



WEEK 25

FRIDAY 22 JUN 2018

JAPAN READY TO PASS LONG-AWAITED CASINO BILL

Sponsored by



THIS WEEK

- Rhode Island sports betting clears legislature
- Italy's online sports operators brace for ad ban
- Foxwoods CEO dies of heart disease in hotel suite

GUEST COLUMNISTS

- Keith O'Loughlin, SG Digital
- Susan O'Leary, Alderney eGambling



The world's third-largest economy opened the door to casino gambling this week when Japan's lower parliamentary chamber passed its controversial and long-awaited gambling bill.

Japan's casino market could be worth about \$16 billion a year - \$5 billion more than Las Vegas but half of Macau's annual take.

"Integrated resorts will create new employment and culture, bolstering Japan's international competitive power," Prime Minister Shinzo Abe said.

Japan's upper house is expected to quickly pass the Integrated Resorts Implementation Bill, which means the first casino licenses could be issued by 2020 and the first integrated resorts opened in 2025.

The bill has triggered acrimonious debate in parliament and protests from opposition parties. Senior members of the Constitutional Democratic Party of Japan were livid, expressing their strong opposition to the bill and to an unusual agreement to extend parliament into July so the new law could be ushered in.

Abe's Liberal Democratic Party (LDP) all but ensured the bill will become law after signalling the party's intent to extend the parliamentary session. ▶



AND THE WINNER IS...

8 OCTOBER 2018, SANDS EXPO CENTRE LAS VEGAS

FIND OUT HOW TO GET INVOLVED

WWW.GLOBALGAMINGAWARDS.COM

GLOBAL GAMING AWARDS

LEAD PARTNER

BETCONSTRUCT



THIS WEEK IN NUMBERS

£2 million



The amount the UK Gambling Commission fined online gambling firm 32Red for failing to protect a consumer and for money laundering breaches



The number of slot machines Kenya has burned so far in a crackdown on illegal gambling



The number of iGaming companies listed on Stockholm's stock exchange – the most of any country in Europe

15 million



The number of common shares The Stars Group Inc proposes to sell in a public offering to help fund its \$4.7bn acquisition of Sky Betting & Gaming

If the bill is passed, it will allow casino operators to campaign for one of three IR licenses for operations in pre-approved locations. Two of the locations are likely to be in major Japanese cities and one in a regional location.

The government expects to review the number of licences seven years after the first approvals are granted.

In April, lawmakers from the LDP and its coalition partner Komeito agreed that a \$55.73 admission fee will be imposed on residents, who will be banned from entering more than three times per week or 10 times per month. Foreigners will be allowed to enter without charge.

Operators who illegally obtain a casino license can be fined \$4.7million, and casinos cannot exceed 3% of the total land space of the IR, or 15,000 square meters (161, 458 square feet). Gross gaming revenue in the casino will be taxed at 30%.

US investors are salivating at the prospect of a wide-open Japanese market, with Las Vegas Sands, MGM, Caesars and the Hong Kong-based Melco Resorts & Entertainment hoping to make multi-billion-dollar investments.

Japan is a magnet for tourists, drawing a record 28.6 million foreign tourists in 2017, and it projects that will climb to 40 million tourists by 2020, when it hosts the Tokyo Olympic and Paralympic Games. Once the first IRs open, Japan hopes tourism will be boosted to 60 million visitors a year by 2030.

The push for a casino economy is not without its drawbacks. Japan already has five million gambling addicts - about 5% of adults have a gambling problem - and much of that is blamed on online gambling and so-called pachinko parlours, which offer prizes to players that can be exchanged for cash at a different venue.

"While Japan has modelled its system on Singapore's, with the same social safeguards, it must remember that this needs to be implemented across all forms of gaming, including pachinko parlours," Brendan Bussmann, of Las Vegas gaming and hospitality consultancy Global Market Advisors, told Singapore's *The Straits Times*.

The location of the IRs has yet to be determined. Some argue that rural regions desperately need the economic boost but others say the maximum benefit will only be reached if the IRs are located within reach of a major city.

