.0	-	-
ABS-CBN Global Remittance, Inc.	California, USA	Services – money remittance	100.0	-	-

PEZA-Registered Big Dipper Digital Content and Design, Inc.

Big Dipper, which is wholly owned by ABS-CBN Corporation, is PEZA-registered as an “Ecozone Information Technology (IT) Enterprise” and operating at the Eugenio Lopez, Jr. Communications IT Building. PEZA and Big Dipper entered into the following Agreements:

Agreement	Status	Registered Activity	Income Tax Holiday
Registration Agreement dated 01 September 2009	Non-Pioneer	Digital film archiving, digital central library, content licensing and transmission and the importation of machinery, equipment, tools, goods, wares, articles or merchandise directly used in its registered operations	4 years from commercial operation
Supplemental Agreement dated 18 March 2014	Pioneer	Digital film archiving, digital central library, content licensing and transmission	6 years from date of start of commercial operations (i.e. 01 November 2009 until 31 October 2015)

As a PEZA-Registered Company, Big Dipper is entitled to several fiscal incentives, such as Income Tax Holiday (Pioneer – 6 years; Non-Pioneer – 4 years).⁸⁸ After the income tax holiday period, Big Dipper pays a special 5% tax on Gross Income, in lieu of all national and local

⁸⁸ <https://boi.gov.ph/wp-content/uploads/2018/02/boi-faq-in-english.pdf>

taxes. Other incentives include exemption from wharfage dues and export taxes, imposts and fees, employment of foreign nationals, simplified import and export procedures, and other incentives under Executive Order No. 226 (Omnibus Investments Code of 1987), as may be determined by the PEZA Board.

Big Dipper's only clients are ABS-CBN Companies:⁸⁹

- ABS-CBN Corporation
- ABS-CBN Film Productions, Inc.
- Sarimanok News Network, Inc. (ABS CBN News Channel)
- Creative Programs, Inc.
- ABS-CBN Hungary Kft.

Under RA No. 7916 or The Special Economic Zone Act of 1995, Ecozone Export Enterprises including IT Enterprises are authorized to export at least fifty (50%) of its production output or services if at least 60% of an enterprise's capital is owned by Philippine nationals. Since Big Dipper is 100% Filipino owned, its local sales allowance is 50% of its total sales.⁹⁰

According to the PEZA Director General, based on Big Dipper's reportorial submission to PEZA, it has met the export sale requirement for the following years it has rendered services to ABS-CBN Hungary:⁹¹

Year	Export (Php)	% Export Sales to Total Sales
2016	1,319,236,624.00	50.21%
2017	1,369,771,821.00	51.16%
2018	1,459,544,505.00	54.47%
2019	1,411,194,195.15	55%

BigDipper's Operations

Big Dipper's 2 major clients are ABS-CBN Corporation and ABS-CBN Luxembourg.

Big Dipper renders services to ABS-CBN Corporation by performing IT repurposing services on motion picture content owned by ABS-CBN, with the end view of having such content susceptible for airing in various media platforms such as cable, internet, pay TV, DVD, such that said content may be distributable to offshore entities.

Big Dipper renders services to ABS-CBN Luxembourg for archiving, digitization, warehousing, storage and maintenance fees of TV programs for transmission or distribution on the internet and other kinds of new media delivery systems. **ABS-CBN Hungary**, on the other hand, then licenses the content to other companies around the world.⁹²

⁸⁹ The Big Dipper Digital Content & Design, Inc. Service Revenues (in PHP) for Y2018.

⁹⁰ Letter dated 29 June 2020 addressed to Congressman Alvarez.

⁹¹ Letter dated 29 June 2020 addressed to Congressman Alvarez.

⁹² <https://www.cnn.ph/news/2020/7/1/ABS-CBN-lawyer-defends-Big-Dipper-services-export-.html>

As can be gleaned from its Agreements, after the 4 year ITH was finished, Big Dipper applied for a “Pioneer Status” and extended its ITH for another 2 years. After the ITH period, Big Dipper became entitled to pay a special 5% tax on gross income in lieu of all national and local taxes, among other fiscal incentives provided. In this case, starting 2015, income from Big Dipper’s services have been subject to 5% preferential rate.

ABS-CBN Hungary and its branch, ABS-CBN Luxembourg, are taxed at its source of income. Hungary and Luxembourg are well-known tax havens, with Hungary having the lowest corporate income tax in the European Union at 9%.⁹³

ABS-CBN Corporation also receives dividends from Big Dipper, all of which are tax exempt pursuant to Section 27(D)(4) of the National Internal Revenue Code, which provides that “Dividends received by a domestic corporation from another domestic corporation shall not be subject to tax.”

