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## THIS WEEK

- **Contrasting progress for West Virginia and New York**
- **FanDuel and DraftKings subject of scrutiny at sports betting conferences**
- **Australian casino chasing \$30.6m VIP player debt**
- **Parimatch joins growing list of AffiliateCon exhibitors**

### GUEST COLUMNIST:

- **Lyle Wraxall, CEO, Isle of Man Digital**

# WEEK 14

## FRIDAY 5 APR 2019

## PPB AND BETFRED RESPOND TO GAMBLING COMMISSION WARNING



Paddy Power Betfair and Betfred could face regulatory action over their latest products after the Gambling Commission issued a warning to the operators.

The Commission was concerned new products launched in British betting shops would undermine the reduction of maximum stakes from £100 (\$131) to £2 on fixed-odds betting terminals (FOBT); these new restrictions came into force in Great Britain on 1 April.

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# THIS WEEK IN NUMBERS

## \$900,000

The amount Rhode Island lost in sports betting revenue for February, largely thanks to the New England Patriots winning the Super Bowl

## 2



New appointments for Intralot: Ladbrokes Coral Omni-Channel Director Nicklas Zajdel is its new Chief Digital Officer; Maria Stergiou has been promoted to the position of COO

Supplier GAN's full-year revenue for 2018 (\$13.8m), a 15% increase



## £10.5m

## \$1.01bn ↓



Total gaming revenue in Nevada for February, a fall of 0.6% year-on-year

New appointments to the board of directors at Racecourse Media Group: Jim Mullen, Britt Boeskov and Antonia Wright

## 3



The Commission is continuing to investigate the new games and may yet choose to pursue those who brought them to market. It did not make clear exactly what the products are but Paddy Power Betfair stated they are lottery games inherently different to FOBTs. Wagers on these games are made directly over-the-counter, rather than on machines. They have a longer draw time of around three minutes, compared to 20 seconds on FOBTs.

However, Paddy Power Betfair and Betfred initially appeared to be responding quite differently to the warning.

*Gambling Insider* reached out to Paddy Power Betfair for comment, with the operator acknowledging the warning but not deciding to entirely remove the products straight away.

A spokesperson said: "We offer our retail customers a range of number-based betting products and this game was introduced as part of a short trial in a selection of shops. This trial concluded earlier today and we will now assess the customer response and feedback before deciding whether to launch it more widely."

But the operator later contacted *Gambling Insider* with an updated statement: "This game was introduced as part of a short trial in a selection of shops. The trial was ceased within 24 hours and this product will not be launched across our estate."

It appears Betfred was unwilling to take any risks from the offset. *Gambling Insider* spoke to Betfred Head of Media, Mark Pearson, who responded succinctly: "We removed the game on Tuesday morning following a discussion with the Gambling Commission."

A spokesperson for Betfred added: "This week betting shops have gone through a seismic change and many will no longer be viable given the new restrictions on FOBTs."

"In an attempt to grow our over-the-counter business we've therefore introduced a number of special offers on a wide range of sports; we have also revamped our virtual channel with new virtual horseracing and a new virtual cycling game."

Richard Watson, Gambling Commission Executive Director for Enforcement, had earlier said: "We have been absolutely clear with operators about our expectations to act responsibly following the stake cut implementation this week."

"We told operators to take down new products which undermine the changes, and we will investigate any other products which undermine the changes; we will investigate any other products not within the spirit and intention of the new rules."

Reports suggest a third bookmaker poised to launch a new product, understood to be William Hill, has been warned by the Commission.

All of the products technically comply with the new FOBT laws. But MPs and campaigners are criticising bookmakers for seeking ways to bend the rules and find loopholes.

Labour's Shadow Culture Minister, Tom Watson, said: "These new games seem like FOBTs by the back door and look like a pretty disgraceful example of bad faith by the bookmakers involved. They appear to be trying to cheat the system."

Neil McArthur, CEO of the Gambling Commission, said earlier this week: "Together with government and the industry we must continue our ongoing work to make the whole industry safer."

"This includes continuing making other products safer, as customers move to gamble in other ways following the stake cut – including online, mobile and on the high street."



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Of 17 to 35 year-olds in Kenya participated in gambling during 2017, according to a GeoPoll survey; the Kenyan government is now planning changes to the country's betting regulation



Supplier Kambi has agreed a deal to provide Mohegan Sun with its online and retail sportsbook solutions, in the hope Connecticut legalises sports betting this year

## WEST VIRGINIA LEGALISES ONLINE CASINO AND POKER; MOBILE SPORTS BETTING FAILS IN NEW YORK

Governor Jim Justice has signed bill H 2934 into law, legalising online casino and poker in the state of West Virginia.

