



WEEK 51-52

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THIS WEEK

- New York awards three casino licences
- Czechs bracket gambling and drugs
- Columnist: Peter Greenhill on digital currencies
- 2014 in review

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TOP STORY

AMAYA DEAL INVESTIGATED

Canadian police and financial regulator visit firm's offices



Amaya CEO David Baazov

Federal Canadian police and financial regulator Autorite des Marches Financiers (AMF) visited the headquarters of Amaya Gaming in Montreal last week, as part of an investigation into the provider's takeover of online poker sites PokerStars and Full Tilt earlier this year.

Initial reports claimed that the offices had been "raided", although this language was later toned down to indicate the authorities had instead paid a visit to the offices. An AMF spokesperson confirmed to *Forbes* that the "operation is part of a AMF investigation", while an Amaya statement confirmed there was an "investigation with regards to trading activities in Amaya securities surrounding the corporation's acquisition of Oldford Group in 2014".

Amaya added that, to its knowledge, the investigation "does not involve any allegations of wrongdoing by the corporation" and "has had no impact on Amaya's business operations, employees or companies".

Investment bank Canaccord Genuity, which was involved in the PokerStars purchase, and insurance firm Manulife Financial which, according to *OnlinePokerReport.com*, owns a 6% stake in Amaya, were also paid a visit by the Royal

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FROM FRONT PAGE ►

Canadian Mounted Police and Autorite des Marches, which regulates Quebec's financial markets. Both Canaccord and Manulife confirmed they were cooperating with the authorities.

Amaya completed the acquisition of Oldford Group, the parent company of the Rational Group, itself the parent firm of PokerStars and Full Tilt, in a \$4.9bn deal in August, creating the world's largest publically held online gaming firm. Upon announcement of the deal, Amaya CEO David Baazov described it as a "transformative acquisition" for the company.

Amaya's share price had soared 340% this year, primarily as a result of the takeover of Oldford Group. The price began to rise in May, shortly before details of the takeover were announced in June, by which time Amaya's stock price had nearly doubled in the space of a month. After news of the investigation emerged, the firm's share price fell nearly 29% to \$25 on the Toronto Stock Exchange, before recovering to \$28.64.

KEY POINTS

- Amaya Gaming's takeover of Oldford Group is being investigated by the Quebec financial regulator
- Provider visited by Autorite des Marches Financiers and Federal Canadian police
- Amaya says investigation does not involve any wrongdoing by the corporation

US

NEW YORK CASINO WINNERS ANNOUNCED

Three licenses awarded as fourth resort declined

New York state has awarded three licenses for casinos, following a

meeting between members of the New York Gaming Facility Location Board on Wednesday.

Montreign Resort and Casino, Rivers Casino and Resort, and Lago Resort Casino have been selected to move into the area, while the remaining 13 bids miss out – a list which includes operators Caesars Entertainment, Genting and Churchill Downs.

The successful resorts have been approved for construction in the Catskills, near Albany and at the northern end of the Finger Lakes.

Montreign's 18-story resort will be developed in the Catskills, while Rivers won the right to build its \$300.1m resort in Schenectady [pictured]. Lago's 94,000-square foot casino will be placed in Tyre.

A fourth resort was declined by the Board, as was its right under law, in order to give the other three a better chance of success. It rejected six applications in Orange County, the region closest to New York City.



KEY POINTS

- Montreign Resort and Casino, Rivers Casino and Resort, and Lago Resort Casino are granted New York casino licences
- Caesars and Genting are among the operators to miss out

LEGAL

CZECHS TO BRACKET GAMBLING WITH ILLEGAL DRUGS

Government announces new strategy



The Czech Republic government has aligned its gambling policy with its drug policy, with gambling now being treated like an illegal drug. The CTK news agency reports that the government has approved amendments to the country's drug policy, with the word "drugs" replaced in the document by "addictive substances and gambling". The new strategy document will be valid until 2018, with an evaluation planned by March 2019.

Gambling is legal in the Czech Republic, with reports stating there were 7.5 gambling machines per 1,000 inhabitants in the country last year.

KEY POINTS

- Gambling to be treated as an illegal drug by the Czech government

Tweets of the week

"It should not affect any NJ licensing process as Amaya is actually the support/victim of the potential trading, not the initiator." Global Poker Index owner Alexandre Dreyfus on the investigation into Amaya's PokerStars acquisition [[@alex_dreyfus](#)]

"Reid opposed online gambling pre-2010. And in 2010. And in 2012. And still in 2014. It's always been poker-only for Reid. #NotNewNews" Chris Grove of Online Poker Report on Democrat Harry Reid [[@OPReport](#)]

"Should be a chat box to speak to the trader when your bet gets sent for review" Make sure my tenner doesn't bring the company down son" Poker player Jeff Kimber [[@jeffkimberpoker](#)]

GUEST COLUMNIST

"DIGITAL CURRENCIES IN 2015"



by Peter Greenhill
Jurisdiction head
of e-gaming
development

"There's no doubt that 2014 has been a year of seismic change for our industry, full of challenges and excitement. I wanted to use this space to reflect on one of the major developments that has really taken centre stage over the past twelve months, digital currencies, and outline the Isle of Man's plans for 2015.