Compromise Agreements entered into by ABS-CBN Corporation and its subsidiaries

Judicial Records show that ABS-CBN entered into Compromise Agreements with the BIR in 2018 and 2019 as follows:⁹⁴

Date	Case Name	BIR Assessed Amount (for alleged deficiency internal revenue taxes)	Amount Paid (as per Compromise Agreement)
31 July 2019	ABS-CBN Film Productions Inc. vs. CIR ⁹⁵	P95.52 Million	P16.10 Million
08 July 2019	Sarimanok News, Network, Inc. vs. CIR ⁹⁶	P97.08 Million	P17.83 Million
27 February 2019	ABS-CBN Corp. vs. CIR ⁹⁷	P2.5 Billion ⁹⁸	P152.4 Million
23 November 2018	ABS-CBN Film Productions, Inc. vs. CIR ⁹⁹	Not mentioned	P3.08 Million

⁹³ [https://taxfoundation.org/2020-corporate-tax-rates-in-europe/#:~:text=Hungary%20\(9%20percent\)%2C%20Ireland,tax%20rate%20of%2021.9%20percent.](https://taxfoundation.org/2020-corporate-tax-rates-in-europe/#:~:text=Hungary%20(9%20percent)%2C%20Ireland,tax%20rate%20of%2021.9%20percent.)

⁹⁴ <https://www.philstar.com/business/2020/01/17/1985610/does-abs-cbn-have-tax-deficiencies-unpaid-debts>

⁹⁵ CTA Case No. 9284.

⁹⁶ CTA Case No. 9285.

⁹⁷ CTA Case No. 9411.

⁹⁸ <https://cnnphilippines.com/business/2020/7/3/ABS-CBN-defends-compromise-agreement-BIR.html>

⁹⁹ CTA Case No. 9283.

News articles stated that a Compromise Agreement between ABS-CBN Publishing vs. The Commissioner of Internal Revenue for payment of P30 Million was reached on 22 January 2019. However, no records were found in the CTA website.¹⁰⁰

BIR Deputy Commissioner for Operations Arnel Guballa confirmed that there is still one (1) more pending case with the Court of Tax Appeals, which involves Star Songs (a subsidiary that has been merged with Star Cinema).¹⁰¹

***ABS-CBN Lingkod
Kapamilya Foundation,
Inc. (AFKLI)***

AKFLI submitted a BIR Certificate of Registration certifying it as a donee institution and that the donation/s received shall entitle the donor/s full or limited deduction pursuant to Section 34(H)(1) or (2) and exemption from Donor's Tax pursuant to Section 101 (A)(2) of the NIRC of 1997, as amended.¹⁰²

***Taxes paid by ABS-
CBN***

Pursuant to the BIR's presentation, the following are the taxes ABS-CBN remitted to it for years 2016-2019:¹⁰³

TAX TYPE	2016	2017	2018	2019	TOTAL
Income Tax (IT) Due	757,601,712.00	195,805,183.96	163,955,792.88	203,266,698.20	1,320,629,387.04
Value Added Tax (VAT)	1,482,367,476.00	1,250,382,360.99	942,000,921.04	1,330,373,288.92	5,005,124,046.95
Withholding on Compensation (WC)	1,398,777,174.46	1,286,401,965.47	957,247,384.59	1,066,770,964.31	4,709,197,488.83
Expanded Withholding Tax (WE)	842,573,121.94	768,165,562.82	590,006,420.05	593,036,796.32	2,793,781,901.13
Final Withholding Tax (WF)	241,427,400.03	223,525,095.22	196,609,038.61	149,752,221.48	811,313,755.34
Fringe Benefits (WR)	60,581,484.11	63,380,007.78	79,973,087.86	74,871,317.33	278,805,897.08
Capital Gains Tax (CS)				5,687,633.64	5,687,633.64
Withholding VAT/Percentage	138,062,658.43	131,471,030.70	120,060,060.45	67,952,758.37	457,546,507.95
Documentary Stamp Tax (DS)	37,734.75		155,273.91	74,616.56	267,625.22
Others	18,918.50	18,902.48	16,300.00	15,000.00	69,120.98
TOTAL	4,921,447,680.22	3,919,150,109.42	3,050,024,279.39	3,491,801,295.13	15,382,423,364.16

¹⁰⁰ <https://www.philstar.com/business/2020/01/17/1985610/does-abs-cbn-have-tax-deficiencies-unpaid-debts>

¹⁰¹ <https://news.abs-cbn.com/business/02/18/20/abs-cbn-clear-with-bir-except-for-1-pending-case-says-deputy-commissioner?fbclid=IwAR1613-6y0-2TrI-wubfnTBu02v6HWIzS3OFAGW5UWjHi-kprVh-vko57A0>

¹⁰² BIR Certification of Registration No. 142-2019 dated 18 October 2019.