The West Virginia Lottery Interactive Wagering Act progressed through the House of Delegates in February; the Senate then amended and approved the bill to make the state the fifth to legalise online casino and poker.

There are five land-based casinos in the Mountain State and they will be able to apply for one of the five available casino and poker permits.

The cost of these licenses is \$250,000 and can be renewed for \$100,000 every five years. In addition, \$100,000 will be charged for platform and service management licenses and \$10,000 for supplier licenses.

The five casinos all have sports betting partners in place and it is likely those deals will expand to include online casino and poker.

The Greenbrier works with FanDuel, Hollywood Casino is partnered with William Hill US and DraftKings, while Mountaineer Casino is with William Hill US. Both Mardi Gras and Wheeling Island were partnered

with Miomni but engaged in a dispute, limiting their sports betting operations.

While West Virginia continues to make encouraging steps, mobile sports wagering has been removed from New York's new state budget.

The \$175.5bn budget will not include mobile sports betting, despite the form of wagering having previously received plenty of political support.

In January, the New York State Gaming Commission voted to approve the regulation of sports betting in the state's four private casinos. That regulation did not apply to mobile wagering, with many campaigners since promoting the idea in light of New Jersey's early success in the online market.

Opposition from Governor Andrew Cuomo, though, has resulted in an omission from the state budget. Senator Joseph Addabbo, an advocate of mobile sports betting, said: "We're sitting on the sidelines and letting our money go out of state."

Addabbo argued \$90m would have been generated through taxation and license fees; the issue is expected to be revisited.

## THE WEEK IN QUOTES

*"I keep saying this until I sound like a broken record; there is no such thing as the US sports betting market. There are potentially going to be 50 independently regulated, independently organised, very different state-wide markets."*

**Charles Cohen, IGT President of Sports Betting, speaks to *Gambling Insider* about US sports betting**

*"These land-based casinos are not going anywhere. All over the world, there are mobile solutions existing alongside retail; I think retail will continue to be a pillar as states get comfortable with sports betting in general."*

**Kambi US Director Max Bichsel discusses retail sports wagering with *Gambling Insider***

*"Our casino partner programme is designed to bring an enhanced service to operators, third-party content providers and game studios, ultimately giving better gaming experiences to players."*

**Rob Procter, Studio Director at SG Digital, tells *Gambling Insider* about the re-branding of its two partner streams**

## FANDUEL AND DRAFTKINGS DISCUSSED AT AGA AND NIGA PANELS

DraftKings CEO Jason Robins and William Hill US CEO Joe Asher had a frank exchange of views during a recent sports betting panel.

At the American Gaming Association's Sports Betting Executive Summit last week, Robins and Asher debated industry in-fighting, which led to what reports describe as a "heated exchange."

The CEOs were speaking as part of a panel on the expansion of sports betting, which also included Greg Carlin, Rush Street Gaming's CEO.

Robins, however, believes Asher's agenda has more to do with curtailing DraftKings because of an inability to compete.

Robins is quoted as saying: "Part of what's caused a lack of innovation, lack of opportunity, in the gaming industry has been in-fighting.

"You asked me about Nevada, I said it was a tricky state because of guys like Joe running around telling people we're bad and need to be shut out.

"The point is, Joe, that's not really your motivation. Your motivation is you don't want us to compete with you, which is

totally understandable. I get it, you're not able to keep up with us. That's the problem with the industry, people like you (points to Asher)."

Later, a panel at the Indian Gaming Tradeshow & Convention (NIGA) claimed FanDuel and DraftKings are not set to run away with the lead in US mobile sports betting markets.

The NIGA panel discussed how sports betting can enhance land-based and mobile offerings. When asked by *Gambling Insider* how land-based casinos wishing to offer mobile sports betting can compete with the two brands, Neale Deeley, Vice President of Sales, Sportradar, said: "They're capable organisations, but they're not unbeatable. Who is, right? It's about picking the right partners to make yourselves successful."

Luisa Woods, VP of Marketing, Gaming and Entertainment at Delaware North, said: "The balance of market share is very dynamic.

"There were a lot of people saying overseas suppliers would come in and take over the market, and that didn't happen.



