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**BETCONSTRUCT**

## THIS WEEK

- **Indian Gaming joins fight to repeal PASPA**
- **Malta looks to legalise cryptocurrency gaming**
  - **\$3bn Gold Coast casino put on hold**
  - **First cash-out slot hits the US**
  - **Guest Columnist: David Hubbard, Deputy MD, ValueLicensing**

# WEEK 31

## FRIDAY 4 AUG 2017

## IS THIS THE END FOR FANDUEL IN THE UK?

*DFS operator chooses to focus on US operations*



In an e-mail sent to current players, FanDuel has announced it will not be offering its services to UK customers for the forthcoming season, offering a full refund.

The operator has only had a short stint in the UK, launching back in August 2016 after striking a partnership deal with sports data provider Opta.

Prior to the launch the company said it would maintain most of its focus on the English Premier League. However, due to this abrupt departure from the market, the operator will only have been involved in one season, ducking out just before 2017's fixtures kick off.

The company has offices in both Edinburgh and Glasgow but moved its headquarters to New York several years ago. It is now one of the two major daily fantasy sports giants along with DraftKings, retaining over six million registered users across the US and Canada.

A company spokesperson from FanDuel shared this statement with Gambling Insider: "We will not be operating our UK product this upcoming EPL season to focus on our product in the US. As we approach the NFL season, we are allocating all of our resources towards ramping up a US product that consumers love and building ►

**BETCONSTRUCT**

COMPLETE GAMING PLATFORM

# THIS WEEK IN NUMBERS

## 300,000



The number of visitors at South Korea's new Paradise City casino since opening in April

## €1.5BN

IGT's new loan facility



## \$10M

Amount lost in April by Wynn Macau due to lucky baccarat players

## 15.3%



Increase in Macau's 1H gaming taxes

## 18%

Percentage decline in Q2 Portuguese online gambling revenue

out complementary fantasy sports products. There are over 53 million people playing fantasy sports in the United States and we are investing all of our resources on that market."

Colossus Bets CEO Bernard Marantelli commented: "It would seem FanDuel are exiting the UK, and won't offer betting on 'soccer' pools or any pools to UK clients going forward. They have started to refund everyone's client balances. Is this the death knell for DFS betting in Europe?"

"People have long argued it could not compete against 'real' or traditional betting, and only survived in the USA due to an absence of competition. If a USA heavyweight can't make it in the UK, where does that leave the start-ups in this space? More importantly where does it leave them in the US when/if they legalise 'real' sports betting?"

The operator has yet to disclose whether or not it will be making a return, however in the email circulated to players it stated: "We hope to be back in the future, bringing you more of the games you love."

### KEY POINTS

- Email sent to players closing services, with full refunds provided
- Operator withdraws from DFS market after just one year
- FanDuel to ramp up its NFL offering for US players

### NATIONAL INDIAN GAMING ASSOCIATION JOINS PASPA REPEAL CAMPAIGN

#### Industry wide support grows for online gaming reform

The National Indian Gaming Association (NIGA) has announced that it will join forces with the American Sports Betting Coalition (ASBC), a group which is campaigning for the repeal or amendment of the Professional and Amateur Sports Protection Act (PASPA).

ASBC is primarily run by the American Gaming Association (AGA) and represents law enforcement officials, states rights' advocates, policymakers and the gaming industry. NIGA represents 184 gaming tribes throughout continental US.

It primarily aims to repeal or amend the Professional and Amateur Sports Protection Act (1992), which currently prohibits sports betting anywhere apart from Nevada, Delaware, Oregon and Montana.

In a statement, NIGA chairman Ernie Stevens said: "As one of the key stakeholders in these discussions we want to ensure that if legalized, our members have the opportunity to offer this activity as part of their overall entertainment package and as an additional source of revenue for tribal government gaming to promote tribal economic development, tribal self-sufficiency and strong tribal government."

Geoff Freeman, president and CEO of the AGA added: "We have a window of opportunity to get this done and the National Indian Gaming Association is critical to making it happen."

"Tribal engagement will help to move the needle forward and as the industry further unites, we will be able to end the failing ban on sports betting and allow our industry to grow."

At present, thirteen states have introduced sports betting bills despite the federal prohibition including: California, Connecticut, Hawaii, Maryland, Michigan, Mississippi, Montana, New Jersey, New York, Oklahoma, Pennsylvania, South Carolina and West Virginia. Tribal involvement in the fight against PASPA is essential to the success of the campaign and NIGA represents a big scalp for the ASBC.

The ASBC campaign will come to a head later this year when officials from the Supreme Court review New Jersey's case to dismiss an August 2016 ruling by the Philadelphia-based 3rd US Circuit Court of Appeals that an earlier 2014 New Jersey statute permitting sports betting at casinos and racetracks effectively violated PASPA.