¹⁰³ BIR-Large Taxpayer's Service Powerpoint Presentation.

ABS-CBN claims it did not violate the law.

ABS-CBN maintained that it did not violate the terms and conditions of its legislative franchise by availing of tax incentives offered by the government.

ABS-CBN said Big Dipper, a 100% owned subsidiary of ABS-CBN, applied and qualified for Philippine Economic Zone Authority (PEZA) registration under the creative industry sector as IT-enabled services. Big Dipper generated over USD237M in foreign exchange inflows, created jobs and helped bring Filipino content to a global audience. It was pointed out that the opportunity to avail of tax incentives is open to all companies who are willing to assume the financial and investment risk, and comply with the government requirements.

ABS-CBN further said that its Lingkod Kapamilya Foundation, Inc., a non-stock and non-profit foundation accredited by the Philippine Council for NGO (PCN), is a certified tax-exempt NGP as confirmed by the BIR. ABS-CBN claims that it is not using the Kapamilya foundation as a tax shield.

BIR Tax Clearance does not mean absence of fraud or tax liability

ABS-CBN claims it is paying proper taxes which is allegedly proven by the Tax Clearance issued by the Bureau of Internal Revenue. However, it was established that a Tax Clearance does not absolve a tax payer from tax liabilities and delinquencies, nor from acts of fraud or tax evasion:

MR. GALAPIA. Ulitin ko po, iyong tax clearance po at the time it was issued, wala pang nakikitang tax liability iyong taxpayer. But **kapag nag-issue kami ng letter of authority, if we suspect something is wrong, possible na magkaroon ulit ng tax liability.** So babaguin iyong tax clearance, mag-iissue kami ng tax clearance, **mayroon nang tax liability in that case for that period only iyong tax clearance, it may changed.**

REP. BARZAGA. Kaya ang sinasabi natin, **posible pa rin na imbestigahan niyo ang Big Dipper, kahit na may tax clearance.** Tama po ba?

MR. GALAPIA. **Exactly,** Your Honor.¹⁰⁴

X X X

REP. BARZAGA. Good afternoon.

Regional Director, I would just like to be clarified about the legal significance of a tax clearance. Kasi ang sinasabi natin dito, at totoo naman, tax clearance was issued by the Bureau of Internal Revenue to ABS-CBN Corporation. Iyon bang tax clearance na in-issue niyo sa ABS-CBN Corporation conclusive na bayad sila

¹⁰⁴ TSN of the 01 July 2020 hearing, VII-7; emphasis supplied.

sa mga taxes and the BIR could no longer investigate ABS-CBN for the periods covered by the tax clearance issued?

MR. CABANTAC. If I may be allowed, Mr. Chair. Good afternoon, Sir... Congressman.

Sir, with respect to the tax clearance, they may be referring to... you might be referring to the tax clearance that we usually issue when the taxpayer's request for a clearance will verify if the taxpayer has a pending delinquent accounts. If there is none, we usually issue the... we usually issue a certificate of tax clearance, Sir.

With respect to your second question as to the investigation of taxpayer despite the issuance of the tax clearance, **there is still a possibility that we can conduct a second audit as soon as I... second audit in cases of fraud**, Sir.

REP. BARZAGA. So para lamang sa kaalaman ng ating mga taxpayer, kahit na nag-issue ng tax clearance ang Bureau of Internal Revenue that is not conclusive in favor of the taxpayer when the tax clearance was issued, tama po ba?

MR. CABANTAC. Directly, Sir, **if there is a fraud issue, you are correct**, Sir.¹⁰⁵

X X X

REP. BARZAGA. So in short, or summing up, kahit na mayroong tax clearance, it **does not bar the government to conduct an investigation** in the event that there will be fraud for the corporation in the year when the tax clearance was issued, tama po ba 'yung aking conclusion?

MR. CABANTAC. Tama, Sir. **Because maybe during the audit hindi po nakita 'yung scheme employed by a particular entity. And in the process nakapag issue ng clearance but, at times those... may nakita tayong, ah, ano'ng tawag dito, fraudulent scheme during the process and puwede pong mag... i-revisit po 'yung audit or mag-issue ng letter of authority to conduct a second audit**, Sir.¹⁰⁶

***Propriety of Big Dipper
as a PEZA-Registered
Company***

Pursuant to The Special Economic Zone Act of 1995, as amended, among the objectives of PEZA are the following:

¹⁰⁵ TSN of the 01 July 2020 hearing, V-7; emphasis supplied.

