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THIS WEEK

- **Ladbrokes to pay tax avoidance penalty**
- **GC present 2016 consumer study**
- **Konami premiere skill-based game**
- **Supreme court allow Ivey's appeal**
- **Guest Columnist: Sadok Cohen, Founder, BetBull**

WEEK 09

FRIDAY 3 MAR 2017

IDAHO VOTES AGAINST 'ANTI-TRIBAL GAMING BILL'

The state narrowly avoids legislation to regulate gaming machines in tribal casinos



The House State Affairs Committee recently voted to kill the 'anti-tribal gaming bill', carried by Rep. Tom Loertscher. The bill was intended to amend the law permitting tribal casinos, and was enacted by Idaho voters in 2002, limiting the types of gambling machines the tribes could offer.

Eight representatives voted in favour of quashing the bill, narrowly outnumbering the seven representatives who voted against the motion.

Rep. Dustin Manwaring, R-Pocatello, comments on his decision to vote in favour of the motion: "We've heard two days of testimony. I think based on everything we've heard, I just don't believe that the purpose is to only reconcile Idaho Code with the Constitution. I don't think there's a policy matter to fix. I think there's a lot of confusion out there. I think it does threaten the tribes. I think it would be the most reasonable and prudent thing to do to hold it in committee."

However Rep. Tom Loertscher, R-Iona, argues: "HB 127 is not about banning tribal gaming. There's nothing contained therein that does anything of the kind."

Loerstcher maintains that if the casinos' machines are in compliance with the law "this bill will have no effect. If not, then the machines will have to be brought into compliance. Even in that circumstance, gaming will continue with machines that ▶

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THIS WEEK IN NUMBERS



The number of charges six-year Amaya Inc. CEO, David Bassov faces over illegal trades



The amount of money put into Foxy Bingo's latest UK marketing campaign and brand refresh.



The percentage rise in revenue for Clark County during the month of February



Amount won from customers by Nevada's casinos in January 2017

DKK4B

The amount Kindred is rumoured to shell out in Danish state-owned, Danske Spil acquisition

18%

The amount Macau's casino gross gaming revenue rose by year-on-year in February

are found to be in compliance with the Constitution."

Rep. Paulette Jordan, D-Plummer, a member of the Coeur d'Alene Tribe, believes that the discussion should be taken to the Idaho Indian Affairs Council, which includes tribal leaders, state lawmakers and representatives of the governor, who she believes are able to deal with this matter adequately. "The history of both the state and the tribes has been muddled, especially for some new folks. I would hate for this to go to the courts for them to decide what is to come down to impact our economy and our communities who very much rely on the resources that the tribes provide."

KEY POINTS

- Bill to regulate gaming machines in Idaho's tribal casinos has been dismissed.
- Eight representatives voted in favour of quashing the bill, while seven voted against the motion.
- Rep. Paulette Jordan expresses that the issue should be taken to the Idaho Indian Affairs Council.

LADBROKES TO PAY TAX AVOIDANCE PENALTY

The British bookmaker pays a hefty price for taking advantage of tax loophole

Ladbrokes has been hit with a £71m tax charge following the loss of their appeal against a UK Revenue & Customs (HMRC) ruling relating to a "tax avoidance" scheme.

The UK Tax Tribunal stated that Ladbrokes Group and its auditor Deloitte knowingly exploited a 2008 tax loophole relating to loans between corporations and third parties to minimise Ladbrokes full-year tax bill. The loophole was closed in the same year and the legislation strengthened in 2009.

The bookmakers created a scheme in which it appeared to lose money, allowing it to pay less tax. In doing so it artificially created a fall in the value of shares at one of its companies, Ladbrokes International and Travel Document Service.

Jennie Granger, Director General of Compliance at HMRC comments:

"Ladbrokes would have been better off just paying the tax but instead they pursued this lengthy legal dispute with HMRC.

"Avoidance schemes like this just don't work and HMRC will always take firm action against them. The bookie gambled and lost when the odds of success could not have been lower."

THE GC RELEASE 2016 CONSUMER PARTICIPATION STUDY

The study reveals a rise in gambling among British consumers

The UK Gambling Commission has released a comprehensive study on the "behaviours, awareness and attitudes" of British consumers in relation to gambling during 2016.

Gambling participation has seen an overall increase of 3%, with 48% of people aged 16 or over having participated in at least one form of gambling in the past four weeks.

Participation in The National Lottery remains the most popular gambling-related activity. Driven by the UEFA European Football Championship 2016 and the Rio 2016 Olympics, both sports betting and private betting have significantly increased.

An estimated 0.7% of people identified themselves as a problem gambler according to the short-form Problem Gambling Severity Index (PGSI), with a further 5.5% identifying as at low or moderate risk. 39% of people associated gambling with crime; however, 34% of people believe gambling is fair and can be trusted.

