GI FRIDAY

WEEK 41

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THIS WEEK

- Betfair investors sell £239m in shares
- Playtech clashes with Bank of Ireland
- Money laundering clampdown launched
- Columnist: Mark Frissora on millennials

TOP STORY

DFS INSIDER TRADING SCANDAL PROBE

DraftKings and FanDuel asked to provide employee data access details after leak

Attorney General Eric T. Schneiderman is gunning for the DFS sites

DraftKings and FanDuel are facing the wrath of the New York Attorney General after their employees were accused of using sensitive data to win big on daily fantasy sports in an insider trading scandal.

Ethan Haskell, DraftKings' written content manager, apologised after he accidentally released commercially sensitive data about his firm's Millionaire Maker NFL contest prior to the American football games involved in the contest taking place.

This data gives its owner a massive advantage over the field, and Haskell allegedly went on to win $350,000 from a $25 bet on FanDuel's equivalent game in the same week.

In a letter to both operators, published by the New York Times, the Attorney General's office asked the companies to identify employees that compile data and for details of information used by Haskell and Matthew Boccio. Boccio works in product operations at Draftkings' rival DFS operator FanDuel and was reported by DFS Report to have become one of the top 50 overall players by RotoGrinders rankings, using the username PetrGibbons.

New York Attorney General Eric T. Schneiderman said in a radio interview: "It's something we're

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taking a look at - fraud is fraud."
The data leaked by Haskell included the percentage of teams that players appear in, which is the kind of data that is regularly posted after games have started and line-ups are completed, but not before.

DraftKings said Haskell did not receive the data until after line-ups on FanDuel had locked.

The Fantasy Sports Trade Association, DraftKings and FanDuel said in a joint statement: "While the industry works to develop and release a more detailed policy, DraftKings and FanDuel have decided to prohibit employees from participating in online fantasy sports contests for money."

FanDuel has also asked former federal judge and US Attorney General Michael Mukasey to conduct a review of its "internal controls, standards and practices."

KEY POINTS

- A letter has been sent to FanDuel and DraftKings asking for information about how employees access data
- Eric T. Schneiderman has said it is something they are taking a look at and that "fraud is fraud"
- Employees of both operators are banned from playing in online fantasy sports for money for the time being

ONLINE

SHAREHOLDERS RAISE ALMOST £250M FROM BETFAIR SHARE PLACING

Two separate parties collectively sell 7.35 million shares

Two of Betfair's biggest investors are selling off almost £250m worth of shares in the wake of its merger with Paddy Power.

Barclays announced on Monday that 7.35 million ordinary shares in the operator would be offered to institutional investors in an accelerated bookbuilt offering.

France's richest man, Bernard Arnault, placed 4.6 million shares through his Le Peigné Sa asset management company, while a further 2.75 million were placed by Rothschild Wealth Management, which was acting on behalf of Betfair co-founder Edward Wray and his family.

The placing price was set at £32.50 per share, meaning the shares placed were worth £239m. Betfair will not receive any proceeds from the placing and the operator's share price was £32.56 at Tuesday's close.

It was announced in September that Betfair had fully agreed the terms of a recommended all-share merger with operator Paddy Power, which is expected to complete in the first quarter of next year.

KEY POINT

- Almost £250m worth of Betfair shares were placed this week, including 2.75 million shares connected to co-founder Edward Wray

M&A

CBI OPPOSES PLAYTECH AVA TRADE DEAL

Playtech asks for clarity over opposition to its planned acquisition

Playtech's takeover of Forex broker Ava Trade has been met with opposition by the Central Bank of Ireland.

The provider said it has taken legal advice and was to seek clarification from the CBI to discuss issues the bank raised in a letter.

"The company has already received approval for the Ava Trade acquisition from the Financial Services Commission in the British Virgin Islands," Playtech said.

The deal for Playtech to buy Ava Trade for $105m was announced in July, undertaken through subsidiary TradeFX, a platform and payments services provider that Playtech acquired a majority stake in earlier this year. Playtech said in September that it still expected the deal to complete around the end of that month or early October.

