



WEEK 05

FRIDAY 1 FEB 2019

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NY SPORTS BETTING GIVEN THE GREEN LIGHT

THIS WEEK

- **Bet365 among UK's biggest tax contributors**
- **888 building poker network in Europe**
- **Kindred pens Pennsylvania deal**
- **AffiliateCon Sofia speaker line-up boosted**

GUEST COLUMNIST:

- **Alexia Smilovic, Director of Compliance and Regulated Markets, Relax Gaming**



The New York State Gaming Commission has voted to approve the regulation of sports betting in the state's four private casinos; del Lago Resort & Casino, Tioga Downs Casino, Rivers Casino & Resort Schenectady and Resorts World Catskills.

These regulations will also apply to the state's tribal-operated casinos. Despite the approval however, the regulations will not be finalised until they have undergone a 60-day public comment period.

New York was expected to be one of the first states to allow sports betting, following a Supreme Court decision to overturn the Professional and Amateur Sports Protection Act in May 2018.

In 2013, the state passed a law and constitutional amendment permitting sports betting at its four commercial casinos and was only missing a ruling from the Commission. Included in the current 33-page sports betting regulatory proposal are basic guidelines for the licensing application process, system requirements and wager types.

The Commission says casinos must have a sports wagering lounge in place to accept bets. There were several omissions from the proposal though, including no mobile wagering, no bad-actor clause and no integrity or royalty fee.

The rules remain within the scope of activities the legislature authorised in 2013, which permitted sports betting at four casinos, but not at racinos, off-track betting parlours or through mobile apps.



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THIS WEEK IN NUMBERS

\$6bn

The amount expected to be wagered by US players on this year's Super Bowl, according to the American Gaming Association (AGA)

\$30,000



The sum Rush Street Interactive was fined for allowing underage gamblers to place wagers for more than a year

There is still scope for mobile wagers to be allowed in New York. Senator Joseph Addabbo Jr. has been outspoken in his view that mobile and online sports betting do not need any further authorisation. He does not, for instance, believe a separate mobile sports betting bill would need to be introduced; he would rather see measures incorporated into the existing ruling.

The rules did not include any mandate for casinos to pay for official league data, which could be a difficult precedent for the North American major sports leagues to overturn.

Sponsorship deals and operator-casino partnerships have been announced throughout the last few months in 2018, in anticipation of the New York market opening up.

Operator 888 became the first online gambling company to secure a sponsorship deal, shaking hands with the New York Jets over a deal which runs for the entire 2018-2019 season. The NFL team also named MGM Resorts International as its official gaming partner.

Last November, Bet365 partnered with Empire Resorts in a 20-year agreement, which will see the operator work with Resorts World Catskills in upstate New York.

At the time of the deal, Simon Betteley, President of Hillside, a Bet365 affiliate, said: "This landmark agreement, which combines Empire's gaming operating skill with our expertise in providing best-in-class online sports betting, allows Bet365 to tap into what we believe will be one of the most significant online and sportsbook markets in the US."

An affiliate of Bet365 will acquire up to \$50m of Empire Resorts common stock at a price of \$20 per share in two tranches, becoming the casino operator's second-largest stockholder, as part of the agreement.

DraftKings was another operator to reach a sports betting licensing agreement, agreeing a deal with the del Lago Resort & Casino in New York last July, while Kambi has been vocal on the importance of the market.

Speaking to *Gambling Insider* after the supplier's 2018 Q3 report, Kambi CEO Kristian Nylén, said: "With us having two players [clients] who actually have market access to New York, that is the big one to look forward to."

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\$13.1m



The amount accepted in sports betting handle in Rhode Island in December; its first full month of legalised sports wagering



DraftKings signed its first live casino deal in history, partnering with Evolution Gaming

\$4bn



The cost of Genting's Las Vegas resort, which had to adjust design plans following Wynn Resorts' claims of copyright infringement

BET365 OWNERS BRITAIN'S SECOND-HIGHEST TAX PAYERS

Bet365 owners Denise, John and Peter Coates were Britain's second-highest tax payers in 2018, according to The Sunday Times.

The trio's wealth for 2018 was reportedly £5.75bn (\$7.57bn), with their tax bill reaching £156m for 2017-18. The tax could pay for 2,930 senior tax inspectors, or 78 Bugatti Veyrons, if you prefer.

Number one on the list were Stephen Rubin and family, who generated their wealth in the sportswear business and paid £181.6m in tax, with a 2018 wealth of £2.82bn. The renamed Pentland Group employs around 41,000 people, operating 2,300 shops across 190 countries.