James Green, Programme Director, comments: "Market trends and consumer participation research are key to shaping the Commission's regulatory policy to keep gambling in Britain safe for consumers, fair, and crime-free."

KONAMI DEBUTS SKILL-BASED 'FROGGER' GAME

Skill-based games land in America's notorious gambling hub

Konami has launched its new skill-based game *Frogger: Get Hoppin'* in MGM Grand, Las Vegas. Konami claim



\$230M

The estimated total revenue casinos would make in one year if online gambling was legalised in Pennsylvania

200



The number of job cuts at Australia's Crown Resorts due to reduced profits and pressure on earnings

HK\$6.2B



Galaxy Entertainment Group's increased total net profit for the full-year 2016

to be the first manufacturer authorised for field trials under the Nevada Gaming Control Board's New Innovation Beta program, and "the first to introduce skill-based gaming as the primary game play to the Nevada market".

Frogger: Get Hoppin' offers players the chance to win random cash awards and earn true skill-based cash awards. Top scores are recorded on daily and all-time Hall of Fame leaderboards.

On 18 and 19 February, the game was premiered in a competition, in which participants played to earn high scores and become the world's first *Frogger: Get Hoppin'* champion and win cash prizes.

Tom Jingoli, Executive Vice President and Chief Commercial Officer at Konami Gaming, states: "We're very pleased with the response we've seen to *Frogger: Get Hoppin'*. As this emerging sector continues to expand, players can look forward to connecting with new forms of gaming entertainment that reinforce their interests and social preferences."

PHIL IVEY APPEAL GETS GO-AHEAD FROM SUPREME COURT

The famous poker player remains resolute to claim his winnings

The UK Supreme Court Judges have agreed to hear Phil Ivey's infamous high-stakes baccarat case against London-based Crockfords Casino.

The long-held dispute has been ongoing since August 2012, when Ivey won £7.8m playing a version of baccarat known as Punto Banco.

Courts found that Ivey had violated the UK Gambling Act 2005 by deploying the controversial technique known as "edge-sorting". Nonetheless, the appeal judges did not define the two players' actions as dishonest.

It has now been revealed that the UK Supreme Court will allow Ivey to appeal the Court of Appeals decision that upheld the London High Court to deny Ivey's claim against the casino.

One of Ivey's representatives, Matthew Dowd of Archerfield Partners LLP, states: "The Court of Appeal's ruling left the interpretation of

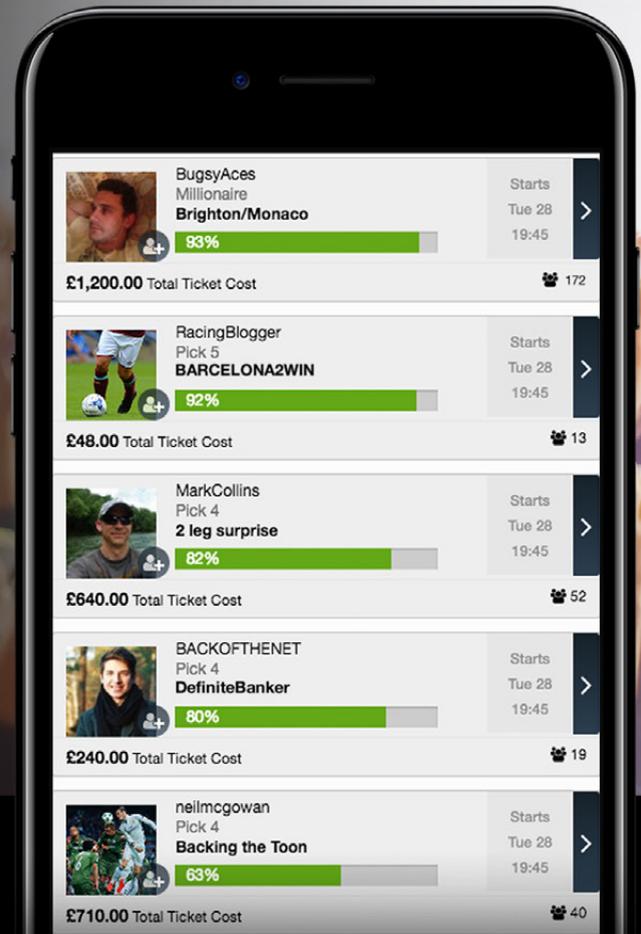
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46%

The percentage of Americans that support the legalisation of full-scale sports betting

The percentage showing how many more male than female gamblers there are in the UK

9%



5.6%

The percentage fall in full-year 2016 net profit for SJM Holdings Ltd

Section 42 of the Gambling Act totally unclear and the decision to grant permission to appeal demonstrates that the Supreme Court agrees with that view.”