¹⁰⁶ TSN of the 01 July 2020 hearing, V-8; emphasis supplied.

- **To promote the flow of investors**, both foreign and local, into special economic zones which would **generate employment opportunities** and establish backward and forward linkages among industries in and around the economic zones;
- To **stimulate the repatriation of Filipino capital** by providing attractive climate and incentives for business activity;
- To **promote financial and industrial cooperation between the Philippines and industrialized countries through technology-intensive industries** that will modernize the country's industrial sector and improve productivity levels by utilizing new technological and managerial know-how.

A study of the operations and structure of Big Dipper, however, complies with none of these objectives for which PEZA was created for. First of all, Big Dipper is wholly owned by ABS-CBN Corporation and after all these years, has not brought in any other investor. Second, in terms of generation of employment, Big Dipper admitted that they only have 164 employees.¹⁰⁷ Third, Big Dipper does not stimulate repatriation of Filipino capital since its only international client is a holding company, ABS-CBN Luxembourg, also owned by ABS-CBN Corporation. Finally, it cannot be said to promote any financial and industrial cooperation between the Philippines and industrialized countries since it essentially only deals with other ABS-CBN group of companies.

Ethical Considerations of Tax Avoidance

Taxes are the nation's lifeblood through which government agencies continue to operate and with which the State discharges its functions for the welfare of its constituents.¹⁰⁸ It is said that taxes are what we pay for a civilized society. Without taxes, the government would be paralyzed. Hence, despite the natural reluctance to surrender part of one's hard earned income to the taxing authorities, every person who is able to must contribute his share in the running of the government.¹⁰⁹

In this case, ABS-CBN claims that it is merely taking advantage of fiscal incentives and remedies provided for by law, which is how it was able to minimize payment of taxes. It maintains that its actions and corporate structures are all legal.

Congress has a bigger role and more factors to consider in the grant of a franchise considering the welfare of the entire Filipino nation is on the line. For this reason, ABS-CBN's tax avoidance arrangements must be subjected to closer scrutiny.

The situation of tax avoidance through tax loopholes provides an unadulterated example of the difference between what is legal and what is ethical. Legality tends to conform to current societal norms rather than reflecting the totality of morality. In other words, there is a 'spirit of the law' (morality) and a 'letter of the law' (legality). Legitimizing a 'wrong' act because of circumstances or societal mores does not make that act any more moral.¹¹⁰

¹⁰⁷ TSN of the 01 July 2020 hearing.

¹⁰⁸ CIR v. Petron, G.R. No. 185568, March 21, 2012.

¹⁰⁹ CIR v. Algue, Inc. and the CTA, G.R. No. L-28896, February 17, 1988.

¹¹⁰ Raiborn, Cecily, Marc F. Massoud and Dinah M. Payne. *Tax Avoidance: The Good, the Bad and the Future*.

Tax avoidance, while legitimate, can be seen as aggressive when it involves using financial instruments and arrangements not intended as, or anticipated by, governments as a vehicle for tax advantage. For example, the use of overseas tax havens. Avoiding tax and bending the rules of the tax system is not illegal unlike tax evasion; it is operating within the letter, but perhaps not the spirit, of the law.¹¹¹

If we focus on the harm of tax avoidance to society, rather than how it is legally defined, then we can see that it contributes to growing inequality, increases tax burdens on resident taxpayers and undermines state legitimacy.¹¹² Although legal, the employment of tax avoidance schemes could undermine the integrity of a tax system.¹¹³

In this case, the continuous practice of ABS-CBN in navigating through the loopholes of the system and our tax laws appeared to have reached the extent of depriving the government of the taxes due. The integrity of ABS-CBN as a whole is thrown into question when we now compare its payment of taxes to other broadcast companies.

As a company, ABS-CBN is entitled to incentives and remedies provided by law to maximize its profits. But as a franchise holder, profit cannot be the only factor to be considered, in complete disregard of the effect and impact of its practices on the Filipino people.

Opportunity cost to the Government

ABS-CBN earns revenues in the billions of pesos. However, through corporate layering, taking advantage of well-known tax havens such as Hungary, Luxembourg and the Cayman Islands and even through the use of our own PEZA incentives, we see that only a minimal fraction is remitted to the government. This was highlighted when the public saw the glaring difference in payment of taxes of the two broadcast media giants, ABS-CBN and GMA.