"As Japan looks to locations, it must balance between urban facilities in cities such as Osaka and Yokohama while also developing regional facilities in more rural parts in the prefectures of Nagasaki and Hokkaido," Mr Bussmann said.

"With the proposed cap of three, we believe all of these locations would be excellent choices that would further develop tourism to these regions while bringing further economic development through gaming and non-gaming amenities."

RHODE ISLAND JOINS RUSH TO PASS US SPORTS GAMBLING LAW

Sports betting fever is spreading across the US.

Rhode Island is the latest state to fast-track plans to legalise sports betting after Delaware and New Jersey launched wagering this month.

Rhode Island's legislature passed a \$9.6 billion budget plan on Wednesday that covers sports betting regulation.

Governor Gina Raimondo is expected to sign the bill into law shortly. She has reportedly earmarked \$23.5 million in sports betting revenue into the upcoming Rhode Island budget.

The state's plan is for sports betting to be administered by the RI Lottery via the Twin Rivers casinos in Lincoln and Tiverton.

Meanwhile, Kentucky's lawmakers have drafted in a panel to write their sports betting law. Republican Representative Jason Nemes said the state hopes to bring

in between \$6.5 million and \$26 million a year through licensing and taxes. The idea is to legalise sports betting beyond horse racing.

The Mississippi Band of Choctaw Indians are also eyeing sports betting, which would make them the first Native American tribe in the US to do so. The Choctaw Tribal Council approved betting at the Silver Star Hotel and Casino, and Golden Moon Hotel and Casino at the Pearl River Resort and Bok Homa Casino in Heidelberg.

West Virginia and Mississippi expect to roll out wagering by the start of the NFL season and Pennsylvania may legalise sports betting toward the end of 2018.

New York failed to pass its legislation before the assembly closed for business on Wednesday but there is still plenty of interest in passing a bill when the legislature reconvenes.



3,000



The number of people arrested for illegal gambling by Thailand's police in the first four days of the World Cup

£500 million



The amount UK punters are expected to wager in a week that include both Ascot and two World Cup games for England

ITALY'S ONLINE SPORTS OPERATORS BRACE FOR AD BAN

Italy's planned crackdown on gambling advertising is part of a wider European trend expected to have a "massive impact" on online companies.

Norway, Belgium and Bulgaria are all planning to curb advertising over social responsibility concerns, but Italy's new anti-gambling coalition government is grabbing the biggest headlines.

One reason is because Italy's licensed online sports operators have been celebrating a comeback after an April slump. Numbers published by Italy's Agimeg online news site this week show Italian online sports betting turnover rose 6.4% in May to €518 million. Betting revenue rose 40.4% to €40.8m.

Despite the resurgence of the online gambling sector over the past few years – boosted by marketing and advertising – Italy's new coalition government is intent on an "absolute ban" on advertising and sponsorships. The coalition also wants a one-third reduction in video lottery terminals in retail outlets and a reduction in amusement with prizes machines.

The advertising ban "will have a major

effect on the Italian gambling industry, although it is possible to have an industry without advertising as the UK did from 1960-2007," Steve Donoghue, a London-based industry expert, told *Gambling Insider*.

"However, the major difference is the fact that the UK industry at the time was land-based, modern online gambling is different. Online operators must advertise sign-up offers, if you remove adverts it becomes near impossible for them to do business. It will have a massive impact, with an advantage going to land-based operators. As a result online companies could be forced into gorilla marketing which is incredibly expensive."

Donoghue, who has advised William Hill Group and the National Casino Industry Forum, said Italy holds the mistaken belief that ads cause problem gambling.

"Operators need to educate people and governments about how socially responsible they are through education programmes and lobbying, in order to help change these perceptions," Donoghue said.

AND THE WINNER IS...