One place behind the Coates family were Sir James Dyson and family, who operate in the household goods and technology sector; their 2018 wealth stood at £9.5bn, yet they paid just £127.8m in tax for 2017-18. Dyson, now 71,

owns more land than the Queen and paid himself and his family £86m last year.

The Coates family owns over 93% of Bet365, which paid UK corporation tax of £26.9m and awarded the family an £84m dividend in 2018. Denise founded the online business in 2000, taking a betting shop chain which was created by her father and using the internet to take the business to the next level.

The Coates decided to pay themselves a £220m salary, resulting in the UK's largest pay packet last year. This would have been liable for £99m of income tax.

Bet365 itself posted gross profit of £2.45bn for the 52-week period ending 25 March 2018, rising 24% year-on-year. Operating profit grew by more than £100m, with Bet365 reporting a total of £660.3m for the financial year.



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\$850m



The price MGM Resorts paid for Empire City Casino in Yonkers, New York

\$12.77bn



The potential value of a merger between Paddy Power Betfair and The Stars Group, with discussions reported to have taken place last year

42

US states served by GeoComply, which this week became a member of the AGA

888 AIMS FOR EUROPEAN POKER NETWORK

Operator 888 Holdings has launched its 888Casino brand in the regulated Portuguese market, and plans to pool Spanish and Portuguese poker players.

The company also entered the Swedish market at the start of the year and plans to launch 888Poker in Portugal within the next few months. The operator says these two license approvals represent "important further progress against 888's strategy to diversify its business and expand in attractive regulated markets."

However, 888's plans in Europe do not stop there, with the operator planning to launch a European interstate poker network soon.

Portugal is the 12th jurisdiction in which 888 now holds a license. Poker tournaments and cash games accounted for almost a 17% share of Portugal's regulated online market in Q3 2018.

Itai Pazner, who recently replaced Itai Frierberger as 888 CEO, said: "This

latest license approval is another important step in 888's growth strategy, which is focused on diversification and expansion across regulated markets.

"The launch of the flagship 888Casino brand in Portugal provides good growth opportunities for 888 and we are also very excited about the forthcoming launch of the group's European interstate poker network, which will pool players across Spain and Portugal and deliver them a first-class poker experience on 888's new Poker 8 platform."

Pazner's appointment as CEO was announced last week, with Frierberger moving upstairs after more than 14 years with the operator.

The outgoing CEO will remain with the company as a director however, for a period of up to 12 months.

In December, the firm said it remains confident adjusted EBITDA for 2018 will be in line with expectations.

THE WEEK IN QUOTES

"We want to make sure, when someone goes to a gaming venue and puts \$100 through a machine, they feel they had \$100 worth of entertainment, whether they won or lost."

Steve Walther, Konami Senior Director, Marketing & Product Management, discusses the gaming experience with *Gambling Insider*

"Blockchain is developing so fast at this moment in time. We are only into the sixth year of crypto-currency and these things take time to develop. Eventually, it will be part of our day-to-day lives."

Oron Barber, CoinPoint General Manager, discusses blockchain with *Trafficology*

"AI is going to be like mobile, just much more profound – and everybody knows what mobile did and is doing to our ecosystems."

VAIX Co-founder Andreas Hartmann speaks to *Gambling Insider* about how AI can shape the future of gaming

KINDRED ENTERS PENNSYLVANIA WITH MOHEGAN SUN

Kindred Group has agreed a five-year partnership with Mohegan Sun Pocono in Pennsylvania, with a view to extending for two additional five-year terms.

The deal allows Kindred to offer both online and offline sports betting, as well as online gaming through its Unibet brand.

Pennsylvania is the second US state Kindred has entered, with the operator previously signing deals with Hard Rock Hotel & Casino Atlantic City, Scientific Games and Kambi in New Jersey.

Kindred says it will continue to grow its US operations "where market conditions support a sustainable business model," adding that partnering with Mohegan Sun Pocono is a step towards securing regulatory approval in Pennsylvania.

Aviram Alroy, VP Interactive Gaming at Mohegan Gaming and Entertainment, said: "We've aligned

with one of the best online casino and sportbook operators in online regulated markets, which will allow us to offer best-in-class experience to our existing customers as well as attracting new ones. Introduction of the Kindred offering to the market is a great positive for Mohegan Sun as well as the state of Pennsylvania."

Manuel Stan, SVP Kindred US, added: "We are excited and proud to extend our US footprint into one of the largest US states to regulate both online sports betting and casino.

"Finding a strong partner who shares Kindred's dedication to customer experience and values has been critical.

