



WEEK 43

FRIDAY 25 OCT 2013

THIS WEEK

- Columnist: Keith McDonnell on Asia
- Poker ruled a skill game in India
- Amaya to sell WagerLogic
- Tweets of the week

TOP STORY

DELAWARE SET FOR 31 OCTOBER LAUNCH

State confirm go-live date for real-money online gaming



State flag flying in Newark, Delaware

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Delaware have confirmed 31 October as the launch date for real-money online gaming in the state. The news was announced by Ed Sutor, president and CEO of state casino Dover Downs, at the World Regulatory Briefing conference in Philadelphia. If the services launch as planned, Delaware will become the first state in the US to offer real-money online gaming products other than poker.

The Delaware Gaming Competitive Act of 2012 was passed in June last year, while this May saw a consortium consisting of 888 Holdings, Scientific Games and Williams Interactive selected as primary vendors to the Delaware State Lottery, the sole regulator of real-money online gaming in the state. The firms will offer a full turnkey solution including poker, casino games and video lottery games, which will be branded and marketed through Delaware's three land-based casinos, including Dover Downs.

Regulators had initially targeted a 30 September launch, although even the revised date will still see Delaware beat New Jersey to market by nearly a month following the Garden State's recent confirmation that they would go live on 26 November. However with a population

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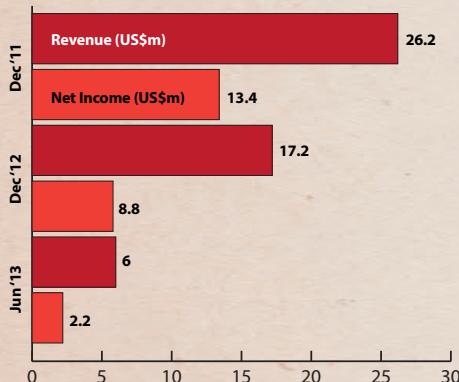
of under a million it comes as no surprise that Delaware have been in conversation with both New Jersey and Nevada regarding potential interstate compacts, with a Nevada deal looking most likely, possibly as soon as early 2014. The Silver State, population approximately 2.8 million, launched real-money online poker back in April.

KEY POINTS

- Delaware to launch real-money online gaming on 31 October
- Games to be branded through the state's three land-based casinos
- Interstate compact with Nevada likely

ONLINE CASINO**AMAYA SET TO SELL SUBSIDIARY WAGERLOGIC****Deal to go through at end of year**

Providers Amaya have agreed to sell their online casino operator subsidiary WagerLogic to Goldstar, who themselves have been purchased by another Canadian firm. WagerLogic have been sold for a cash consideration of CAD\$70m, with extra payments applicable in either direction based on the reaching, or otherwise, of certain revenue targets.



WagerLogic revenue and net income (US\$m) for the year ended December 2011, year ended December 2012 and six months ended June 2013.

Source: Aumento Capital II Corporation



The deal is expected to close around 31 December, with Amaya Gaming Group CEO David Baazov

stating that his firm wish to focus on their B2B supplier activities.

Goldstar, who were incorporated in Canada in September for the purpose of the WagerLogic acquisition, are set to be acquired by Aumento Capital II Corporation, a 'capital pool company' (CPC) who intend to make the purchase their 'qualifying transaction' as required to avoid a trading suspension or delisting from Canada's TSX Venture Exchange. A CPC program is a two-step alternative to a traditional IPO which sees firms with no commercial operations or non-cash assets acquire promising businesses.

KEY POINTS

- Newly-formed Goldstar to acquire Amaya's WagerLogic for an initial CAD\$70m

POKER**POKER RULED A 'SKILL GAME' IN INDIA****Game does not break Karnataka state laws**

A High Court in the Indian state of Karnataka has come to the aid of poker players being hassled by the police, by ruling that poker is a game of skill, according to the *Bangalore Mirror*.

The Indian Poker Association (IPA) had sought legal action after a police officer conducted "raids" and lodged cases against staff and members of a



poker club. The IPA referenced a previous case from

1977 – E Eranna & others vs State of Karnataka – where it was decreed that "it is manifest that a game of skill would not be held to be gambling".

Honorary secretary of the IPA Suresh K Naduvath said: "Poker is a game of skill, just like golf, cricket, scrabble, carom [billiards], rummy, basketball or volleyball, and betting or wagering in games of skill or athletic games in Karnataka is permissible."

The court ultimately agreed, with Justice AS Bopanna ruling: "In respect of the game of poker, if played as a game of skill, licence is not contemplated. The petitioner was entitled to conduct such games, provided the same is in accordance with law."