In June this year, after an intensive period of investigations, the Isle of Man announced plans for a regulatory framework for digital currencies. We hosted the inaugural Crypto Valley Summit on the island in September, attended by over 170 Bitcoin entrepreneurs, enthusiasts and government representatives, and at the close of the year we have more than 25 digital currency businesses based on the island, including currency exchange and payments engine CoinCorner, GoCoin and BankToTheFuture. We even have a number of corporate service providers and accountants and a local pub, The Thirsty Pigeon, which now accept Bitcoin!

Our assessment of digital currencies is that it's here to stay and there are likely to be a multitude of coins in the future competing for dominance. The good news is we'll be able to let our licensees take them, and take advantage of instantaneous and very low cost transfers that Bitcoin and other digital currencies will enable.

But there are of course terms and conditions to ensure that we are protecting individuals and keeping crime out. The Isle of Man Government is taking an informed and pragmatic approach to registration and ultimately regulation.

The first is the legally mandated requirement for digital businesses to report suspicion or knowledge of money laundering. We think that the risks inherent within digital currencies are already significantly treated by the AML/CFT regime that applies to our licensees (which broadly track those used for banking and insurance providers). We do think however that there's merit in being able to monitor that risk as it crystallises within digital currency to see if there is a risk, or whether it's a phantom.

Legislation changes are currently being made to bring digital currency payments under our Proceeds of Crime Act and to treat digital currency companies in the same way as any other company that holds customer funds, i.e. a Designated Business. This will therefore mean that they are subject to international anti-money laundering standards in respect of customer due diligence, record keeping and reporting obligations etc.

We also see it as imperative to address Isle of Man-specific player protection arrangements with regards to digital currencies. The Isle of Man is home to a specific requirement for player fund protection, which maintains that if an operator is forced into liquidation, 100% of its players' funds will be available to be repatriated.

Speculatively, we don't anticipate any problems on P2P sites, such as poker sites, even with a digital in/digital out model. That's a zero sum game as far as we're concerned, because there will always be enough Bitcoins etc being paid in

to pay out. Where we do see risk is, for example, in a digital roulette model, where I could place one coin down and receive thirty six coins back. Because of market volatility, if the value of a Bitcoin increases suddenly the operator has got to find those winnings, and may have a liquidity problem. We're not closed to this sort of business, but would want to know how it would intend to protect against those risks.

Over the past year, our forward-thinking approach to digital currencies has resulted in a clustering effect, attracting both industry participants and their supporting technical ecosystem too. This further enhances the digital diversity of the island, with participants that can (and will) create products and services that are not just dependent on the regulatory framework and taxation framework, but exist here because of both the clustering and test-bed capabilities. We would openly encourage anyone interested in cryptocurrencies to come and talk to us, and help us build on the success of this year in 2015.

Peter became head of e-gaming development in the Isle of Man Government's Department of Economic Development in July 2013. Following a very successful career in banking and banking systems with Credit Lyonnais, GE and Unisys, Peter has spent over 17 years in executive management positions in the gaming sector

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

OUT NOW: Look out for the November/December issue of Gambling Insider's print magazine, featuring a Consolidation & Convergence Special as we assess how the industry landscape has changed following some major merger and acquisition deals involving big-name suppliers





YEAR IN REVIEW

THE STORY OF 2014

Telling the tale of the last 12 months

JANUARY

Legislation allowing specially licensed **New Jersey** operators to offer online gaming to players outside the US is amended and reintroduced.

A draft Remote Gaming Bill which would legalise online casino gaming in **South Africa** is introduced to the country's parliament.

Legislation which would regulate UK online gaming at the **point of consumption** rather than the point of supply reaches the Report stage in the House of Lords.

FEBRUARY

Ladbrokes sees digital operating profits for 2013 plummet 74.2% year-on-year to £8.2m as part of a 38.9% drop in group operating profit.

Two bills to regulate online poker in **California** are introduced on the day of the session deadline.

Candy Crush Saga creator **King Digital Entertainment** is set to float on the New York Stock Exchange.

A total of 39 organisations have joined the **Coalition to Stop Internet Gambling**, the anti-online gaming campaign



launched and funded by land-based casino magnate Sheldon Adelson [pictured above].

Nevada and **Delaware** agree an interstate online poker compact which will see liquidity shared between the states.

MARCH

The **Association of British Bookmakers** (ABB) introduces a voluntary Code of Conduct which lets FOBT players in England and Wales set their own spending limits.