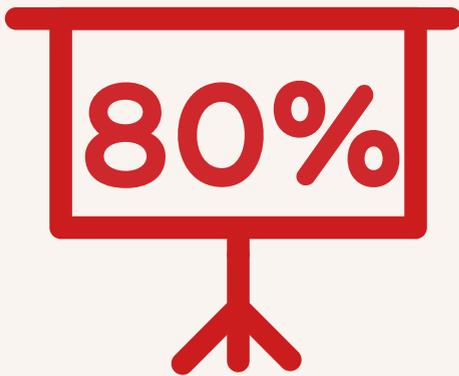
Regardless of the result, state-wide support for the campaign is growing and the National Conference on State Legislatures recently said that: "The Professional and Amateur Sports Protection Act (PASPA) has not only failed to prevent illegal sports gambling, but it has also restricted the ability of states to regulate and collect revenue from sport gambling wagers estimated to be in the billions of



**13%**



The increase in sportsbook revenue for William Hill



Percentage stake Novomatic Italy acquired from Capecod Gaming



**500**

Number of new slot machines in Pala's casino expansion in San Diego

dollars each year, to the detriment of state economies. PASPA is the definition of unwarranted pre-emption of state authority."

## **MALTA PLANS TO LEGALISE DIGITAL CURRENCIES AT ONLINE CASINOS**

### *Legislation and regulation of Cryptocurrencies on government's agenda*

It has been reported that the government of Malta is advancing on its strategy to allow the use of digital currencies like Bitcoin at online casinos.

The Malta Gaming Authority (MGA), which is in charge of regulating both land-based and online gambling, has already presented a study on how to effectively regulate the use of cryptocurrencies.

MGA Executive Chairman Joseph Cuschieri believes that this type of currency presents great opportunities as well as multiple risks to the gaming industry. "The shape and form of the framework governing cryptocurrencies will be announced in due course and once the risk assessment is carried out. Once the results of the study are evaluated, the MGA will make its position official on how cryptocurrencies will be adopted."

This proposal follows Maltese government trust in other blockchain technologies. Local authorities hope to become the leading country using these industry-changing financial instruments. Last April, Prime Minister Joseph Muscat said: "We must be on the frontline in embracing this crucial innovation, and we cannot just wait for others to take action and copy them. We must be the ones that others copy."

## **GOLD COAST CASINO PUT ON HOLD**

### *Developers forced back to the drawing board following public consultation*

After months of debate, developers of the proposed Southport Spit Casino at Australia's Gold Coast have been told to find somewhere more "appropriate" to build, as locals fear the impact it could have.

China-based ASF, a strategic investment consortium, would have pumped AU\$3bn

into the development. As reported in ABC News the proposed development would create 13,000 jobs and inject more than \$700m into the local economy.

Fears of the potential impact on small club owners and the local wildlife were the key issues that prevented locals from approving the development.

The Star at Broadbeach will continue as Gold Coast's only casino for now, with the ASF development put on hold until they can find a new location.

Steve Gratton, Head of Save our Spit Alliance, suggested that the development could continue in the future, just elsewhere on the coast. In a public statement he said: "There will be a great portion of Gold Coasters who will be cheering, and the economic jobs doomsday conspirators will be saying it's the death of the Gold Coast if we don't have a casino on the spit. We've always said that there may be a possibility of an integrated casino resort somewhere on the Gold Coast. We accept that there might be another licence given, as long as it's in an appropriate place and the community around that area supports it."

## **CASH-OUT SLOTS HIT US**

### *Colossus Fracpot goes live in the states*

The inventors of cash-out gaming, Colossus Bets, have launched a partial cash-out slot to Betfair's US customers in partnership with GAN. The first of its kind in the states, the Colossus Fracpot allows players to take a proportion of their winnings during play, and has so far proved to be a hit for players who are already familiar with the mechanic in sports betting.

Charlotte Farr, Business Development Manager at Colossus Bets commented on the development: "We have always maintained that cash-out is of wider application in the gaming space. This is borne out on the data we have from the Colossus Fracpot game in the UK, where we found an overwhelming majority of players engaging with the feature were unable to resist banking at least some profits as they moved towards the end jackpot.

"It will be interesting to find out whether the novelty of the feature helps or hinders player engagement, but in the longer term we believe cash-out will invade all forms of betting, gaming and lotteries."



Microgaming

92% OF  
— ONLINE —  
CONSUMERS  
USE EMOTICONS\*

DO YOU SPEAK  
YOUR PLAYERS'  
LANGUAGE?

EMOTICOINS  
ONLINE SLOT

DOES THE TALKING

\*2016 Emoji Report, Emogi Research, November 2016.

# DATA CENTRE

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## REVENUE GROWTH ACCELERATES

US casinos accelerated their growth in June with gaming revenues of \$3.478bn, up 3.87% over last year and beating year-to-date growth of 3.08%.

June was the third straight month at revenue growth, which accelerated after April started the upward trend, rising 2%.

Growth was widespread and especially impressive when excluding Nevada, where numbers often are skewed by the volatility and dominance of the Las Vegas Strip.

Exclude Nevada and gaming revenues elsewhere rose 4.94% to \$2.592bn.