Based on published tax records of what GMA7¹¹⁴ paid in income tax and per BIR's admissions, the differences could be seen:

	2017	2018	2019	TOTAL
ABS CBN¹¹⁵	P195.80 Million	P163.95 Million	P203.26 Million	P563.01 Million
GMA7	P1.09 Billion	P1.4 Billion	P1 Billion	P3.13 Billion

Historically, ABS-CBN has always earned more than GMA, except in 2018. ABS-CBN is also much bigger in terms of size. In the first half of 2019 alone, total revenues of ABS-CBN stood at P20.8 Billion, while GMA had P7.9 Billion.¹¹⁶ This is why this Committee viewed with suspicion the tax figures of ABS-CBN.

¹¹¹ <https://www.theguardian.com/sustainable-business/avoiding-tax-legal-but-ever-ethical#:~:text=Avoiding%20tax%20is%20avoiding%20a,and%20destroying%20the%20public's%20trust.&text=Tax%20avoidance%20has%20been%20branded,integrity%20of%20the%20tax%20system>.

¹¹² <https://theconversation.com/tax-avoidance-might-be-legal-but-its-time-we-seriously-questioned-its-ethics-87133>

¹¹³ NTRC Tax Research Journal (Vol. XVII.4): Study on the Tax Avoidance and Evasion Schemes on the Transfer of Real Properties.

¹¹⁴ <https://www.wsj.com/market-data/quotes/PH/XPHS/GMA7/financials/annual/income-statement>

¹¹⁵ BIR-Large Taxpayer's Service Powerpoint Presentation.

¹¹⁶ <https://www.rappler.com/business/238016-abs-cbn-gma-earnings-stocks-to-watch-august-19-23-2019>

So how much was ABS-CBN able to “save” by putting up Big Dipper? The following table shows the revenues of Big Dipper and its declared dividends which went to ABS-CBN:

	Big Dipper’s Revenues	Big Dipper’s Declared Dividends
2016	P2.62 Billion	P1 Billion
2017	P2.67 Billion	P2.5 Billion
2018	P2.68 Billion	P2.2 Billion
2019	P2.6 Billion	P2.3 Billion

As previously discussed, Big Dipper’s dividends, which it gives entirely to ABS-CBN are **tax-exempt**.

With regard to income tax, since Big Dipper is a PEZA-Registered Company, it is only subject to **5% tax on gross income**, in lieu of all national and local taxes. As a domestic corporation, not registered under PEZA, ABS-CBN is subject to regular corporate income tax of 30% based on its net taxable income.

Therefore, because ABS-CBN was able to put up Big Dipper it was able to save on income taxes – savings that could have been used by the government for provision of vital services -- in the following amounts:

Year	Big Dipper’s Revenue	Tax at 5% (PEZA Rate)	Tax at 30% (If ABS-CBN was not allowed to course it through Big Dipper)	Income Tax Saved by ABS-CBN and lost by the Government (through the use of Big Dipper)
2016	P2.62 Billion	P131 Million	P786 Million	P655 Million
2017	P2.67 Billion	P133.5 Million	P801 Million	P667.5 Million
2018	P2.68 Billion	P134 Million	P804 Million	P670 Million
2019	P2.6 Billion	P130 Million	P780 Million	P650 Million

It must be noted that this does **not** even include other national and local taxes such as VAT, documentary stamp taxes, excise taxes, percentage tax, etc.

At a time when the government is in need of revenues, should it tolerate multinational corporations, especially franchise holders, avoiding payment of their fair share of taxes?

Moreover, ignoring such schemes would set a dangerous precedent. Should all other broadcast companies follow suit, the government would indeed run out of revenue to keep running.

Since 2009 to the present, ABS-CBN through Big Dipper, has benefited immensely from the loopholes or gaps in our laws, depriving the government of much-needed revenue. The opportunity cost for the government would surely add up to billions of pesos that could have potentially funded vital projects and programs for the Filipino people.

To limit the decision on the legality of ABS-CBN’s action would be a great disservice to the Filipino people. The State has the duty to examine the company and franchise holder as an entirety and if the same upholds the Filipino values we wish to encourage. A franchise is a

privilege, and not a right, and must be given to an entity that puts the welfare of the Filipinos first.

As with AMCARA with regard to ABS-CBN's exclusive use of Channel 23, Big Dipper exists solely for and because only of ABS-CBN. Big Dipper has no other business but serving ABS-CBN or all entities fully owned by it. This act of ABS-CBN, while not necessarily illegal, is nonetheless less than exemplary, and borders on being immoral when viewed in light of the billions of pesos of lost revenue for the Philippine government which could have funded much needed basic services for the Filipino people.