Commenting on the announcement, Phil Ivey says: “I am so pleased that the Supreme Court has granted me permission to fight for what I genuinely believe is the right thing to do in my circumstances, and for the entire gaming industry.”

MACAU'S FEBRUARY GROWTH ROCKETS

This month's numbers exceeds expectations

Monthly gross revenue from games of fortune in Macau climbed by 17.8% to 23bn patacas in February, marking the seventh month of growth in a row as the region continues to move on from the 26-month nosedive that came before.

February's GGR represents a two-year high for Macau, which had suffered a series of declines from June 2014 in the face of Chinese President Xi Jinping's

anti-corruption drive and slow economic growth.

Accumulated gross revenue for the year also rose, with revenue of 42bn patacas representing an increase of 10.6% over the same two-month period in 2016.

Richard Huang, an Analyst at Nomura in Hong Kong, noted that “while it is hard to call the last week's results a trend, the industry has shown clear signs of stabilisation.”

Brokerage firm Bernstein noted the importance of VIP performance to the latest results: “We believe a large portion of the upside surprise in February was strong VIP. VIP growth may have likely shown mid-20s percent growth year-on-year.

“The last week of the month was helped by several junket marketing events, including Sun City's anniversary party, which brought a significant increase in VIP players and agents.”

Bernstein analyst Vitaly Umansky was quoted by Reuters, saying that this could mean March will see “a slowing VIP environment” compared to February.

GUEST COLUMNIST:



SADOK COHEN FOUNDER, BETBULL

MAKING SPORTS BETTING SOCIAL AGAIN

Sports betting could be easily traced back for millennia - wherever the first competition took place, a wager must have accompanied it. And from the oral bond of the first wager to the book, the first bookmaker should have been born out of necessity.

The early bookmaker, a social gathering place for people to gather and talk about the various competitions has survived, at least as a physical location if not so much in its soul, until today. The digital revolution pushed physical bookmakers to create interfaces that only replicated the transactional identity of placing a bet, leaving behind all the social aspects it once contained.

There are many reasons for why it happened: the founders, mostly coming from the physical bookmaking business were not tech savvy and had to rely on outsourcing the technology they needed to make the jump to the new world, their focus simply on being able to take in bets long distance.

This strategy worked so well for the last 20 years, and made so much money for so many people that the only focus has been around scaling, land grab, legal struggle and regulations. Culturally, companies were not able to build a DNA for real innovation.

Technology is developing at incredible pace and it is creating a big risk for the current incumbents in many sectors. Our industry is no exception. The smartphone is only ten years old, but it feels like a lot longer, and even in its relative infancy it is already the medium of choice for betting. Interfaces were created, adapting to the small screen, but they were never native experiences, just simple ports.

If we look at many successful companies today like Instagram, Snapchat and many others, they built mobile first experiences from the ground up, thinking about the relationship that users have with their devices. The mobile device is an extension of our physical body, not embedded yet, although it probably will be soon enough. And with it there are many features that users expect to find naturally in any application: smooth user interfaces, intuitive designs, clean and

professional layouts, personalised content, whistles and bells but most importantly, instant gratification.

We cannot expect a rough, ported, lousy transactional app to survive the pressure which the quality of other applications in various sectors is applying. Users are demanding features that were not even possible five years ago. The innovation gap is accelerating with enormous momentum and only companies that are capable culturally to stay ahead will be able to survive Moore's Law. This is a great opportunity for disruption. Such time frames are impossible to keep up with for the enterprise-sized companies out there.

Eight years ago, when we created Tuttur, one of the five regulated operators in Turkey, we decided to change the *status quo* and build a betting experience like never before: gamified, social and personal. It was a huge success, grabbing 15% market share with 800,000 active users. We had customers literally writing poems about us, telling of how lonely the betting world was before we gave them a place to share their experiences.

Based on such extensive know-how, with the backing of many industry gurus, a few months ago, after two years of stealth development we launched BetBull, a newer, completely native, unique social experience like no other. The initial response has been phenomenal. In only two months with over 2000 daily active users, we have already turned over more than £1.5M. The feedback we are getting from our customers and the way they are engaging with our app is way beyond our expectations.

Users can find bets that they like in a very natural flow, joining with a community of like-minded punters into deep and close conversations. They are constantly rewarded with surprising incentives throughout their journeys and have many reasons to stay engaged and return to the app many times throughout the day.

Our mission is to be the disruptor our industry has been waiting for for many years. We have many innovations coming and will keep surprising our users along the way. We are making betting social again. A natural, fun, friendly and safe place to have a good time with your buddies building exciting memories to remember.

Sadok Cohen is a serial entrepreneur and the founder of social betting company BetBull. Sadok has worked in the gambling industry since the early 2000s, during which he has established himself as a pioneer. In 2009 he created the world's first social betting site, Tuttur.com.

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