"I am delighted we have found just that in Mohegan Sun Pocono. I am confident Kindred and Mohegan Sun Pocono will offer customers in Pennsylvania a truly great online sports betting and casino experience."

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THIS WEEK'S WINNERS AND LOSERS

WINNERS

Scientific Games and Caesars Entertainment have launched sports betting at Harrah's Philadelphia Casino and Racetrack in Pennsylvania

Colossus Bets has been issued a license to operate a totalisator by the Oregon Racing Commission

Betway has rejected reports the operator has been sanctioned by the Belgium Gaming Commission

Wynn Resorts will be fined by the Nevada Gaming Control Board after admitting executives failed to report sexual misconduct allegations against Steve Wynn

National Collegiate Athletic Association President Mark Emmert claims sports betting can still be detrimental to college sports

LOSERS

AFFILIATECON SOFIA SPEAKERS CONFIRMED

Four expert speakers have confirmed their participation in this year's AffiliateCon Sofia SEO Mega Panel, on 15 and 16 May.

SEO experts Stanislav Dimitrov, Gennadiy Vorobyov, Lyubomir Popov and Nikola Minkov have all joined the discussion event, scheduled for the AM session on both days.

Dimitrov has 15 years of professional experience in SEO and PPC advertising and founded digital agency Konversa, a Google Premier partner.

Joining him, Vorobyov is CEO of Netpeak Bulgaria and a certified Google Analytics and AdWords specialist, speaking at various digital marketing conferences throughout the year.

Founder of AdWords campaign management service provider SEM BG and a certified Google Ads, Google Analytics and Bing specialist, Popov adds over seven years of PPC experience to the panel.

Completing the line-up, Serpact Founder and CEO Minkov has

launched over 700 successful SEO projects in Bulgaria, the UK, Australia, the US and more.

AffiliateCon Sofia will take place at the Sofia Event Center, offering two full days of educational speeches intertwined with lively entertainment and an evening party with special guests to complete the experience.

Located at the top of Sofia's premium shopping and entertainment hub, the Paradise Center, the Sofia Event Center provides a luxurious, relaxed atmosphere.

Exquisite food and drink will also be provided throughout both days, where attendees can meet leading and upcoming affiliate brands from across Europe to make new contacts and strengthen existing relationships.

Be sure not to miss out on one of the must-attend events in the gaming calendar. For more information on this year's AffiliateCon, visit www.affiliatecon.com.

COUNTDOWN TO FIRE & ICE

The hosts of the ICE London party explain why you should attend this year



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Are you ready to rock? Fire & Ice, the online gaming industry's grandest and most elaborate social gathering, returns on Wednesday 6 February 2019 and brings with it a night of glam metal rock and roll. The event will channel the rock culture of the 80's glam metal rock scene and turn you into a Hollywood vampire.

With the help of more than 100 performers, musicians, artists, designers, creatives and extras, the night will celebrate the spirit of rock and roll. An interactive theatre, a modern circus, an insane club night - it's all of these, but most importantly, it's a chance

to form relationships within the industry outside the formality of a conference or meeting room.

Michael Caselli, Fire & Ice co-organiser, said: "We need this event as much as the industry needs it. This is our creative outlet and we take great pride in bringing our craziest ideas to life. The end result is incredible, and we can't wait to welcome guests on the night."

Jodie Thind, Fire & Ice co-organiser, said: "Fire & Ice has become an online gaming industry institution and I am proud to be a part of the team that creates

such an incredible, memorable show each year. I look forward to welcoming 1,800+ guests and helping them party like a rock star."

Fire & Ice Rocks takes place at the Troxy in London on Wednesday 6 February 2019. Doors open at 9pm and the main stage performance commences at 10:30pm.

For more information contact Events@LyceumMedia.com

Pre-F&I Dinner VIP Tickets can be purchased here: www.fireandicedinner.com

PA RISES

Pennsylvania finished the year off strongly, growing 5.28% in December, making it the state's best year-on-year performance since February 2016.

Slot revenue's 8.12% rise offset table revenue's 1.75% decline.

Every market grew revenue, except northeast Pennsylvania, which has been hurt by Empire Resorts' Resorts World Catskills in New York all year.

The state was up 8.12%, with casinos in the northeast factored out.

Eldorado Resorts' combined properties soared 15.22%.