IX. BIASED REPORTING, INAPPROPRIATE PROGRAM CONTENT AND POLITICAL MEDDLING

Duty of ABS-CBN under its legislative franchise

The legislative franchise of ABS-CBN provides:

The grantee shall... provide at all times sound and balanced programming;... assist in the functions of public information and education; conform to the ethics of honest enterprise; and not use its stations for the broadcasting of obscene and indecent language, speech, act or scene, or for the dissemination of deliberately false information or willful misrepresentation to the detriment of the public interest, or to incite, encourage, or assist in subversive or treasonable acts.¹¹⁷

The grantee shall comply with a general broadcast policy law which Congress may hereafter enact.¹¹⁸

Biased Reporting

While ABS-CBN admits that there are times it commits mistakes since it is not a perfect organization, it points out that it promptly corrects its mistakes. ABS-CBN said it has a Network Ombudsman who handles complaints against news personnel, and it makes sure that its news personnel adhere to the Journalist's Code of Ethics.¹¹⁹

At least five Members recounted personal experiences on the apparent biased reporting of ABS-CBN. Issues ranged from alleged partiality in reporting to lack of airtime to explain one's side; from apparent splicing to sensational, misleading or patently untrue news items aired by ABS-CBN.¹²⁰ They expressed their dissatisfaction in the lack of objectivity of ABS-CBN reports, and non-observance of its responsibility to provide sound and balanced programming at all times.

¹¹⁷ Section 4, RA7966, ABS-CBN Franchise; emphasis supplied.

¹¹⁸ Section 12, RA7966, ABS-CBN Franchise; emphasis supplied.

¹¹⁹ TSN of the 06 July 2020 hearing, testimony of ABS-CBN's Ms. Regina Reyes.

¹²⁰ TSN of the 06 July 2020 hearing, Rep. Ron Salo, Rep. Rodante Marcoleta, Rep. Janette Garin, Rep. Bambol Tolentino and Rep. Jesus Crispin Remulla.

ABS-CBN promised to make it a policy to give airtime to government officials to address any negative issue being thrown against them,¹²¹ when Members pointed out Article 4 of the Broadcast Code of the Philippines which states that “*when personal attacks against any person, institution or group are aired, that person, institution or group shall be given a **fair opportunity to reply** immediately in the same program, if possible, or at the earliest opportunity. If not, the opportunity to reply should be given in any other program under similar conditions.*”

Inappropriate Program Content

ABS-CBN said its shows tell stories teaching life lessons, and present stories embodying Filipino values of hard work, honesty, respect, resilience, and most of all love for family, country and God. It said they do not have deliberate intention to offend the public, and they practiced self-regulation.¹²²

However, ABS-CBN’s attention was called to TV shows that do not preserve Filipino cultural values and morality. Instances were cited where acts and scenes offensive to the sensibilities of the viewing public were aired in different programs of ABS-CBN. It was recommended that ABS-CBN come up with more family-oriented content that supports the values of the Filipino and less violence and sex-themed shows and programs.¹²³

Meddling in Politics

Under Philippine Law, it is a matter of public policy that broadcast companies, which get their franchise from Congress and frequencies from NTC, are not allowed to favor any candidate in any election. Franchise holders are called to be neutral, nonpartisan and independent. These prohibitions were put in place to ensure that the ownership and practice of media will never be jeopardized by private interests that are inimical to public good and democracy.

The Fair Elections Act (R.A. No. 9006) provides:

The State shall, during the election period, supervise or regulate the enjoyment or utilization of all franchises or permits for the operation of media of communication or information **to guarantee or ensure equal opportunity** for public service, including access to media time and space, and the equitable right to reply, for public information campaigns and fora among **candidates** and assure free, orderly, honest, peaceful and credible elections.¹²⁴

x x x

Equal Access to Media Time and Space. – **All registered parties and bona fide candidates shall have equal access to media time and space.** x x x

6.2. (a) Each bona fide candidate or registered political party for a nationally elective office **shall be entitled to not more than one hundred twenty (120) minutes of television**

¹²¹ TSN of the 06 July 2020 hearing, testimony of ABS-CBN’s Mr. Carlo Katigbak.

¹²² TSN of the 06 July 2020 hearing, testimony of ABS-CBN’s Ms. Socorro Vidanes.

¹²³ TSN of the 06 July 2020 hearing, Rep. Bienvenido Abante and Rep. Lito Atienza.