8 OCTOBER 2018

SANDS EXPO CENTRE LAS VEGAS

CATEGORY SPONSORS



NETENT



betradar
driven by facts

OFFICIAL VOTING
AD JUDICATOR

PRESENTED BY

CONTENT SPONSOR

IN ASSOCIATION
WITH



KONAMI



FIND OUT HOW TO GET INVOLVED

WWW.GLOBALGAMINGAWARDS.COM





THE WEEK IN QUOTES

"There's still hope for everybody!"

Musician Steve Albini is ecstatic after winning his first World Series of Poker gold bracelet, edging out more than 300 players in Seven Card Stud to win \$105,629.

"It's my belief that if we were to introduce sports betting you would end up seeing a lot of our states racetracks and casinos looking to European operators. This would be done in order to help gain the expertise of these European companies that have been operating sports books for years."

Ohio Senator William. P. Coley, II tells *Gambling Insider* that he foresees more US and European gambling partnerships as US states legalise sports betting.

THIS WEEK'S WINNERS AND LOSERS

WINNERS

New Jersey - The state's online casinos took \$22.37 million in gross gaming revenue in May, according to figures released this week.

Golden Nugget was the market leader with its brands Golden Nugget Online Casino, Sugar House Online Casino and Betfair, taking \$8.6 million in May.

New York - Lawmakers failed to pass the state's sports betting law despite a frantic, last-minute debate over integrity fees for professional sports leagues.

Italy's online gambling companies - If Italy's plan to ban gambling adverts wasn't punishment enough, Deputy Prime Minister Luigi Di Maio said the new government also wants a one-third reduction in video lottery terminals in retail outlets and a reduction in amusement with prizes machines.

LOSERS

CHINA EYES REVIVAL OF HAINAN 'ENTERTAINMENT BARS'

If Japan's casino ambitions aren't enough to worry Macau, then news from China's tropical island of Hainan will be.

At least five Chinese-owned resorts on the island of Hainan may launch "entertainment bars", where players bet real money but accept winnings in redeemable points used in shops, restaurants and hotels. Resorts have been talking to baccarat table suppliers and plans are underway to convert ballrooms into gaming floors, *Bloomberg* reports.

Only two months ago, China said it planned to offer horse racing and an expanded sports lottery on the island, part of a wider national push of "comprehensive deepening of reform and opening up".

While casinos outside Macau are outlawed, Hainan – about 1,700 miles (2,700 km) south of Beijing – is expected to be exempted from the usual gambling rules. Provincial and national authorities have not indicated whether they will approve the policy change, although a favourable court ruling on entertainment bars in December was interpreted by some experts as an official stamp of approval.

If Hainan was developed by China, the impact would likely be felt on casinos in Macau, Cambodia and the Philippines who

draw Chinese gamblers, particularly if the move expanded into full-blown casinos in five to ten years.

Macau's casino stocks collectively tumbled by 3.7% after the *Bloomberg* report – equal to about \$4.3 billion in market cap – pressuring Macau-exposed casino stocks Wynn Resorts, Las Vegas Sands and MGM Resorts International.

The thought behind Hainan's development is to create a "free trade port" island, similar to Singapore. The reforms are intended to open up Hainan's economy to foreign development and allow gambling in the future to increase its tourist appeal.

It is not the first time ideas to develop Hainan have been floated, however. Entertainment bars popped up at the Sanya Bay Mangrove Resort Hotel about five years ago, allowing guests to play baccarat and swap winnings for hotel rooms or jewellery. Prosecutors shut down operations in 2014, however, and questioned their legality.

The State Council approved plans in 2010 to see Hainan become a "testing ground for China's lottery and gambling industry".

That report seemed to gather little momentum and withered away. It remains to be seen whether China will roll the dice again on Hainan.

FOXWOODS CEO FOUND DEAD IN US HOTEL SUITE

Foxwoods Resort Casino and the US gambling industry were in mourning this week after news that President and CEO Felix Rappaport, 65, died of problems linked to heart disease. Rappaport was found on Monday in his hotel suite.

Rappaport spent more than four years leading one of the world's largest gaming enterprises.

