



# WEEK 42

## FRIDAY 17 OCT 2014

### THIS WEEK

- Columnist: Yuval Ziv on merchant security
- MGM supporting New York online poker
- Ivey loses Crockfords case
- Tweets of the week

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#### TOP STORY

## GBGA LOSES POC APPEAL

New regulatory regime to commence in November



Photo: Cristian Borges (flickr.com/photos/borrescristian)

Royal Courts of Justice

A High Court judge has rejected an appeal from the Gibraltar Betting and Gaming Association against the UK government's place-of-consumption (PoC) law. Lord Justice Green ruled that the Gambling (Licensing and Advertising) Act is not unlawful under EU or domestic law and that it will not create "an illicit market of unscrupulous service providers".

The new remote gambling legislation will therefore come into effect on 1 November having initially been delayed by a month because of the legal challenge. The new regime sees any business wishing to advertise or promote remote gambling services to British consumers required to obtain a licence from the UK Gambling Commission, with the industry therefore regulated at the point of consumption rather than the point of supply. It alters the licensing landscape previously outlined by the Gambling Act 2005, introduced in 2007, which allowed remote gambling operators serving UK consumers to base and licence themselves offshore without the need for a UK licence.

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GBGA's appeal was based on its view that the new legislation would drive consumers to illegal and unregulated markets. It also believes the new law is discriminatory and fears that the new regulations will not be effectively enforced.

A GBGA spokesperson said: "Cross-border regulatory regimes require significant co-ordination and co-operation on key legal and regulatory issues and the UK already had this with the Gibraltar industry, regulator and jurisdiction. We maintain this law is not in the best interests of consumers, the industry and the regulator itself and that there are more effective ways of dealing with the challenges of regulation and competition in this sector."

In contrast, the DCMS was satisfied with the outcome of the ruling. "We welcome the judgment," it said. "We now look forward to the commencement of the Gambling (Licensing and Advertising) Act on 1 November, which will strengthen protection for consumers in Britain by ensuring that all remote gambling operators will be subject to robust and consistent regulation."

A 15% place-of-consumption tax on gross gaming revenue is being introduced separately and in parallel with the new legislation.

## KEY POINTS

- GBGA loses its legal appeal against the new point-of-consumption law
- Association fears legislation would push consumers towards illegal markets
- New regulatory regime will now come into force on 1 November

## US

## MGM BACKING NEW YORK ONLINE POKER

## Casino giant has links to legalisation campaign

Las Vegas-based casino operator MGM Resorts International is pushing for the legalisation of online poker in New York. According to a report by the *New York Times*, a campaign titled 'Let NY Play' has been traced back to MGM's headquarters.



Analysis by MGM revealed that New Yorkers have gambled approximately \$110m to offshore operators. The state could generate between \$50m and \$80m in annual taxes if those players converted to legal games, on top of another \$80m from selling licences to operators.

MGM has previously lobbied in Albany, where it supported online poker legislation introduced earlier this year.

The firm owns half of Borgata, the Atlantic City casino which offers online gaming in New Jersey via its partnership with online operator

PartyPoker. MGM has also confirmed it could launch its own-brand online casino in the Garden State.

## KEY POINTS

- MGM Resorts International pushing for legal online poker in New York
- 'Let NY Play' campaign traced back to casino operator

## LEGAL

## PHIL IVEY LOSES £7M CASINO DISPUTE

## Poker pro had gained edge against the house



Poker player Phil Ivey has lost his case against a London casino after a High Court judge dismissed his claim for £7.7m of winnings, which he was denied after being accused of cheating.

The American was involved in the dispute with Crockfords after he was deemed by the venue to have given himself an unfair edge while playing Punto Banco, a form of Baccarat, in April 2012.

Tweets of the week 

**"CA: New "bad actor" legal opinion making its rounds like "Jaws" - mostly unseen but inducing a great deal of terror & damage in its wake"**  
Joe Brennan Jr [[@joebrennanjr](#)]

**"Challenged the DCMS face to face this morning around gambling. Their answer? 'The number of betting shops are falling'! Missing the point"**  
EPIC Problem Gambling Consultancy [[@epicpgc](#)]

**"Social casino market was up again in 3Q14, but many publishers described it as one of the more "challenging" they had seen this yr"**  
Eilers Research managing director Adam Krejcik [[@akrejcik](#)]

The American, whose £1m stake money has been returned, asked the dealers to turn cards 180 degrees in order to get a read off their asymmetrical patterns, which gave him a 6.7% edge on the house.