INDUSTRY EVENTS**FOOTBALL LEGEND SET FOR BRASILIAN GAMING CONGRESS****World Cup winner Ronaldo to discuss the mental aspect of poker**

A bonafide sporting superstar has been confirmed as a speaker at this year's Brasilian Gaming Congress. Former footballer Ronaldo features on Day 1 of the three-day conference on a panel discussing how "skills and competitive drive translate into the game of poker". The Congress – an invitation-only, capped attendance event – offers delegates the opportunity to engage



Brazilian football legend Ronaldo will speak at the event in Rio

Tweets of the week

"Richard Schuetz CA gaming commission on #WrB13 panel says @AGAupdate represents 'an antique vestige of a bygone era.'" *Poker Players Alliance* [@ppapoker]

"Schuetz just threw the AGA under the bus big time." *QuadJacks* general manager Marco Valerio [@AgentMarco] gives his take on events at WrB

"So depressed I just got to the end of the Candy Crush levels. I didn't even know there WAS an end. I guess it's back to productivity... Sigh." *Poker pro Vanessa Selbst* [@VanessaSelbst]

with key institutional influencers shaping the Brazilian gaming market. To request an invite write to: diogo.dias@clarionevents.com.

- Brasilian Gaming Congress set for the Windsor Barra Hotel in Rio, 18-20 November

NEWS IN BRIEF

ROUNDUP: TROPICANA; 500.COM; GLI

The rest of the week's key stories on **GamblingInsider.com** and the web

- **Tropicana Atlantic City** have become the fifth casino granted an online gaming licence in New Jersey.
- Chinese sports lottery **500.com** have filed for a \$150m IPO on the New York Stock Exchange.
- **BetVictor** have launched a new in-house, studio-based live casino.
- Gaming Laboratories International (**GLI**) have become the first gaming test lab to be accredited in Colombia.
- **Betfred** and **Totepool** have become shareholders of **Racing Post Greyhound TV**.
- Gaming authorities in Malta (**LGA**) and Alderney (**AGCC**) have entered into a Memorandum of Understanding (MoU).

GUEST COLUMNIST

"ASIA: PROFIT GAIN OR CASH DRAIN?"



by Keith
McDonnell
e-gaming
consultant

"Watching the US online gaming soap opera unfold, it's hard not to question why operators invest so much time, effort and money in a

market for which the future has so many uncertainties.

We all recognise the potential but the word 'competitive' will need redefining if and when things become clearer and the big established US brands – gaming and non-gaming – decide it's time to *really* start playing.

In the meantime, the Asian online gaming market continues to grow, accounting for a conservative 30% of global online business. Internet penetration is increasing rapidly, as is the use of smartphones; while deposit betting is growing as more Asians travel the world and become accustomed to global e-commerce habits and payment solutions become more readily available.

Of course, there are at least fifty shades of 'grey' across Asia depending on what region we consider, in regulatory terms, and the darker versions are not for everyone, but for those with the right company structure and level of commercial appetite it's hard to see why Asia isn't already a major part of their global strategy.

Be warned though, the region can, and will, just as readily swallow up cash as it will deliver huge profits. Localisation is not about translating text, adding currencies and sitting back to let the good times roll.

Spending time picking the right local partners, delivering appropriate sports and casino products, ensuring favourable commercial terms with suppliers and building relationships within the payments world are all essential to get to a level playing field with the successful local operators. From that point, company legacy, international licensing and brand credibility can all be used to stand out.

It's not necessarily all or nothing. A western operator may feel the step's too

big to build a business in Asia, but from an operational point of view they can benefit from cost savings by establishing support functions, for their core domestic business, in places like Manila.

This will deliver operational efficiencies immediately, helping senior management get off to a good start with the region, and provides a local footprint from which relationships can be built, business culture understood and a more appropriate starting point from which to build a localised Asian business.

Of course, as with anywhere, there are plenty of suppliers happy to take the investment and deliver their services regardless of what they think of the strategy. There are others, though, who are keen to work with their partner to ensure success. A revenue-share-based commercial structure goes a long way to helping with that.

While it's difficult to quantify the real size and opportunity for online gaming businesses in Asia, one thing's for sure – it's big. A tiny market share there could account for the majority of an operator's overall business. But be realistic about how to get there and focus on building and maintaining the relationships that will be critical in doing so."

KM iGaming founder Keith McDonnell is an industry expert who has extensive experience of global gaming markets. KM iGaming counsels on international expansion, licence applications and regulatory planning, product reviews and payment solutions, as well as marketing and sponsorship

**Want to be a guest columnist in GI Friday?
Write to: editor@gamblinginsider.com**

"Still feels strange interviewing guys who get paid millions. How much did it cost when I asked the same question 3 different ways?"

AP gambling reporter Hannah Dreier [@hannahdreier]

"So an atomic weapon goes over...in the middle of the desert that doesn't hurt a soul. And then you say, 'See, the next one is in the middle of Tehran. So we mean business. You want to be wiped out, go ahead, take a tough position and then continue with your nuclear development. You want to be peaceful?

Just reverse it all and we will guarantee you that you can have a nuclear power plant for electricity purposes, for energy purposes."

Not a tweet, nor gaming-specific, yet worthy of note; Sands Corp CEO Sheldon Adelson's strong views, at a US university event, on how best to respond to Iran's nuclear programme

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