



WEEK 51

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THIS WEEK

- BwinParty shareholders approve GVC deal
- February date for NJ sports-betting case
- Webinar report: African insights
- Columnist: Justin Chamberlain on Flash

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TOP STORY

DFS HANDED NEW YORK REPRIEVE

Stay of injunction follows initial ban



New York attorney general Eric Schneiderman

FanDuel and DraftKings have been granted a stay of injunction by a New York appellate court. Justice Manuel Mendez of the New York Supreme Court had initially granted an injunction to ban the daily fantasy sports (DFS) operators from operating in the state last Friday morning. However a decision to grant a stay of injunction was issued hours later by a New York appellate court.

New York attorney general Eric Schneiderman made the request for an injunction against the operators in November, having ruled that DFS constitutes a game of chance under state law.

Although no specific date has been set, a panel of five judges from a New York appeals court will review the preliminary injunction and whether to continue the stay in January.

FanDuel pulled its services from New York in November after being instructed to do so, though DraftKings continued operating in the state.

FanDuel said it will be resuming operations in New York, stating: "On behalf of our users in New York, we are pleased to report

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that this afternoon, an appellate court in New York granted our request for an emergency stay of the injunction issued this morning. Based on the appellate court's ruling, New Yorkers can continue to enjoy FanDuel contests while the legal process moves forward."

DraftKings attorney David Boies said: "This immediate stay was granted, so we will remain fully operational in New York. We look forward to a full and fair hearing and are confident we will demonstrate clearly to the court why we should be able to continue to offer our DFS games in New York permanently."

The Nevada Gaming Control Board announced in October that operators can no longer offer real-money DFS in the state unless they possess a licence to operate a sports pool issued by the Nevada Gaming Commission.

Bills seeking to regulate DFS have also been submitted in California, Illinois and New Jersey this year.

KEY POINTS

- FanDuel and DraftKings can operate in New York for the time being, after a stay of injunction was granted by an appellate court
- Justice Manuel Mendez earlier ruled in favour of attorney general Eric Schneiderman on the same day
- Five judges from a New York court appeals panel will review the case in January

M & A

BWINPARTY SHAREHOLDERS APPROVE GVC MERGER

Overwhelming support for deal

The shareholders of BwinParty have unanimously voted to approve the operator's proposed acquisition by GVC Holdings. BwinParty said 99.99% of its shareholders voted in favour of

the deal, while 99.91% of GVC's were confirmed to have done the same.

It was confirmed in September that the boards of both operators had agreed on the terms of a recommended offer for GVC – led by CEO Kenny Alexander [pictured] – to acquire the entire issued and to be issued ordinary share capital of BwinParty. The transaction has an approximate value of £1.12bn, with both firms stating that the deal is expected to become effective on February 1 2016.

BwinParty confirmed in a statement that the offer still remains subject to the satisfaction or waiver of the conditions set out in the scheme document.

US

MULTIPLE DEVELOPMENTS IN NEW JERSEY

Regulatory news regarding both casinos and sports betting

A series of new developments have emerged in the New Jersey gambling scene this week.

February 17 has been set as the date when the US Third Circuit Court of Appeals will rehear the New Jersey sports-betting



case. The Third Circuit ruled 2-1 against the state in August, deciding that the law to legalise sports betting at racetracks and casinos introduced by the state last year would violate the 1992 Professional and Amateur Sports Protection Act.

Meanwhile, state lawmakers have submitted legislation to begin the process of allowing casinos to operate outside of Atlantic City, which is currently not permitted under the Constitution of New Jersey. The deal calls for a state-wide referendum on the approval of two new casinos, to be held in November 2016.



Moving into the digital sector, the Garden State's online operators recorded their strongest ever month in November, with the New Jersey Division of Gaming Enforcement revealing monthly revenue of \$13.22m.

UK NEWS UK TO ENTER ONLINE SPORTSBOOK MARKET WITH TABCORP Firms agree revenue share arrangement

News UK, owner of The Sun and The Times newspapers, is set to launch an online sportsbook brand in the UK after signing an agreement to partner with Australian operator Tabcorp Holdings.

