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## THIS WEEK

- **IGT and Scientific Games strike patent deal**
- **Czech Republic to restrict online bonuses and free bets**
- **Macau gross gaming revenue up 20%**
- **Russia to block international betting websites**
- **California expands tribal gaming in double deal**
- **Guest Columnist: Matt Stephenson, Betgenius**

# WEEK 36

## FRIDAY 8 SEP 2017

## AGA ADDS ITS VOICE TO PASPA LEGAL CHALLENGE

*Association weighs in with supporting motion on New Jersey appeal against PASPA*



The American Gaming Association (AGA) has joined 20 US states in filing amicus briefs in support of New Jersey's appeal against the authority of the Professional and Amateur Sports Protection Act (PASPA), which will be heard at the US Supreme Court later this year. With the Supreme Court's review potentially having significant consequences for the US gambling industry, many states are keen to jump on the legal bandwagon.

In its amicus brief, the AGA states that the "regulation of sports betting needs to be accomplished in a sensible manner that promotes, rather than thwarts, the structures and principles of federalism. PASPA has thus had the perverse effect of pushing an enormous market underground by way of federal decree while stamping out state and local efforts to adapt their own laws pursuant to their own citizens' wishes."

The separate 20 state amicus brief against PASPA is being spearheaded by West Virginia Attorney General Patrick Morrissey, who last year told justices in the third circuit court that: "The concern of Amici States—the States of West Virginia, Arizona, Louisiana, Mississippi, and Wisconsin—is not what Congress regulates but how it does so.

"Congress may not force the States to act as the vehicle for implementing federal ▶



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# THIS WEEK IN NUMBERS

## £7.8M



Fine given to 888 Holdings following failures in its problem gambling policy

## 60%



Percentage rise in gamblers in Macau being fined for smoking while in casinos

policy and thereby shift to the States political accountability for its actions. Such coercion is unconstitutional commandeering."

AGA President and CEO Geoff Freeman commented: "America's 25-year-old failing federal ban on sports betting is not working. The Professional and Amateur Sports Protection Act – or PASPA – is doing nothing to stop millions of Americans from wagering on sports each and every day.

"Americans continue to bet on sports, but, due to PASPA, most of that betting occurs illegally. The AGA conservatively estimates that Americans illegally bet over \$150bn per year on US sporting events. Earlier this year, Americans bet an estimated \$15bn on the Super Bowl and NCAA Men's Basketball Tournament alone, and 97% of those bets were made illegally."

Freeman emphasises on the positive impact of legalising sports betting, which "will generate \$5bn in tax revenues as well as offering a safe, consumer-friendly marketplace for sports fans to wager on the games and teams they follow."

He added: "We want to empower states and tribal sovereign governments by giving them the opportunity to decide

whether to legalise and regulate sports betting, just as they have done for years with casinos, lotteries and other forms of gaming."

Finance, Strategy, Real Estate and Gaming Professional, Oliver Lovat adds: "Nevada's sports books and sports betters are watching the forthcoming events as closely as the build-up to a World Series, but at this stage, I am not sure either party would be willing to wager with certainty on what the outcome will be."

### KEY POINTS

- AGA calls for PASPA to be replaced
- 20 states filed amicus briefs in support of NJ appeal
- Illegal sports betting market in US worth up to \$15bn

## IGT AND SCIENTIFIC GAMES STRIKE PATENT DEAL

### Agreement paves way for sharing of game resources

Worldwide gaming technology heavyweights, IGT and Scientific Games have announced the signing of a historic patent-cross licensing agreement.

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**58**



Number of free gifts, benefits and hospitality to the British Members of Parliament between the start of 2016 and July this year by sports betting companies, according to reports in the national press

**1,000**



The number of betting shops in Italy owned by PlanetWin365

Financial terms of the deal have not been disclosed but both companies stated that they will have full access to offer games using patented game features from each other's gaming portfolios, whilst also allowing other member firms access to the IGT slot game features pool.

"Participating in a shared pool of game play feature patents is a win-win for both companies," said Susan Cartwright, Vice President of Corporate Communications with Scientific Games in Las Vegas.

As two of the gaming industry's biggest gaming technology suppliers, IGT and Scientific Games hold the largest slot game feature patent portfolios in North America.

IGT recently reported above estimate net revenue of \$1.22bn for the second quarter of 2017, while Scientific Games reported net revenues of \$766.3m during the same period.

This latest deal follows similar intellectual property agreements between IGT and fellow gaming technology firms Paradise Entertainment, Konami Gaming and Aruze Gaming.

**CZECH REPUBLIC  
TO RESTRICT ONLINE  
BONUSES AND FREE BETS**

### ***New Gaming Act set to target problem gambling***

The Government of Czech Republic has announced plans to restrict online bonuses and free bets, citing concerns over alleged links between these promotions and problematic gambling.