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## THIS WEEK'S WINNERS AND LOSERS

### WINNERS

*BetBright* customers – Can now have their ante-post bets reinstated with BetVictor, following BetBright's closure

William Hill US – The (NHL) has confirmed the operator as its third official sports betting partner

GAN – has announced it is open to the possibility of a sale to maximise shareholder value

Macau casinos – saw monthly gross gaming revenue drop 0.4% year-on-year for March to MOP25.8bn (\$3.19bn)

17 suspects – have been arrested by Chinese police for involvement in an online gambling ring, possessing over 100m yuan (\$14.9m) in total

### LOSERS

## AUSTRALIAN CASINO "VIGOROUSLY PURSUING" \$30.6M VIP PLAYER DEBT

The Star Entertainment Group says it will "vigorously pursue" a A\$43.2m (\$30.6m) debt owed by a VIP player from Singapore.

Wong Yew Choy was flown to The Star Gold Coast casino and given A\$2m to gamble. The VIP player went on to lose A\$43.2m but claims the Australian casino made errors during his baccarat games, insisting he will not pay the debt.

Wong also claims these errors were acknowledged in writing by the casino's Chief Operating Officer.

However, The Star Gold Coast casino feels it has an "extremely robust" position and is "disappointed" it has had to take the matter to the Singapore High Court.

When contacted by *Gambling Insider*, a spokesperson for the Star Entertainment Group said: "The Star is disappointed the situation involving Wong Yew Choy has forced us to escalate the matter to the Singapore High Court.

"However, we are pursuing the debt vigorously. We would not be wasting the court's time unless we felt our position was extremely robust."

The lawsuit is reported to be the largest casino debt case ever filed in Singapore.

Defending his case, Wong said he was invited by a marketing representative from the casino and offered the use of a private jet.

The casino alleges he requested a cheque cashing facility to the amount of A\$40m, which was approved and later increased by another A\$10m.

Eventually, he had lost A\$43.2m, according to the casino, but his cheque bounced and The Star Entertainment Group began legal proceedings against Wong in the Singapore High Court last month.

Wong disputes this course of events, saying he was offered a A\$40m credit facility to obtain chips, which was later raised to A\$50m.

## PARIMATCH TO EXHIBIT AT AFFILIATECON SOFIA 2019

Leading operator Parimatch is the latest exhibitor to join the growing AffiliateCon Sofia 2019 line-up.

On Wednesday 15 and Thursday 16 May, Parimatch will join the likes of Lapalingo, NetoPartners, Kindred Group, NWM Marketing, ActiveWins, Genesis Affiliates and 7StarsPartners as the AffiliateCon Sofia floor plan takes further shape.

Parimatch is a digital-focused sports betting company boasting huge market share in the CIS region.

The operator also offers a significant amount of esports markets and is an official partner of Conor McGregor and the UFC.

Tamara Babits, Parimatch CMO, said: "We are very happy to be attending AffiliateCon Sofia this year. There are lots of affiliates in the region we want to work with more."

AffiliateCon Founder Julian Perry said: "We are delighted to welcome Parimatch to this year's AffiliateCon Sofia.

"Its knowledge of the CIS region, esports

and MMA betting will offer affiliates plenty of value at this year's event."

As well as first-class exhibitors, AffiliateCon Sofia also boasts an impressive list of speakers, with Mustard Digital Founder Allan Turner being confirmed as a speaker at the event.

"Our speaker list keeps getting better and better and we are extremely pleased with the calibre of presenters AffiliateCon has to offer this year."

AffiliateCon Sofia promises to be an even bigger and better event than 2018's successful show.

Two full days of educational speeches will be intertwined with lively entertainment and an evening party with special guests to complete the experience.

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## NV, STRIP SLIP

Gaming revenue for both Nevada and the Las Vegas Strip declined in February, the second consecutive month of declines for both the state and the Strip.

Despite the decline, state revenue eclipsed \$1bn, driven by the Chinese New Year, which was evidenced by high baccarat play. However, both baccarat play and revenue were down year-on-year.

Multiple Las Vegas casino operators indicated results related to the holiday would be softer this year. MGM Resorts International, in particular, noted some big players didn't make the trip to Las Vegas for reasons including the US government shutdown.

The holiday occurred in early February this year versus mid-February last year. Combining both January and February to account for the slight shift and the typical lull leading up to the holiday, year-to-date revenue fell 1.81% for the state and 1.53% for the Strip.

Elsewhere, Downtown grew 9% and the Las Vegas locals grew 5.9%.

Blackjack play grew 2.17% while revenue soared 18.56% on better hold this year.

Slot revenue grew 4.6%.