The Foxwoods hotel and casino complex is owned and operated by the Mashantucket Pequot Tribal Nation on their reservation in Ledyard, Connecticut. Rappaport also spent time working in Nevada, and the impact of his death was felt by many on the Las Vegas Strip.

Mashantucket Pequot tribal police said the death was not suspicious and no autopsy was expected.

"With his passing, we have suffered a major loss. Felix's passion for modernising and growing Foxwoods, as well as his friendship, mentorship and humour touched everyone who worked with him," said Rodney Butler, chairman of

the Mashantucket Pequot Tribal Nation.

Rappaport managed hotels in Philadelphia and was an executive with the Hershey Entertainment and Resort Co before moving to Las Vegas in 1991. He also worked for Station Casinos and served as President/COO of Mirage, NYNY, Luxor and Excalibur, while working for MGM Resorts International.

"We are saddened by the news of the passing of our former colleague and friend, Felix Rappaport," MGM Chairman and CEO Jim Murren said in a statement.

"Felix was a member of the MGM Resorts family for more than two decades and is remembered fondly by many," he said. "Our condolences and prayers go out to his family at this difficult time."

The Tribal Council is considering how to resume Rappaport's strategic plan for growth with a continued focused on the property's long-term vision. Rappaport was responsible for bringing new initiatives into Foxwoods Resort Casino, which employs more than 6,500 workers.

LIGHTNING HORSEMAN



**Galloping into online casinos
August 8!**

From the creators of:



Desktop and Mobile via

www.lightningboxgames.com

Solid foundations, old school knowledge & new world thinking



DATA CENTRE

Provided by fantiniresearch.com



LA RISES

Louisiana and Mississippi gaming revenues rose 1.69% and 6.79% respectively in May, which had an equal number of weekend dates.

In Louisiana, results were aided by continued strength at Golden Nugget, which grew for the 19th straight month and was up double digits for the seventh month out of the last eight. On the other hand, the Baton Rouge and Central Louisiana market fell for the ninth consecutive month. Baton Rouge's smoking ban in casinos and bars recently went into effect. In Mississippi, Gulf Coast properties rose 11.28%, the best year-over-year comparison since October 2016.

Louisiana:

MARKET/PROPERTY	REVENUE (M)	CHANGE Y-O-Y (%)
Horseshoe (CZR)	16.055	+7.44
Margaritaville/ Bossier City	14.215	+4.94
Harrah's Louisiana Downs (CZR)	3.951	-0.02
El Dorado (ERI)	10.485	-0.89
Sam's Town (BYD)	6.168	-5.64
Boomtown (PNK)	4.746	-7.91
Diamondjacks (Legends)	3.104	-9.55
SP/BC TOTAL	58.723	+1.00
Golden Nugget	27.264	+19.03
Delta Downs (BYD)	16.080	+4.53
L'Auberge (PNK)	26.940	-2.60
Isle of Capri (ERI)	8.640	-12.58
LC/VINTON TOTAL	78.923	+4.08

SHREVEPORT/BOSSIER CITY

LC/VINTON

MARKET/PROPERTY	REVENUE (M)	CHANGE Y-O-Y (%)
Fair Grounds (CHDN)	3.528	+9.83
Harrah's (CZR)	26.925	+6.76
Treasure Chest (BYD)	9.715	+3.36
Boomtown (PNK)	9.782	-6.38
NOLA TOTAL	49.950	+3.46
Evangeline Downs (BYD)	7.126	-3.82
Hollywood BR (GLPI)	5.393	-6.13
Belle of BR (Tropicana)	4.910	-8.30
L'Auberge Baton Rouge (PNK)	13.613	-10.20
BR/C.LA TOTAL	31.042	-7.80
Amelia Belle (BYD)	3.892	+7.15
Routes, Truck Stops, OTBS	50.644	+3.21
STATE TOTAL	273.174	+1.69

NEW ORLEANS

BR/CENTRAL LA

ELSEWHERE

Mississippi:

MARKET	REVENUE (M)	CHANGE Y-O-Y (%)
Gulf Coast counties	107.045	+11.28
River counties	73.840	+0.88
STATE TOTAL	180.886	+6.79

GUEST COLUMNIST



SUSAN O'LEARY
CEO OF ALDERNEY EGAMBLING

O'Leary says lawmakers in pre-regulated markets don't need to reinvent the wheel when building their frameworks and instead should collaborate with existing regulators

The Supreme Court's decision to repeal PASPA has paved the way for regulated sports betting in the USA. New Jersey and Delaware are taking sports bets, while Alabama, Michigan, Ohio, New York, Rhode Island and Kentucky are likely to follow shortly.