And the growth wasn't just new casinos like MGM's National Harbor. Revenues grew 2.96% on a same-store basis nationally and 2.98% factoring out Nevada.

### 52-WEEK GAMING STOCK CLOSING HIGHS

*In the wake of most second quarter earnings completed, the number US companies hitting 52-week highs slowed this week:*

COMPANY	CLOSING HIGH AS OF WEDNESDAY
Tropicana	\$43.95
MGM Growth Properties	\$29.99

The latest figures from the University of Las Vegas have revealed June's casino performance across the US.

State	Reported Win	%Δ
Colorado	67,138,163.03	4.55%
Missouri	139,314,117	4.07%
Delaware	N/A	N/A
Nevada	895,427,000	0.90%
Florida	43,811,626	4.33%
New Jersey	217,722,183	10.24%
Illinois	218,553,572	9.59%
New Mexico	20,858,303	8.38%
Indiana	177,939,633	4.72%
New York	167,038,075	4.04%
Iowa	117,335,992	3.18%
Ohio	142,150,789	6.56%
Kansas	28,848,971	2.35%
Oklahoma	9,621,193	5.88%
Louisiana	260,108,061	4.83%
Pennsylvania	258,471,186	-11.75%
Maine	44,428,385	6.62%
Rhode Island	43,029,066	-3.69%
Maryland	130,480,062	39.75%
South Dakota	8,579,326	-9.15%
Michigan	113,073,887	4.11%
West Virginia	55,161,579	1.47%
Mississippi	172,157,947	-1.90%
Total USA	3,331,249,117	2.27%

## GUEST COLUMNIST:



### DAVID HUBBARD

DEPUTY MD, VALUELICENSING

#### **PROTECTING FROM CYBER-ATTACKS** *Hubbard looks at the measures operators need to take to safeguard their online operations*

The gambling industry has become a major target for cyber-attacks, due to the amount of money involved, large numbers of customer accounts and the fact that bank and card details are often present. Criminals operate 24 hours a day, 365 days of the year and are always looking for areas that they can exploit in companies systems. These attacks have caused, and will continue to cause huge disruption to services and long-term damage to customer trust, potentially affecting the longevity of businesses. Has the Gambling Industry learned from the recent cyber-attacks and thus implemented appropriate measures to protect their businesses?

The implementation of cybersecurity protocols generally covers three main aspects; people, processes and robust hardware/software which can deter attackers. Below are some things for companies in the gambling industry to consider when it comes to ensuring that they are up to date with their security:

#### **Employee education**

It is crucial to ensure that every employee is aware of the company's security policies and how they should go about reporting any potential security breaches. Companies need to be actively educating their employees and make sure that they understand the huge risks that potential security breaches pose to the business.

#### **Security - End Client Protection**

Employee education alone however is not enough. The first line of defence that companies have for their hardware is virus protection software which is maintained and regularly updated. It is also imperative that clear procedures and roadblocks are put in place to limit the threat from mobile devices. A good example of this is disabling ports and devices on computers to protect from inadvertently infecting a PC via USB stick or CD or alternatively alarms that tell IT immediately a USB stick is installed.

#### **Security – Perimeter Firewalls**

The presence of a robust firewall is a critical part of connecting to the internet and it is essential that they are maintained and properly managed to ensure that any early warning signs of an attack are flagged to IT immediately.

Regular penetration testing of your internet facing computers will identify any potential gaps in your security and also help to ensure that they are immediately addressed. This will prevent any potential attacks from infiltrating the corporate network.

#### **Legacy operating system and unsupported software**

No software is perfect and there will always be loopholes that attackers can exploit. However, software manufacturers are constantly releasing system updates of their software thereby ensuring they continue to outsmart and address any potential new bugs. Keeping up to date with regularly changing software can be expensive and time consuming for companies, with many choosing not to update software on a regular basis due to the prohibitive cost of doing so. However, this cost needs to be weighed against the huge cost of trying to repair the potential damage caused by a cyber-attack.

A large number of the recent cases of ransom attacks which have occurred are due to lack of maintenance and planned upgrades. Many organisations have mistakenly believed that the cost and time needed outweigh the risks of a security breach. However, there can be ways to mitigate the cost of keeping up to date, such as pre-owned licensing solutions, which can significantly reduce the cost of maintaining a company's software and helping reduce expenditure.

#### **A backup solution is a must**

How confident are you in your backups? It is imperative that every company has fully tested backup and recovery systems.

To ensure your company remains safe in the event of data and maintained offline to ensure that they do not become infected. They should also be regularly tested to ensure files can be recovered if needed.

#### **To summarise**

Hackers are smart. New viruses are continually being created with the sole aim of infecting your software. All it takes is one little gap in a security chain of front line users, firewalls, backup systems and viruses have an easy entry to your systems. By making sure that you implement the above, you are taking the right steps in the fight against cybercrime and ensuring your business and its critical data are protected.

Most companies try to keep on top of their systems but many still have weaknesses in their defence. Stay ahead of the game and keep your business safe. Cyber attacks can happen any time with little or no warning.

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