Federal legislation which would ban online gaming in the US



by restoring the **Wire Act** to its previous position is introduced by Senator Lindsey Graham and Congressman Jason Chaffetz.

Russia is said to be considering turning the disputed territory of **Crimea** [pictured below left] into a gambling zone.

UK **place-of-consumption** regulation clears the final stage of parliamentary approval.

APRIL

A report claims the UK gaming industry's influence over **problem gambling research** is stopping important reforms.

Osaka moves ahead of **Tokyo** in the race to host Japan's first integrated resort after it revealed plans to invite proposals from casino operators.

The UK Football Association is attempting to introduce a blanket ban on all football betting by players.

MAY

Place-of-consumption licensing enters into UK law after the relevant legislation is granted Royal Assent, the final stage of its parliamentary journey.

BwinParty comes to a compromise in its boardroom battle with activist investor **SpringOwl**.

Paddy Power CEO **Patrick Kennedy** announces he is to step down in 2015.

Ladbrokes launches the UK's first TV advertisement dedicated solely to promoting responsible gambling.

Businessman **Michael Tabor** acquires ownership of BetVictor in a move which sees company chairman **Victor Chandler** [pictured] leave his role.

BwinParty CEO **Norbert Teufelberger** and former Bwin co-CEO **Manfred Bodner** are acquitted of long-standing French gambling charges.



JUNE

Amaya Gaming Group agrees to acquire **PokerStars** parent company Rational Group for \$4.9bn.

Authorities in **Macau** break up an alleged bookmaking racket said to have taken HK\$5bn (£379m) in illegal World Cup wagers.

MGM Resorts International receives the first casino licence in the state of Massachusetts.

The **US Supreme Court** leaves in place a lower court ban on sports betting in New Jersey after declining to review the original decision by a federal appeal court.

JULY

Russian president **Vladimir Putin** signs a law which officially creates gambling zones in Crimea and Sochi.

The **National Football League** (NFL) launches a pay-to-play fantasy football game in 43 states.

Betfred agrees a 10-year contract for **Sportech** to provide a suite of new betting technology products to its Totepool business.

GTech enters into a definitive merger agreement with **IGT** in a \$6.4bn deal.

The UK **Labour Party** wants to extend the UK horse racing levy into other sports to fund grassroots participation and problem gambling measures.

AUGUST

The **Gibraltar Betting and Gaming Association** (GBGA) files a legal challenge against the UK government's place-of-consumption law.

Brian Mattingley is to vacate his position as CEO of online operator 888 in 2015.

Scientific Games and **Bally Technologies** enter into a definitive merger agreement worth \$5.1bn.

James Henderson takes over from Ralph Topping as CEO of William Hill.

SEPTEMBER

Four of Britain's leading bookmakers join forces to create self-regulatory body the **Senet Group** in response to public concerns regarding gambling.

Ultimate Gaming shuts down its New Jersey online gaming services after ending its partnership with Trump Taj Mahal.

Paddy Power appoints **Andy McCue** as chief executive designate following Patrick Kennedy's decision to depart at the end of the year.

Germany's sports-betting licensing process is halted shortly before 20 permits were due to be issued.

OCTOBER

New Jersey passes legislation allowing state casinos and racetracks to offer sports betting, although the four major US sports leagues are granted a temporary restraining order.

The **Gibraltar Betting and Gaming Association** (GBGA) requests another judicial review into the UK's place-of-

consumption regime following an initial unsuccessful challenge.

Betfair reaches an agreement to partner with **Caesars Entertainment** in New Jersey, thus allowing the UK firm to continue operating in the state.

MGM Resorts International is the big winner at the inaugural **Global Gaming Awards**, taking home three of the 12 accolades on offer.

NOVEMBER

BwinParty reveals that takeover discussions have taken place with groups interested in acquiring the firm.

The injunction against the legalisation of sports betting for racetracks and casinos in **New Jersey** is made permanent by a US District Court Judge.

Amaya Gaming Group reports record financial results for Q3 2014.

Ultimate Gaming withdraws from the Nevada online gaming market.

DECEMBER

Richard Glynn [pictured] is to depart as CEO of Ladbrokes in 2015.

A report on Licensed Betting Office **gaming machines** in the UK finds it is possible to distinguish between problem and non-problem gambling behaviour.

Financial regulator Autorite des Marches Financiers (AMF) visit the headquarters of **Amaya Gaming** as part of an investigation into the firm's acquisition of Oldford Group.

New York awards three casino licences but declines to grant a fourth in order to give the trio the best chance of success.



Global Gaming Awards 2015: The process begins



- ▶ Following a hugely successful inaugural year, plans are already taking shape for the 2015 installment of the Global Gaming Awards. Judge recruitment has begun, as we once again put together a panel of 50 leading industry figures.
- ▶ Keep an eye on *Gambling Insider* magazine, gamblinginsider.com, globalgamingawards.com and *GI Friday* for updates and information.



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