Sun Bets will launch next year, with the business structured as a revenue share agreement, with News UK promoting the brand while being provided with a portion of the revenue by Tabcorp.

Rupert Murdoch's News UK already operates an online fantasy football brand, The Sun Dream Team FC.

Tabcorp recently held discussions with fellow operator Tatts over a potential merger, but confirmed in November that the two parties had not been able to reach an agreement.

The Special Commission of National Development (CEDN) has approved a bill which will allow casinos in Brazil for the first time in 70 years. Bill 186, originally created by Senator Ciro Nogueira, was passed by 8 votes to 2 last week.

Those in favour of the bill believe that legalised gambling could raise substantial amounts of tax revenues for the country.

Senator Cristovam Buarque displayed his disapproval by saying gambling "takes money from the many and gives to the few".

The Bill still needs the backing of the Senate and House of Representatives before the President makes the final call.

If made into law, it will also allow for bingo, electronic games and lottery game 'jogo do bicho'.



LEGAL BRAZIL ONE STEP CLOSER TO LEGALISING GAMBLING Commission passes Bill



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WEBINAR

AFRICAN INSIGHTS

In the build-up to ICE Totally Gaming and WrB Africa, three sector experts took the time to answer questions in a webinar entitled 'Africa – regulations, opportunities and market entry' as part of Clarion's Gaming Leaders Webinar Series. Some of the highlights of their responses are contained below.



PANEL

Christina Thakor-Rankin, principal consultant, 1710 Gaming
Lanre Gbajabiamila, CEO, Lagos State Lotteries Board
Charles Wambia, director of gaming, Kenya Betting Control and Licensing Board

What does the current regulatory landscape look like?

CTR: I think sports betting has to come, because the popularity of sports betting specifically within Africa is just too great for Africa to ignore any longer. Africans are playing and betting online, but with businesses which are outside of Africa, and therefore Africa is not currently getting much of the benefit from all of the business that's generated from within that continent.

LG: In both Lagos and Nigeria as a whole I think the regulatory environment and atmosphere has become very conducive to operators. All feel a sense of belonging and responsibility and that their practice and compliance is in line with what the regulator wants.

In terms of regulating online gaming, it's a continuous exercise for us in Nigeria, and we still have a lot of plans for retail and the online

platform as well. We see a lot of new initiatives, especially for the online space, starting in the second quarter of next year. Many operators in the retail space are now looking at going online as well, and we are encouraging them to do so.

CW: Our regulatory framework is a very dynamic one. Online is advancing, regulatory bodies are preparing to face the challenge of the greater preponderance of online gambling, and to regulate it efficiently and effectively. It will be key to allay public fears over issues like payments and money laundering.

What are your views towards foreign investment and partnership? Is it necessary?

CTR: Foreign investment is key to a regulated and healthy environment. If Africa is to open its doors to land-based gaming and online, one of the key drivers behind that is going to be contributing to the African economy. Foreign investment brings a limitation of risk in terms of reputation.

LG: In terms of the agency here in Lagos, we do encourage foreign investors. We look for foreign investors also to work with local investors to establish best practice and standardise the industry. We have an open door policy at the Lagos Lotteries Board – foreign investors can always come in and ask us questions.

CW: One thing we are looking at is how we can partner the foreign investment with the local. It's good to have someone local, just in case something should go wrong in terms of the regulation and management of institutions.

What aspects of infrastructure do you feel need the most development?

CTR: Technology is key, regardless of whether you are looking at a retail or digital environment. We're moving away from the traditional computer-based infrastructure, and I suspect when we talk about

technology in Africa we're talking more about mobile usage. One major challenge is going to be payments. In Europe and other parts of the world we predominantly use credit cards. The stringent payment structures we have really don't exist in Africa. I think solutions will naturally start to evolve, as we see Google and Samsung push payments through their devices. But this in itself leads to challenges, making it harder to do money laundering checks and proceeds of crime checks, as well as customer verification checks.

CW: I agree that payment is a key aspect that must be looked at in terms of the working of the payments and how operators can improve how they take and give out payments. Payments, internet access and security all work together in the industry – we need to look at all of them as a conglomerate for the success of the industry. The government is trying hard to ensure internet access reaches areas outside the major cities. Security is also key to add value to some of these aspects, especially in terms of underage control and security of payments.