Last week, the Czech Ministry of Finance issued a document detailing its fears over operators' bonuses, which it says induces customers to new gambling problems, and thus should be strictly controlled.

"The casinos, appealing to instant and seemingly easy winnings, have become typical not only of the suburbs of the Czech cities, but also of the centres of smaller municipalities, and all of the related socially harmful activities pose a threat to public order and peaceful coexistence," read the Government Report.

The report published in late August states that the application of the law will be within the jurisdiction of the authority responsible for issuing and implementing permits.

It also claims that "given the fact that gambling is an area of business that carries a negative social cost, as it causes pathological gambling and associated

# 45.7%



Percentage of people, surveyed in Brazil, in favour of Casino expansion, according to local research firm Paraná Pesquisas

# 25



The number of professional football clubs in the UK which have current shirt sponsorship deals with sports betting companies

# €47M



Amount paid by Fortuna for Romanian operators Active Concept, Bet Zone, and Public Slots and Slot Arena

undesirable manifestations in a particular part of the population, a new legal framework has been put in place to improve consumer protection, the conditions under which gambling can be run, and not only the conditions relating to the direct provision of gambling, but also related activities such as advertising and others."

## MACAU GROSS GAMING REVENUE UP 20%

### Revenue up despite two devastating typhoons during the month of August

According to data released by Macau Gaming Inspection and Coordination Bureau, Macau's casino gross gaming revenue (GGR) increased in August by 20.4% on a year-on-year basis.

The regulatory body has announced this week that casinos generated nearly MOP22.68bn (US\$2.81bn) over the last month, a month in which two deadly typhoons left as much as half the city without power and water for as many as four days.

Analysts suggest that the GGR for August would have been higher if

the city hadn't suffered two powerful typhoons at the end of the month. Following Typhoon Hato on 23 August, which brought with it winds of more than 124mph some hotels and casino resorts temporarily suspended their operations.

With these figures, the Cotai District continues its 13-month streak of revenue increases. Overall, Macau's total GGR for the first eight months of 2017 reached MOP172.02bn, rising 19% from the same period last year.

## RUSSIA TO BLOCK INTERNATIONAL BETTING WEBSITES

### Blacklisted operators blocked by Russia's largest search engines

Russia's telecommunications regulator, the Roskomnadzor, has reached a preliminary agreement with several search engine providers to block its local residents from accessing unlicensed international betting operators' websites.

Last week, the Russian Government authorised the Roskomnadzor to



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demand that Russian facing search engines remove “blacklisted” remote operators from their results pages and deny access to Russian citizens. This restriction follows the government introducing measures to ban Russian banks and online payment processors from accepting transactions from online bookmakers with foreign IP addresses.

These new laws are set to take effect on 1 October and 1 November, respectively. In advance of these legal changes a number of international operators, including BetVictor, Betfair, Unibet and bettingexpert have already left the Russian online gambling market, with more set to follow over the coming months.

Earlier this year Russian Premier Vladimir Putin signed two new pieces of federal legislation into law with the aim of cracking down on Russian citizens accessing these sites.

The first of these new laws requires Russian internet service providers to block access to all mirror sites of blacklisted domains, while the second enforces strict new curbs on

the use of tools to circumvent these restrictions such as proxy tools known as ‘anonymisers’ and virtual private networks (VPN) by Russian citizens.

At present, Russia has only six licensed online betting operators: Liga Stavok, Winline, 888.ru, 1XBet, Leon.ru and BKfon.ru, all of which have agreed to comply with all Roskomnadzor provisions and government regulations.

## CALIFORNIA EXPANDS TRIBAL GAMING IN DOUBLE DEAL

**State agrees new tribal compact whilst also giving go ahead on \$500m casino project**

California State Assembly has ratified a tribal gaming compact for the Wilton Rancheria tribe, paving the way for the tribe to develop a \$500m casino in Elk Grove.

Elk Grove Assemblyman Jim Cooper introduced Bill AB1606, which was approved by a unanimous 68-0 vote late on Thursday. The compact will now be passed to

California State Governor Jerry Brown for final sign-off before being vetted by the Federal Bureau of Indian Affairs.

Speaking after the vote, Cooper said: “This is an important milestone for Wilton Rancheria, the people of Elk Grove and the Sacramento Region.

“I was proud to author this legislation and I am proud of my colleagues in the Legislature for giving it their overwhelming support.”

Moreover, in the Golden State, Governor Jerry Brown Jr. has signed a new tribal gaming compact between the state and the Tule River Indian Tribe, superseding the current compact which was due to sunset in 2020.

Under the new compact the Tule River Indian tribe can continue its current operations at its Eagle Mountain Casino. This casino is currently in the process of being relocated to land nearer to the Porterville Municipal Airport, pending approval from the US Department of the Interior.