¹²⁴ Section 2, RA9006, Fair Elections Act.

advertisement and one hundred eighty (180) minutes of radio advertisement whether by purchase or donation.

X X X

In all instances, the COMELEC shall supervise the use and employment of **press, radio and television facilities** insofar as the placement of political advertisements is concerned **to ensure that candidates are given equal opportunities under equal circumstances to make known their qualifications and their stand on public issues** within the limits set forth in the Omnibus Election Code and Republic Act No. 7166 on election spending.

The COMELEC shall ensure **that radio or television or cable television broadcasting entities shall not allow the scheduling of any program or permit any sponsor to manifestly favor or oppose any candidate or political party** by unduly or repeatedly referring to or including said candidate and/or political party in such program respecting, however, in all instances the right of said broadcast entities to air accounts of significant news or news worthy events and views on matters of public interest.

6.5. All members of media, television, radio or print, shall scrupulously report and interpret the news, taking care not to suppress essential facts nor to distort the truth by omission or improper emphasis. They shall recognize the duty to air the other side and the duty to correct substantive errors promptly. X X X¹²⁵

X X X

A “violation of this Act and the rules and regulations of the COMELEC issued to implement this Act shall be an election offense.”¹²⁶

ABS-CBN is accused of favoring candidates and using its closeness to favored candidates to gain political and economic advantage for itself. Specifically, during the 2016 elections, ABS-CBN appeared biased against then Presidential candidate Rodrigo Roa Duterte.

- (1) Under ABS-CBN’s Book and Buy of Advertisements, once the advertisements are booked, a corresponding payment shall be made. But ABS-CBN failed to air these advertisements claiming that slots were already full and the payment shall be refunded later instead. This put candidates with lesser funds at a disadvantage, who have to wait till after the elections to get a refund.

But despite ABS-CBN’s claim of unavailability of advertisement slots, it was able to continue the last-minute airing of Senator Antonio Trillanes’ black propaganda attack against Mayor Duterte, which was the subject of a Temporary Restraining Order (TRO) filed by then Vice Presidential candidate Alan Peter S. Cayetano.

¹²⁵ Section 6, RA9006, Fair Elections Act.

¹²⁶ Section 13, RA9006, Fair Elections Act.

The trial court subsequently issued a TRO which enjoined ABS-CBN to stop the broadcast of that advertisement for using and exploiting minor children to besmirch the name and reputation of Mayor Duterte.

- (2) During the Vice Presidential Debate, ABS-CBN made the rules very clear that the subject matter would only relate to the vice presidential candidates. Yet this was blatantly violated when Vice Presidential candidate Cayetano was specifically asked regarding Presidential candidate Duterte's alleged "rape" joke. Despite clear rules and procedures, in the middle of the debate it was obvious that program anchor Mr. Alvin Echico and company were suddenly prompted by the producers to elicit answers from candidate Cayetano regarding the President's alleged "rape" joke. Not only were the rules very clear, but the debate itself was not the proper forum as the Presidential candidate they sought to malign and undermine was not even there to respond in person.
- (3) Later in the same debate, program anchor Ms. Gretchen Ho was to read comments from social media about Vice Presidential Candidates and Issues. Yet the first comment she read was again about same issue on the "rape" joke thrown to candidate Cayetano that attacked President Duterte. Furthermore, given the nature of the other comments read by Ms Ho, some of which were nonsensical, it is clear that there was no proper criteria on the kind of comments that should be read, therefore indicating that her selection of that particular comment against President Duterte was arbitrary, malicious, biased, and part of a larger design to undermine his candidacy.
- (4) Vice President Leni Robredo was clearly favored when ABS-CBN aired her interviews during Umagang Kay Ganda, the noon-time report, the 6:30 p.m. news, and late evening news Bandila. Other candidates did not have the same opportunity when their interviews only appeared in Bandila or Umagang Kay Ganda, which have significantly less ratings compared with the 6:30 pm news.

ABS-CBN admits that it did not completely air the total paid political advertisements of then presidential candidate Rodrigo Roa Duterte. ABS-CBN reasoned that it was due to the first-come, first-served policy of the company. ABS-CBN said they already apologized to Pres. Duterte for the delay in refunding the cost of unaired political advertisements. In the end, President Duterte didn't accept the refund, and gave it to charity instead.¹²⁷

This Committee will not make a finding on the alleged biased reporting and the individual complaints of the Members. Neither will it make a judgement on the content of ABS-CBN's programs or its alleged meddling in politics. The principles of press freedom, fair comment, and self-regulation of media militate against any attempt at such ruling.