New Jersey and Delaware are the exception. Typically, laws can take months to be debated, drafted, voted on and enacted, especially for such a deeply contentious topic as legalising remote gambling.

There are not many other topics debated with such emotive views. Many politicians only think as far ahead as the next election and their financial backers can have strong views on this topic, with some protecting their own retail business interests.

It is thrilling to observe how it will all develop. I spoke on US panels at GiGSE and Juegos Miami recently. I discussed the Alderney Gambling Control Commission's (AGCC) approach to regulation and responsible gambling over its 20 years. The objective was to share lessons learned.

Even though the conferences were held at the same time and in the same venue, the tone was different in the ways the new regulatory models were considered, apart from the obvious difference that Juegos Miami focused on the LatAm markets and GiGSE focused on the US.

The LatAm countries represented at Juegos were open to discussing how other jurisdictions had regulated historically and how those models could be tailored to their home market.

Colombia recently introduced their licensing regime and neighbouring countries were keen to learn from their experience. The Colombian regulator began its new online regime by ordering ISPs to block unregulated operators less than a day after it awarded its first licence. The blacklist included 325 operators and some major global brands.

Liliana Viveros, head of new business at the regulator, said that collaboration was key and cross-border play and pooling were factors that needed to be considered for the regime to succeed. Otherwise, it encouraged the use of the black market.

At GiGSE, the tone seemed different. Americans like to deal with other Americans. In my view, it makes sense to learn by Nevada and base regulatory models for sports betting on their model and make changes as appropriate for the other markets. This does not seem to be the case.

The AGCC consulted with Nevada and New Jersey, and at a federal level, years ago when their models were being introduced, and we formed firm bonds with the regulators. They have been regulating online betting for a good few years and it makes sense to use this knowledge and experience. They are also home US regulators.

Alderney supports cooperation between regulatory bodies for numerous reasons. It is unrealistic to think that liquidity is not an important factor and if one key product is prohibited it is more likely to be pushed underground.

Global harmonisation is utopia and even more unrealistic. However, in-roads can be made for regulators to co-operate and lessen the regulatory burden for operators, service providers and regulators.

India is another example of a federal system on the cusp of regulating online gambling. There are 1.3 billion people in India with a cultural propensity to gamble.

How they are approaching regulating the space is very different than the US. At the top level, games of skill are not deemed to be gambling. A more fraught consideration is what defines a game of skill.

There are many views. The only product with federal protection at Supreme Court level is rummy. However, the industry is in favour of regulation in the main and it seems that there is a desire to work within the parameters of best practice. The issue is harmonising the differing approaches province by province and product type by product type.

In the interim, the All Indian Gaming Federation (AIGF) approach is refreshing. They are not simply looking at what constitutes a game of skill or chance and if that is gambling. They are assessing the harm factor and acknowledging that there's an element of harm to players for both games of skill and games of chance.

They are looking to other regulatory bodies and applying a considered approach to how they regulate and mitigate the risks and harm within the sector.

The downside with this self-regulatory approach is enforcement. The AIGF standards are set within an excellent framework. They will not, however, be enforceable at federal or provincial level. The AGCC model is enforceable and hopefully they can work collaboratively.

In summary, various markets are introducing regimes to legalise remote gambling. The US, South America and India have different consumer bases and challenges, but there is more in common than not.

I strongly encourage decision makers and industry leaders introducing regulatory regimes to work with other experts, regulators and organisations.