The Tule River Tribe’s new compact will now need to be approved by both houses of the state legislature before it can be ratified.

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### MGM TO SELL NATIONAL HARBOR; BUY STOCK

MGM Resorts made two \$1bn announcements on Tuesday – it is selling National Harbor real estate to MGM Growth Properties as was expected, and, it will start a \$1bn stock buyback program.

The \$1.187bn for National Harbor in Maryland, \$462.5m in cash, \$300m in partnership units and assuming \$425m in debt that will be immediately repaid when the transaction closes in the fourth quarter.

MGP will sell 11.5 million shares with an overallotment up to 1.725 million-share overallotment to underwriters including Bank of America, JP Morgan, Deutsche Bank and Barclays.

MGM will pay \$95m a year in rent. 90% of rent will be fixed and grow by 2% a year until 2022.

CEO of MGM Resorts International, James Murren explains that the shares repurchase highlights belief in the company's strategic plan, as it continues to create avenues to improve its balance sheet and allocate cash sensibly.

### US STOCK UPDATE

*Below is a list of stocks that high 52-week highs this week: which was shortened due to the Labor Day holiday Monday.*

COMPANY	52-WEEK HIGH AS OF WEDNESDAY
MGM Growth Properties	\$30.98
Table Trac	\$2.05
Tropicana	\$49.50
Eldorado	\$23.85
Monarch Casino	\$35.59
Penn National	\$22.64
Churchill Downs	\$195.45

## GUEST COLUMNIST:



**MATT STEPHENSON**  
BETGENIUS, MANAGING  
DIRECTOR

**A SHOT IN THE ARM: HOW PRE-MATCH BETTING CAN UP ITS GAME**  
*Stephenson chats to GI about the diversification in sports betting and where the industry may find its next big area of positive revenue expansion*

The betting industry knows a good thing when it sees one. Without a huge amount of change to the core offering, in-play has been sports betting's cash cow for many years and there are no signs of that changing. It is news to no one that this has gone hand in hand with the rise in mobile betting and its intrinsic relationship with the second-screen viewing trend.

While the era of pre-match betting being solely done via laptops and desktops is long behind us, it has, despite high margin accumulator business, been considered in-play's less exciting sibling for a number of years.

Bookies have focused on the breadth of events and markets, price boosts and making it quick and easy to place accumulators. Live betting has been transformed by focusing on speed, efficiency and shortening the journey to bet.

This has arguably, and naturally, created two sets of customers and created two different experiences. The in-play customer has access to a similarly huge range of markets yet often makes split-second decisions, and bets quickly and instinctively. Pre-match punters are rightly given reams of events, markets and data to trawl through before placing a carefully considered wager.

Some functionality has bridged the gap between the two. Cash-out and partial cash-out effectively turns a pre-match bet into an in-game one, while the ability to edit accumulators offered by some bookies has also provided valuable in-game flexibility and engagement.

### Game-changer

One product destined to drive this trend even further is same-game accumulators, which offer punters the chance to create bespoke multiples across a number of different variables within the same match. Examples of these variables include whether individual players will score or be carded, number of corners and cards and even the method by which certain players will score.

This product has found massive appeal among the

recreational customer base, with the vast majority of these bets placed based on gut instinct, rather than by shrewd punters looking for an edge. Operators therefore need to bring the same level of UX and engagement to pre-match betting that has been perfected (by some) in in-play and cash-out functionality.

Giving customers a huge range of betting options should not destroy the clean, smooth experience operators have worked so hard to get right. Some efforts we have seen brought to market simply don't achieve this level of design and UX.

Speed is also of the essence here. Sky Bet's #RequestABet product set the standard for same-game accumulators and does a brilliant job of engaging customers on social media. It blurs the lines between pre-match and in-play betting, allowing punters to create their own narrative around any given fixture and to watch that story unfold as the match goes on.

### The next step

Yet so far, the concept has not gone far enough in harnessing the latest technology and expertise in sportsbook trading to deliver the optimum experience. At BetGenius, we have partnered with data science-driven Sportcast to create BetBuilder (excuse the plug), which is set to go live with a number of major operators in the next month.

Unlike similar existing products on the market that rely on social media requests and manual input from traders, BetBuilder hands power to the punter by letting them instantaneously create their own unique market type and dynamically adding it to their betslip. All contingencies have been fully modelled, allowing each selection to be priced as the bet is built.

Suddenly you have a product that feels dynamic and engaging enough to appeal to the gut-trusting in-play customer, combined with an intuitive design.

Bringing the pre-match and in-play experiences closer together drives turnover and retention by allowing customers to recycle winnings during the course of a match. This empowerment is a key element, along with being able to create bespoke bets, in creating a betting experience that feels more personal.

The trend of giving customers what they want, when they want it, is here to stay. But by focusing on speed and user experience, operators can stay one step ahead of the game.

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