February had an equal number of Fridays, Saturdays and Sundays versus last year.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
Las Vegas Strip	\$591.738	-1.95
Clark County	\$892.705	+0.44
Downtown LV	\$58.005	+9.00
North LV	\$24.148	+5.25
Laughlin	\$44.808	-0.68
Boulder Strip	\$65.330	+2.36
Mesquite	\$11.400	+7.02
Balance of County	\$97.276	+8.62
Las Vegas locals market	\$186.754	+5.91
Washoe County	\$60.598	-6.59
Reno	\$44.348	-7.68
Sparks	\$10.192	+0.41
North Lake Tahoe	\$1.412	-24.74
Balance of County	\$4.647	-3.43
South Lake Tahoe	\$14.572	-26.64
Elko County	\$23.457	-0.33
Wendover	\$16.593	+1.48
Balance of County	\$6.864	-4.43
Carson Valley Area	\$7.525	-5.81
Other areas	\$12.682	-0.62

## COMPONENTS OF STRIP PERFORMANCE:

MAJOR STRIP SEGMENTS	REVENUE (M)	(% ) CHANGE	WIN PERCENTAGE	
			2019	2018
Blackjack	\$74.445	+18.56	13.89	11.97
Baccarat	\$129.858	-26.33	12.73	14.09
Total games	\$323.450	-6.79	14.41	14.00
Slots	\$268.288	+4.60	8.17	7.63

# AffiliateCon <sup>SOFIA '19</sup>

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## LEARN FROM INDUSTRY EXPERTS AT AFFILIATECON SOFIA 2019



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FOUNDER, MUSTARD DIGITAL



**GENNADIY VOROBYOV**  
CO-FOUNDER & CEO,  
NETPEAK BULGARIA



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## GUEST COLUMNIST



**LYLE WRAXALL**  
CEO, ISLE OF MAN DIGITAL

*Wraxall discusses his agency's ambitions to reignite industry interest in blockchain*

Blockchain undoubtedly has the potential to allow online gambling operators and suppliers to take their platforms, products and services to new heights. The levels of transparency, trust and scale and the scope of the technology are simply unrivalled.

To date, however, we have only seen a handful of companies fully embrace blockchain and use it to drive their businesses forward. This means so many are missing out on the tremendous upsides it brings.

I believe there are several factors behind this slow adoption of blockchain, including a lack of understanding around the technology as well as limited support services and guidance to allow businesses to fully explore its potential.

For the former, I think operators and suppliers understand blockchain could revolutionise their products and services, but have concerns about the impact it will have on their current systems and structures. This is certainly true for the licenses they hold, as well as the vital relationships they have with banks, financial institutions and payment providers.

This feeds into my second factor: that gambling firms simply haven't been given the right environment in which to experiment with blockchain technologies and fully explore what they can and can't do.

At present, an operator or supplier would have to invest significant resources into building platforms and products using blockchain technologies. They would then test them before launching to market in their own development environments.

Given the technology is relatively new and only a handful are using blockchain today, it must seem like a tremendous risk. New adopters would not have many – or perhaps any – reassurances it will work or be embraced by customers and players.

Compounding this is a concern regulators remain uncertain about blockchain platforms and products - and are reluctant to work with and license companies powered by the technology.

These two factors have come together, resulting in operators and suppliers often not seeing a way of working with blockchain that allows them to experiment and explore, while at the same time mitigating financial and regulatory risks.

The Isle of Man has recognised this and, as big believers in the power of blockchain to transform businesses in the online gambling sector, has built a place where firms can experiment. Here, they can test blockchain technology and receive the help and support they need.

The Blockchain Office is operated by Isle of Man Digital and provides the infrastructure and guidance online gambling companies need to get to grips with blockchain, as well as successfully integrating it into their businesses.

It is a sandbox environment that facilitates, supports, advises, horizon scans and educates those looking to develop platforms and products through blockchain. The Office is staffed by a team of experts who are on hand to support businesses in the sandbox.

Of course, our experts are also in contact with the Gambling Supervision Commission, which has been licensing crypto and blockchain-related gaming since January 2017. It is fully on board with the Office and the sandbox environment we have created for gaming organisations looking to further explore the technology.

We believe the Blockchain Office will reignite the sector's interest in the technology, allowing operators and suppliers to work with it in a dedicated environment where they can access the tools and support required. Additionally, they can work with blockchain safe in the knowledge the Gambling Supervision Commission is on-side, prepared to work with them to ensure they continue to meet the highest possible standards.

This is not just the best way to encourage and support gambling businesses working with blockchain, but rather the only way. The technology is absolutely game-changing for this industry; now is the right time for gambling companies to unlock its potential.

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