What products are best suited to the pan-African market?

CTR: I think it's all about sports betting. If you look at the English Premiership, many of the world class players are from Africa. Sports betting is the number one product at the moment, in both retail and online. Statistics also show that bingo is becoming more popular, especially with women, with higher chances of winning than in the lottery.

CW: Sports betting is key in Kenya. For so long, since 1969 when the first casino opened in Kenya, casino has been the focus in this country and casino games like blackjack will be crucial. You have casinos in Kenya mostly along the coast, where you can have tourists coming in to play the games. But sports betting is key and is very well suited for the market at the moment.

GUEST COLUMNIST

"ANOTHER NAIL IN THE COFFIN?"



by Justin Chamberlain
CEO, Core Gaming

In its time Flash offered considerable benefits to that of the download client: a single plugin software application that could offer a graphically- and feature-rich experience. It is easy to see how and why Flash dominated the online real-money gaming space for the amount of time it did, and why to this day the majority of the industry still relies on the ageing technology to serve content to their players on desktop channels.

The sun though seems to be setting on this golden era for Flash, given the inescapable truth and inherent security risks that have recently been found and exploited in Adobe Flash. Security issues so severe and leading to such concern that Mozilla Firefox has recently blocked Flash from running in its native browser entirely, while Safari now feels it has to warn its users about trying to access Flash content. Google Chrome has now blocked Flash Ads running too.

Facebook's recently appointed CSO tweeting in July that "it is time for Adobe to announce the end-of-life date for Flash" should have executives throughout our industry scrambling for a solution to this potential doomsday scenario. Given that most

operators still rely so heavily on Flash for the majority of their desktop games and casino content, and most of the supply side still code in Flash, if Chrome were next to block on Flash then the industry would be thrown into turmoil overnight.

There is though a new technology readily available now that offers all of the same feature-rich benefits, arguably now more, and most importantly seems set to ultimately drive the final nail in the coffin of the beleaguered and embattled Flash when serving games on the desktop – HTML5.

Since launch, the HTML5 coding standard has already created seismic shifts in the online gaming industry, not only enabling consumers to engage with their favoured operators and content through the now ubiquitous mobile device, but now also serving up the same feature-rich experience to that of the Flash-delivered counterpart but through a browser. You can't argue with the numbers and the shift over the past four years. HTML5 is here to stay and is the new unavoidable, undisputable, incumbent programming language of choice for the games development community.

HTML5 is already now proven enough and capable enough to serve up the same level of experience that a user is expecting in a Flash game, but through any browser and without any third-party plugin with high risk security flaws. Users can be presented with, and engage in, a gaming experience on the desktop not just similar to that of a Flash game but in my opinion superior to it. Feature-rich animations, transitions and complex

and comprehensive audio are all part of a standard HTML5 game delivery for any capable games development studio with proven technology, framework, experience and skill set.

There are of course other numerous and incremental benefits to delivering desktop games in HTML5, such as single game client development saving time, money and resource as a single developer can design, build and deploy one game client. Single testing and compliance costs, and only one game client to support long-term for maintenance and game client updates.

We are now leading the field by virtue of being one of the first game development companies to embrace, design and deploy a HTML5-only strategy for both desktop and mobile markets by delivering our proprietary games to operators who are savvy enough to have recognised the inherent risks in and demise of Flash-based games. Core is amongst a handful of innovative and forward-thinking games development companies who stand to benefit from the numerous advantages HTML5 offers.

Justin Chamberlain, CEO of world-leading HTML5 gambling software house Core Gaming, has been in the online gaming industry for 10 years, developing games first in Flash technologies to desktop markets. He made a decision to move their programming focus to HTML5 four years ago, and has never looked back. Core Gaming is now established as one of the most promising independent game studios in the business.

OUT NOW: Look out for the November/December issue of Gambling Insider's print magazine, featuring a Security Special in which we explore the various security issues operators and suppliers are grappling with in this constantly evolving industry.

