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WEEK 41

FRIDAY 09 OCT 2020

**CROWN RESORTS TRIAL
UPDATE: JAMES PACKER
REVEALS MENTAL HEALTH
ISSUES TO COURT**

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WEEK 41

FRIDAY 09 OCT 2020

CROWN RESORTS TRIAL UPDATE: JAMES PACKER REVEALS MENTAL HEALTH ISSUES TO COURT

THIS WEEK

- **MGM to pay \$800m Vegas shooting settlement**
- **ICE London date set for next Summer**
- **Sazka Group in UK National Lottery race**
- **Macau's Golden Week numbers down 87%**

GUEST COLUMNIST :

- **Peter Nolan, Digitain**



In an independent inquiry into Crown Resorts, conducted by the New South Wales Independent Liquor and Gaming Authority (NSWILGA), James Packer, casino mogul and former chairman of the Australian casino operator, has attributed examples of his threatening behaviour to a bipolar diagnosis.

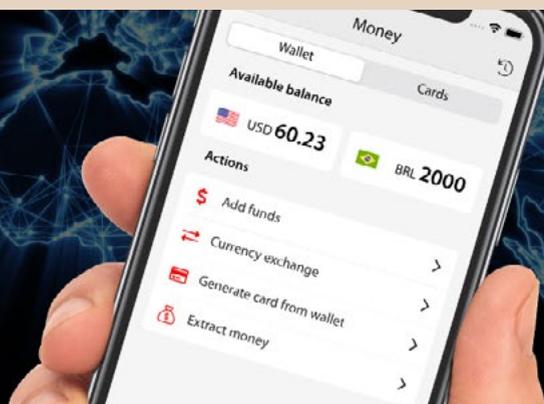
The hearing focused on arguments over the release of emails sent by Packer. Within the hearing, it was revealed that Packer had sent threatening emails to a businessman around the time he was aiming to privatise Crown Resorts in 2015.

According to ABC Australia, Packer admitted his behaviour was "shameful", but attributed this to his bipolar disorder, which he said he was being treated for at the time.

Furthermore, Packer told the hearing that the medication he had been taking for the past four years had left him with memory issues. When asked if he believed this

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THIS WEEK IN NUMBERS

22%

Year-on-year drop in Nevada August casino revenue according to the Gaming Control Board, totalling \$743m

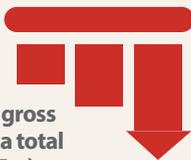


€44m

Amount paid by Better Collective for the acquisition of online affiliate Atemi Group (\$51.7m)

90%

Year-on-year fall in Macau's September gross gaming revenue, to a total of MOP2.21bn (\$277m)



\$120m

Amount Twin River Worldwide Holdings announced it will spend to acquire Jumer's Casino and Hotel in Illinois

90%

Increase in August US sports betting revenue year-on-year, to a total of \$119.4m, the second highest grossing month since the vertical was legalised



would affect his ability to recall his tenure as director of Crown Resorts, Packer replied that it would.

The Crown Resorts inquiry is assessing whether the casino operator is suitable to hold an operating license in Sydney, where it plans to open the AU\$2.2bn (\$1.57bn) Crown Sydney in Barangaroo this December. Packer's suitability has also been brought into question, as the largest Crown shareholder with 36%.

The Crown inquiry kicked off in January this year, originally focusing on Crown Resorts' failure to inform authorities about the sale of its shares to Macau-based company Melco International.

The deal raised alarm bells with authorities due to the reputation of Stanley Ho, father of chairman and CEO of Melco, Lawrence Ho. Stanley Ho had been linked by casino regulators in New Jersey to triads and organised crime, according to the counsel assisting the inquiry.

In April 2020, Melco sold its 9.99% stake in Crown Resorts to an entity owned by The Blackstone Group. This, and the death of Lawrence Ho in May, saw the investigation's focus shift from the Melco share acquisition to other accusations.