KEY POINT

- Playtech has sought clarity from the CBI, which has opposed its planned Ava Trade acquisition

UK

COMMISSION LAUNCHES CRACKDOWN ON MONEY LAUNDERING

Operators and members of the public are called upon to give opinions on regulation changes

UK operators could see their licence conditions changed after the Gambling Commission announced a plan to overhaul the 2005 Gambling Act in a bid to cut out crime linked to gambling.

It has launched a consultation into the regulation changes and invited operators and punters to have their say by downloading a form on its website.

The consultation will close on 30 December and will seek to propose regulation changes as UKGC tries to eliminate money laundering and distance the industry from criminal activities.

A spokesperson for the Gambling Commission said: "Advances in technology and changes in consumer preference are posing new challenges to keeping crime out of gambling, but also offering new solutions to the problems.

"The consultation proposes a number of specific changes to licence conditions in the light of experience - for example, requiring all operators to assess the risk of their business being used for money laundering."

KEY POINT

- UKGC has set up a period of consultation to work out measures to keep gambling free from crime

GUEST COLUMNIST

"ATTRACTING MILLENNIALS"

by Mark Frissora
CEO, Caesars Entertainment

At Caesars we're working really hard right now on the casino of the future. We're going to have a live casino on the strip with rotating walls, so we can change the venue in real time. That's in progress right now. It will be a casino within a casino. We'll be experimenting there, looking at millennials and how they react to different venues that we create – not just looking at the games but also the interior, making people at a slot machine feel like they have their own space, versus having to sit next to someone they may not want to sit next to. So we think there's a big opportunity to create a new environment and at the same time new games.

Right now millennials are 34% of our workforce and baby boomers are 32% - so they've already eclipsed baby boomers – the time is now. As an outsider coming into the industry I'm shocked at the lack of innovation attracting millennials, in gaming product as well as in our own casino environment. So I'm not pointing fingers – in fact what I see in the industry is a lot of pointing of fingers. This is the time when we need to cooperate, get together and actually partner on innovating and creating platforms for future growth.

We've experimented an awful lot with the concept of changing slot play, for example. Integrating a community environment, leadership, awards – all those things that go with social and mobile games, and we're seeing revenue lifts on a typical machine of anywhere from 15%-20%. In the test we've done, that happens, so if we can get even a 2% or 3% lift, that would be unbelievable for the whole industry.

We know that the concept is certainly powerful and we know that it's just a matter of getting through regulation. Regulators have just opened the door – they've set up a new set of regulations that allow us to interact and do it in a way that's innovative, social and skill-based. So I think the door's open – we now have to walk through the door. I think partnering is the way to do that.

There's no question that operators need to share data with the manufacturers, and that they need to share data with us. I've been told that historically people haven't been really collaborative on that. Now is the time to start. Given the state of play with slots, we need to figure out how we can start growing that business again. It's time to start innovating. We're not going to replace all slot play, but certainly there's a segment of the market we could attack right now and bring millennials into the casinos.

We've opened up O'Sheas at The Linq and had 10 beer pong tables - it's so profitable. They're packed – anytime you go in during the day, you can't get a beer pong table. Creating that kind of environment that's social is really important for millennials.

Starbucks too something as bland as coffee as turned it into an exciting experience. That's a great example of a market that everyone said was saturated with no excitement – you just drink the coffee and that's it. Take Apple and what they did with the iPhone – they created a completely different customer experience. There's thousands of examples of this, where innovation has turned an industry into a big growth platform. I think that's where we are. We've been doing it the same old way for a long time and it's time to innovate.

Mark Frissora became president and CEO of Caesars Entertainment Corporation in July 2015, taking over from Gary Loveman as part of a transition plan. He was previously chairman and CEO of rental-card company Hertz. Prior to that, he served as chairman and CEO of Tenneco.

Frissora was speaking at G2E Vegas as part of a panel discussion entitled 'C-Suite Perspectives: AGA CEO Roundtable'. The panel also featured Scientific Games CEO Gavin Isaacs and Rush Street Gaming CEO Greg Carlin. The discussion was moderated by Bo Bernhard, executive director, International Gaming Institute, UNLV.

Would you like to be featured as a guest columnist in *GI Friday*? Get in touch with your topic ideas and you could appear on these pages. Write to: editor@gamblinginsider.com

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