There are initiatives like the Multi-Jurisdictional Testing Framework to try to harmonise technical standards and other examples. My aim is to get the buy-in from industry to want to be well regulated and aim for best practice. As such the regimes need to be fit for purpose.

This will take time, but things are moving in the right direction.

GUEST COLUMNIST



KEITH O'LOUGHLIN
SVP SPORTSBOOK AND
PLATFORMS AT SG DIGITAL

O'Loughlin discusses sports betting and the importance of user experience

"Everything should be made as simple as possible, but not simpler." - Albert Einstein

That is the challenge for UX within sports betting.

Albert Einstein's quote also emphasises a key aspect of user experience (UX) design: the experience should feel simple, natural, not manufactured. When a user actively realises that a computer is behind the interaction, whether by programming fault, bad design choices, or even their own error, the UX becomes clunky in their eyes. Maintaining a relative ease in UX is crucial in any industry.

Sports betting is no different, but the industry also presents unique UX challenges; the sheer volume of content on display and the number of possible bets requires a logical, intuitive, and easy system. Bettors should never be more than a few clicks or taps from their goal, and designers must ensure that every aspect of the sports betting experience is easily accessible.

Given the industry's distinct needs, sports betting is an ideal playing field for finding innovative and progressive UX technique. Good UX can set an otherwise equal competitor above the rest of the market by engaging punters with an intuitive interface and providing a seamless, easy betting experience. A typical sportsbook might not boast millions of products like an online retail giant, but the bets processed at large events like the Grand National tend to exceed the transaction numbers of tentpole online shopping days. The dynamic nature of the space makes UX development a challenge, but it's fun and a welcome challenge for those prepared to rise to it.

Sports betting platforms don't serve a static product catalogue; the offered items are constantly changing. The sporting calendar dictates the availability of certain bets, with events coming and going, schedules fluctuating, and games progressing. As such, a sportsbook's UX must cover the globe 24 hours per day, 365 days per year. The UX of any sportsbook has to quickly adapt to these fluctuations while remaining simple and intuitive.

On top of scheduling and full-time coverage, in-play betting presents a special challenge. Prices change in-game to reflect not only the performance on the sporting field, but also

where the punters put their money. The UX must be catered to those making their bets, but it also has to be obvious and noteworthy when something changes. At SG Digital, in our OpenBet™ sportsbook, we combat this challenge by providing a range of user-friendly products that allow operators to service their punters with seamless experiences. A simple example of this is visible push notifications received by punters when bets change or anything important in a game occurs.

Another common problem in the UX world of any industry is the matter of varying experience levels. Developers of a sportsbook product need to account for new users, seasoned punters, and intermediates. Novice users, casual users, frequent users, and expert users each have unique needs, and the ability to serve each of them in the best possible way sets the best operators apart. SG Digital plans for various scenarios to determine the best path forward for every user at that time.

In the examples below, one simple action — placing a bet — may have different UX requirements to make the experience easy for the same player. It has to be about the experience, not just the transaction.

- A punter places a bet hours before a football match in preparation for the game.
- Seconds before the event starts, the punter might change their initial opinion based on starting line-ups, weather, or an unexpected player injury. The user will be in a much less relaxed state, likely eager to place a bet quickly before the match begins.
- While the game is in full swing, the underdog scores an unexpected goal. The punter would need the fastest access to their bets in this scenario, given the tight timeline once a game begins.

Each of these scenarios is served best in a different way. Great UX will support the user with the right content and interactions at the right time. This efficiency in UX design will keep punters engaged with the platform.

Getting UX design right can be a great point of differentiation for sportsbook operators. The challenge is finding the right mix of industry expertise and UX expertise to be able to solve industry-specific problems alongside long-held UX conundrums. By taking into account the unique capabilities and drawbacks of sportsbook technologies, providers can determine the best practices for their UX and create seamless, intuitive products for a diverse audience.

Good UX makes the connection on behalf of the operator brand with the end customer. The better it is, the better the bond! That is where the game is won and lost.

JUL/AUG ISSUE OUT NOW

Click **HERE** to view