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
PHILADELPHIA:		
Valley Forge (BYD)	\$11.313	+9.84
Parx (Greenwood)	\$52.108	+8.20
SugarHouse (Rush Street)	\$26.521	+5.81
Harrah's (CZR)	\$21.354	+0.90
Philadelphia total	\$111.296	+6.31

MARKET/PROPERTY	REVENUE (M)	(%) CHANGE
NORTHEAST PA:		
Mt. Airy	\$15.126	+8.03
Mohegan Sun	\$19.599	+0.52
Sands Bethlehem (LVS)	\$43.496	-4.99
Northeast PA total	\$78.221	-1.34
PITTSBURGH:		
Rivers (Rush Street)	\$32.493	+11.23
The Meadows (Penn)	\$20.946	+7.46
Pittsburgh total	\$53.439	+9.72
ELSEWHERE:		
Presque Isle (ERI)	\$10.193	+20.26
Hollywood (Penn)	\$21.635	+9.78
Lady Luck Nemaquin (ERI)	\$2.573	-1.18
State total	\$277.357	+5.28
MULTIPLE PROPERTIES:		
Eldorado Resorts	\$12.766	+15.22
Rush Street	\$59.014	+8.73
Penn National	\$42.581	+8.63

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GUEST COLUMNIST

ALEXIA SMILOVIC
DIRECTOR OF COMPLIANCE
AND REGULATED MARKETS,
RELAX GAMING

*Smilovic explores how best to
seize the Swedish opportunity*

The re-regulation of Sweden's gambling market was announced in April 2018, with plans outlined to introduce a comprehensive new regulatory framework at operator level. Sweden was no longer to be a monopoly, with new gambling regulation and a licensing system to be put in place, opening up the market to new levels of international competition for the first time.

A vast number of applications were made in the period that followed in 2018, with Spelinspektionen Director General, Camilla Rosenberg, describing the process as "hectic." The sheer volume of applications represents the true testimony of Sweden's strategic importance in industry solidification, also underlining the market fragmentation and growth potential.

Sweden's market liberalisation is one of the most important challenges for conservation and sustainability. Newly-licensed operators will need to take this into account when launching their Swedish operations, most notably with a view of responsible gambling when attracting and retaining players in the long-term.

One element now set to be heavily restricted is bonusing. Only welcome offers are permitted under the new regulations, removing the kind of aggressive bonusing and free-spin incentives Swedish players have been used to for many years. Changing this pattern, while keeping the responsible gambling and player satisfaction balance, will be a long-term re-educational goal. The threat of competing grey-market offerings is still present and curbing this is a major factor in ensuring new restrictions remain effective on all fronts.

It is fair to say recent examples highlight the intent of the Swedish regulator in taking a forthright approach to maintaining high standards. Issues with some operators to connect to the Spelpaus self-exclusion system in a timely manner have prompted the Spelinspektionen to show no compliance breach will go unsanctioned. Extending this level of scrutiny to other areas of responsible gambling, as well as a natural escalation, can be expected in the coming months. Although regulatory supervision has just started, various deficiencies have been

listed by the authorities and have even been tipped off by players or industry stakeholders.

In a market where €560m (\$643.6m) was spent on gambling advertising in 2017, a climb of 43% from 2016, restrictions will crystallise innovation and business efforts; they will also establish a measurable responsible gambling responsibility attached to new licenses.

MANAGING NEW MARKET ENTRY

In the context of the initial days of new Swedish regulation, we see both uncertainty and high volumes of operations. As such, Sweden will likely be a key area of regulatory focus for operators and providers well into 2019. The country's regulatory cycle has just begun. As it continues to mature, I would expect the changes to raise company profiles, but create incremental challenges which require constant and consistent assessment.

All these factors underline the need for operators to partner with providers able to supply cutting-edge technology while efficiently meeting all regulatory requirements through configurable technology. With the means of acquiring players at an operator's disposal set to be heavily restricted, re-regulation ultimately means operators will have to be far more astute in their retention efforts at platform level.

At Relax Gaming, our experienced compliance and technical teams place a great deal of focus on ensuring readiness to enter new markets and react swiftly to shifting regulatory landscapes. Our technology went live in Sweden before the official start date of 1 January 2019, and we recently launched the Silver Bullet partner programme, providing advanced compliance support and advice to both up-and-coming and proven studios. Here, we deliver a clear, collaborative and cost-effective route to market in new and existing jurisdictions, including the Swedish market.

At a time when many industry suppliers seek to segment and close off relationships between game developers and operators, we have carved out a truly unique proposition for Relax Gaming. We encourage dialogue between all commercial parties through open distribution agreements with flat and clear fee structures.

Our games are now live with an ever-expanding collection of tier-one operators, including Kindred, LeoVegas, ComeOn and Hero Gaming. We too have a number of Silver Bullet studio partnerships in the pipeline and are excited to empower their development processes and commercial growth. This in turn enhances our proposition to operators, with smooth access to an ever-increasing range of content.

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