



WEEK 24

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THIS WEEK

- Sands considers Wynn takeover
- NJ affiliates handed compliance deadline
- Amaya trading on NASDAQ
- Columnist: Stephen Taylor-Matthews on Asia

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TOP STORY

PENNSYLVANIA BILL INTRODUCED

Legislation would legalise online gambling in the state



Senator Joseph Scarnati is co-sponsoring the new Pennsylvania bill

A new bill seeking to legalise online gambling in Pennsylvania has been introduced. SB 900, which is the first Pennsylvania online gaming bill to originate in the State Senate, is sponsored by Senator Kim Ward and co-sponsored by Senators Robert Tomlinson, Elder Vogel and Joseph Scarnati. Internet gaming permits will only be granted to companies that already hold a table games licence and a slot machine licence, and permit holders would pay a tax on daily gross facility gaming revenue at a rate of 54% of their gross internet gaming revenue.

In the official document detailing the terms of the bill, the General Assembly declared: "Since the development of the internet, millions of people have chosen to gamble online through illegal off-shore operators without regulatory oversight or consumer protections.

"An effective state internet gaming statute would provide public trust in internet gaming, ensure that internet games are fair and safe and strictly regulate the conduct of internet gaming in this Commonwealth.

"The Commonwealth's effective regulation of internet gaming will maintain the success of slot machine

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and table games gaming at its existing licensed facilities and sustain the taxes, jobs, investment and economic development produced by those licensed facilities."

Successful applicants would be required to pay a permit fee of \$10m within 60 days of being granted approval. An internet gaming permit would be valid for five years, with renewal costing \$1m.

The latest submission of an online gambling bill in the state follows similar Pennsylvania bills tabled earlier this year. State Representatives John Payne and Nick Miccarelli introduced online gaming bills HB 649 and HB 695 in February and March respectively, before Representative Tina Davis put forward a separate piece of legislation, HB 920, in April.

Miccarelli's bill differs from Payne and Davis' in that it includes a 'bad actor' clause, which would "exclude those who violated the Unlawful Internet Gambling Enforcement Act (UIGEA) of 2006", which placed a federal ban on online gambling.

SB 900 does not include a bad actor clause.

KEY POINTS

- A new online gambling bill has been introduced in Pennsylvania
- SB 900 is the first such bill to emerge from the State Senate
- Permit holders would pay tax at a rate of 54%

M & A

SANDS WEIGHS UP WYNN TAKEOVER

Sheldon Adelson says operator has "considered all possibilities"

Las Vegas Sands Corporation CEO Sheldon Adelson has confirmed his company has considered the possibility of a takeover of fellow casino operator Wynn Resorts.

The issue was addressed at Sands' annual general meeting on Thursday, where a stockholder asked Adelson if a "Kerkorian-style hostile takeover" of Wynn Resorts had been considered, in reference to MGM Grand's acquisition of Mirage Resorts in 2000.

Adelson [pictured] answered: "We and our investment bankers have considered all possibilities. I can't say that we have any conclusions. Wynn is operating in two out of our three big markets."

Adelson went on to say: "To me it's only a remote thought, because one has to consider that the name of the property is 'Wynn'. And if Wynn isn't still there running them, are the properties still as good?"

KEY POINT

- Las Vegas Sands Corporation has considered acquiring Wynn Resorts, according to Sands CEO Sheldon Adelson



US

NEW JERSEY AFFILIATES GIVEN DEADLINE

Those that have promoted illegal sites have 150 days to comply with state law
 Affiliates that have promoted illegal gambling sites in New Jersey will not face enforcement action, providing they cease such operations within an allocated time.

The New Jersey Division of Gaming Enforcement sent out a director's advisory bulletin, dated 4 June, outlining that affiliates who promoted online gambling sites to US players after the implementation of the Unlawful Internet Gambling Enforcement Act (UIGEA) in 2006 will not be subject to enforcement action.

The same ruling applies to affiliates that promoted illegal gambling sites after the New Jersey online market was regulated in November 2013, so long as they cease promoting unlicensed sites within 150 days of the issuing of the bulletin.