#### KEY POINTS

- Poker player Phil Ivey has had his claim for £7.7m winnings from a London casino dismissed in court

#### GUEST COLUMNIST

#### “MAXIMISING MERCHANT SECURITY”



by **Yuval Ziv**  
Payment  
provider COO

“The main challenge that an online gambling merchant faces is how to detect fraudulent customer behaviour in real time without damaging its approval ratio for genuine customers, and providing the right balance between ease of use for the customer and security for the merchant.

Detecting fraud is much to do with analysing customer behaviour, developing patterns and trends. The main problem is that of the first-time customer. With this player there are no behavioural patterns and trends to base analysis on. Fraudsters know this and so will often only use a site once with each stolen card and then quickly move on, so traditional fraud detection patterns are inadequate

here. To help a merchant combat first-time fraud it's essential to get as much information as possible as soon as possible on a new user. Information such as email, phone, IP address, country etc will start to build a picture of whether a player is low or high risk.

Online poker is often targeted by fraudulent users, often operating in collusion with other fraudsters. It's often the case that several fraudsters will try and sit at the same table, either to play together to cheat a genuine user, or perhaps where several fraudsters are playing with stolen credit card details and deliberately lose money to a companion who is playing with a genuine credit card. Or they may collude together to lose money to a player with an e-wallet in order to get the money off the table quickly and without trace.

The tell-tale signs to look out for in a case like this are things like: players from high risk countries (although the fraudsters often try to cover up their location), players using similar BIN card numbers which may show a batch of stolen cards, players registering for the site at a similar time, players who may have patterns in their user names such as similar free email addresses, and players soon depositing large sums of money into the game/site.

Detecting fraudulent behaviour is a skill based not just on rules and trends, but is an art where human interaction from a fraud risk specialist plays a big part. An experienced online fraud analyst will often be able to smell something untoward and be able to closely monitor behaviour in much the same way as a casino has

experts who are often alerted by a sixth sense and will then concentrate closely on a particular player.

Gambling merchants need to stay one step ahead of the fraudsters. The bad guys are becoming increasingly more sophisticated, and with developments such as mobile, which open up huge opportunities for gambling merchants, also come higher risks. For example with mobile there are more complex challenges such as there not being a fixed IP address for a mobile device, and with advanced payment mechanisms such as e-wallets these are often untraceable.

A good payment provider will assist its customers not just against routine fraud but increasingly in areas of combatting money laundering and areas such as Know Your Customer (KYC). Through increased knowledge of customers, good systems and good risk teams a merchant is best placed to be able to combat the ever present risk of fraudulent customer behaviour. It's about balancing and achieving the most reward with the least risk.”

*Yuval Ziv joined SafeCharge International in 2008 as Chief Operational Officer. He brought with him extensive experience and expertise in online payment processing globally in the forex, gaming and dating industries*

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

**OUT NOW:** Look out for the September/October issue of *Gambling Insider's* print magazine, featuring an in-depth Betting Special as we assess bookmakers' plans for a profitable football season and the potential for widespread legal sports wagering in the US



### ANALYST/PROGRAMMER

**Location:** Bangor, North Wales  
**Contract:** Full-Time **Salary:** £25k



We are looking for passionate and talented analysts to join our growing team. As an analyst you will be involved in theoretical and empirical analysis of submissions. The ideal candidate will have a relevant Computer Science/IT/Computing degree, be a versatile programmer who is able to pick up basics in various languages (scripting and system), have experience of data analysis, and extensive experience of one or more programming languages (e.g. C#/C++, Java). Good written English skills are essential. A strong statistical background and advanced regular expression skills are also highly desirable.

For more information or to apply contact [elizabeth@nmi.uk.com](mailto:elizabeth@nmi.uk.com) (+44 1248 660 550)  
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### JAVA DEVELOPER

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**Contract:** Full-Time **Salary:** £30k



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For more information or to apply contact [elizabeth@nmi.uk.com](mailto:elizabeth@nmi.uk.com) (+44 1248 660 550)  
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