But this Committee encourages ABS-CBN to carefully examine itself, and with humility, try to understand where all the persistent complaints about biased reporting, inappropriate program content, and political meddling are coming from. Perhaps, by listening to the complaints and assessing itself, ABS-CBN will come to some realizations which hopefully will make it a better media entity, employer, and corporate citizen.

¹²⁷ TSN of the 06 July 2020 hearing, testimony of ABS-CBN's Mr. Carlo Katigbak.

FINDINGS AND RECOMMENDATIONS

ABS-CBN came before this Committee, asking that it be granted the privilege of a legislative franchise to once more operate a broadcasting company.

It sought to demonstrate to this Committee that it has faithfully discharged its responsibilities under its previous franchise and prove that it deserves to be conferred the same privilege for the next twenty-five years.

As promised, this Committee was fair, thorough, and impartial, viewing with eyes, minds, and hearts wide open all facts and issues bearing on the fitness of ABS-CBN to be given the privilege of using the airwaves of the State.

We endeavoured to see if ABS-CBN, based on the totality of circumstances and entirety of conduct, is truly deserving of a new legislative franchise.

This Committee has exhaustively discussed —

1. Mr. Lopez's American citizenship and doubtful Filipino citizenship and allegiance to the Philippines;
2. ABS-CBN's possible violation of the Constitutional prohibition against ownership and management of mass media by foreigners;
3. ABS-CBN's numerous violations of the terms of its legislative franchise;
4. ABS-CBN's questionable and unjust, if not immoral, tax avoidance schemes;
5. ABS-CBN's apparent use of a dummy; and
6. ABS-CBN's less than exemplary labor practices.

This Committee finds that the foregoing, taken collectively, weighs heavily against the grant of legislative franchise to ABS-CBN.

This Committee likewise takes the opportunity to present policy recommendations with a view to crafting more responsive and effective legislation to address the many unresolved issues discussed in the course of ABS-CBN's franchise application -

- For the House of Representatives, through its various Committees, to vigorously exercise its general Congressional oversight functions in order to timely and immediately address violations or perceived violations of legislative franchises, relevant laws and regulations even prior to consideration of applications for renewal;
- For the relevant Committees of the House, with the participation of appropriate government agencies, to inquire, in aid of legislation and policy determination, on the practice of issuing Philippine Depositary Receipts for industries required to be wholly owned and managed by Filipinos;

- For the relevant Committees of the House, with the participation of appropriate government agencies, to inquire, in aid of legislation and policy determination, on the various digital platform offerings of broadcast entities in order to protect public interest and ensure compliance with legislative franchises, or recommend amendments thereto to take into account technological advancements in digital broadcast technology;
- For the relevant Committees of the House, with the participation of appropriate government agencies to inquire, in aid of legislation and policy determination, to inquire on the current system of giving tax and fiscal incentives to prevent abusive tax avoidance measures which deprive the government of rightful taxation income, and ensure that only bona fide target industries and entities are able to avail of said incentives; and
- For the relevant Committees of the House, with the participation of appropriate government agencies, to inquire, in aid of legislation and policy determination, on how exactly ABS-CBN was able to recover its properties from the government without recourse to the mandated procedures and in light of recent questions relating to its property in Mother Ignacia, Quezon City.

FREEDOM OF THE PRESS

In resolving the franchise application of ABS-CBN, this Committee assures the House of Representatives that this matter is in no way related to the freedom of the press. It is what it is — a denial of a privilege granted by the State because the applicant was seen as undeserving of the grant of a legislative franchise.

By no means can this franchise application be related to press freedom. If it were so, then all applicants for legislative franchises covering mass media could simply claim such freedom and force the hand of this Committee each time. Such a scenario is totally inconsistent with the nature of legislative franchises as a mere privilege and never a matter of right.

WHEREFORE, in view of the foregoing, the technical working group respectfully recommends the DENIAL of the franchise application of ABS CBN Corporation.

The technical working group recommends the adoption of the attached committee resolution entitled, ***“RESOLUTION DENYING THE FRANCHISE APPLICATION OF ABS CBN CORPORATION TO CONSTRUCT, INSTALL, ESTABLISH, OPERATE, AND MAINTAIN RADIO AND TELEVISION BROADCASTING STATIONS IN THE PHILIPPINES.”***



Rep. Pablo John F. Garcia
3rd District, Cebu City

I dissent.



Rep. Xavier Jesus D. Romualdo
Lone District, Camiguin



Rep. Stella Luz A. Quimbo
2nd District, Marikina City