KEY POINT

- Affiliates promoting illegal gambling sites in New Jersey have been given 150 days from 4 June to stop such activity



FINANCE

AMAYA TRADING ON NASDAQ

Firm's common shares will trade in US dollars under AYA symbol
 Provider Amaya Gaming has announced that its common shares have begun trading on the NASDAQ Global Select Market. The common shares will trade in US dollars under the symbol AYA, while shares will continue trading on the Toronto Stock Exchange in Canadian dollars. Existing common shares of Amaya will trade in parallel on the two exchanges, and the NASDAQ listing does not represent the issuing of new shares. Amaya has confirmed that most

brokerages should be able to carry out trades on either exchange.

Amaya CEO David Baazov [pictured] confirmed in March that he expected its PokerStars brand to re-enter the US market in the third quarter of this year, as part of its deal with Atlantic City's Resorts Casino Hotel.

KEY POINT

- Amaya Gaming's shares are now trading on the NASDAQ Global Select Market



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GUEST COLUMNIST

"ASIA: BUYER BEWARE"



by Stephen Taylor-Matthews
 Director, Onnisoft

"In the past few months we have noticed a trend in gaming, with operators gravitating towards the potential revenue streams of the Asian market. Spurred on by articles in the gaming press eluding to the voracious local appetite for gaming – in particular sports betting – and the subsequent profits that can follow, many gaming brands are firmly fixing their eyes on the eastern prize.

As a consequence of tightening compliance in the regulated space, many mid to lower tier operators are finding that the environment they once flourished in has become increasingly uncompetitive. Those who have not had the technical or commercial foresight to embrace segmented marketing or product development have been quickly left behind and are now left considering the prospect of positioning their businesses into new territories and markets.

Meanwhile, in Eastern Europe, many gaming companies have been hit by the uncertainty in their domestic markets with regards to the political situation, which has also led many to consider the Asian route. With record numbers of European operators attending Macau and other Asian gaming conferences looking

for a magic pill to remedy their revenue woes, it is a good time to consider the old adage "buyer beware".

The most important and most difficult part of entering the Asian space is ensuring you have the right payment solutions on your side. Many Asian 'marketing' consultants will tell you that x or y product will ensure that the service of the payment solutions is stable, reliable and fast, and that it is all you will need. This is never true. Payments in this market are notoriously unstable and as an operator you would have to employ many different solutions to ensure that your player can deposit, place a bet and withdraw their winnings or balance. The ability to do this quickly and reliably has set apart those operators who are now very successful brands in the region and those that have fallen by the wayside.

As part of the payments process, European operators must be aware that the Asian structure consists of many middle men or "super master agents" who use their local knowledge, affiliate networks and reputation to act on behalf of a brand to ensure you are well represented, given kudos and most importantly have the ability to pay out to customers promptly and without fail. These agents work for multiple brands as brokerages and take a slice of the GGR using an Asian MLM (multi-layer marketing) accounting system per operator. Most European brands will not have this accounting system integrated into their platform and that will be a massive block in any attempt to enter the space.

Even with all the right contacts, technology and payment solutions an operator must stand out as a distinguished and trusted brand, much like in the European landscape, with

sponsorship of Premier League and other notable sports teams acting as a vehicle to bring legitimacy and recognition in a football-mad region. Other more creative directions are available, with brands such as Bodog incorporating innovative sponsorship deals, such as with basketball's FIBA Asian Championship, while Pinnacle Sports has found good traction with their social media campaigns and unique sponsorship of eSports.

Finally, and most importantly, you have to consider what your product has that makes your brand more competitive and entertaining in the region. Certain products will work very well in Korea and then will have almost no traction in China, for example, so you must have a very clear cultural and product understanding of the end user.

Hiring a marketing manager in Asia and adding the number 8 to the end of your brand name is just the tip of the iceberg. Asia is a minefield for even the most experienced operator, with many well-known industry brands already trying and failing in their droves. If any supplier tells you that Asia is "easy" and "this product is all you need", immediately think: "buyer beware". "

Stephen Taylor-Matthews has over ten years of experience working in the gaming industry and has worked in the Asian market as a key supplier for Perform Group. Most recently he was the head of commercial for the Pinnacle Sports brand. Stephen now runs his own gaming software and consultancy business Onnisoft (onnisoft.com)

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

OUT NOW: Look out for the May/June issue of Gambling Insider's print magazine, featuring a USA Special as we speak exclusively with Scientific Games president and CEO Gavin Isaacs about his ambitious plans for the expanding provider following some major acquisitions





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