In July 2019, reports appeared from national newspapers the *Sydney Morning Herald* and *The Age* linking Crown Resorts to instances of money laundering and organised crime.

CCTV footage from Melbourne's Crown Casino showed more than AU\$100,000 being exchanged for high-value casino chips in an alleged incident of money laundering.

Former Crown CEO John Alexander denounced the allegations at the operator's AGM, reassuring shareholders the claims could not be verified by the newspapers that published them.

Alexander said: "Let me be clear, Crown does not tolerate any illegal activity by its employees or its patrons.

"As someone who has 50 years' experience in journalism and media management, and who was once editor-in-chief of both the *Sydney Morning Herald* and the *Australian Financial Review*, I have never seen a quality news organisation publish a story it openly admits it hasn't been able to verify."

However, last month the NSWILGA inquiry confirmed allegations that Crown Resorts had ignored warnings of money laundering and links with organised crime.

As reported by the *Sydney Morning Herald*, the inquiry into money laundering at Crown Melbourne heard from CEO Ken Barton, formerly the company's CFO.

He claimed he had only learnt that one of the company's most important partners operated a cash desk at the casino in October 2019, when the footage was leaked of potential money laundering activity.

In turn, Commissioner Patricia Bergin said this fact was "just extraordinarily troubling", to which Barton agreed.

Crown general counsel and company secretary Mary Manos also told the inquiry she advised the company's board against publishing a full-page advertisement rejecting last year's media revelations, as she felt Crown did not have enough time to investigate the accusations fully.

GI Verdict: Even if Crown Resorts is able to win over this inquiry and open its new casino in Sydney, it could be that the damage has already been done to its reputation in Australia. The operator has been dominating the headlines since last year – and all for the wrong reasons.

If Crown really wants to portray the shining qualities of its regal namesake, then full acceptance of wrong doing is certainly a start. This goes for both the company and major shareholder, Packer.

After September's hearing, it seems the company is ready to admit its failings under the new leadership of Barton. While, although attributed to his struggles with mental health, Packer's admission of his own "shameful" behaviour suggests he is prepared to do the same.

COMING SOON:
5TH NOVEMBER



KRW20.61bn

Sales recorded by Paradise Co. for the month of September, a 19% rise compared with August (\$17.7m)

30%

The drop in monthly turnover for major gaming companies in Sweden since government restrictions were imposed in July



\$150m



The amount to be raised by Affinity Gaming for the creation of a special purpose acquisition company, according to Bloomberg

MGM RESORTS AND INSURERS TO PAY \$800M SETTLEMENT TO LAS VEGAS SHOOTING VICTIMS

MGM Resorts International and its insurers will pay an \$800m settlement fee to the relatives and victims of the 2017 Las Vegas Strip shooting, a Nevada court has ruled.

The approval of the compensation comes after a number of lawsuits regarding the mass shooting on the Las Vegas Strip, where a gunman shot and killed 58 people and injured more than 850 at an open-air festival, near MGM Resorts' Mandalay Bay.

The gunman was found to have fired ammunition from the 32nd floor of Mandalay Bay, with more than 22,000 people estimated to have been attending the Route 91 Harvest music festival.

More than 4,400 relatives and victims of the shooting will receive a share of the payout, with MGM Resorts, which acknowledged no liability, to pay \$49m and its insurance to fund the remaining \$751m.

The approval was made by Chief Judge Linda Bell at the Clark County District Court, on the eve of the third anniversary of the mass shooting, which took place on 1 October 2017.

Judge Bell stated that the settlement was "painstakingly negotiated at arm's length for months with the expert assistance of experienced mediators" and "provides a very substantial fund for the settlement of personal injury claims." Bell also mentioned all of MGM's available insurance has been allocated to the settlement.

An MGM statement said: "We are grateful that the decision brings families, victims and the community closer to closure.

"It is especially meaningful that the decision comes one day before the third anniversary of the incident, a time of great sadness and reflection."

GI Verdict: This compensation has been a long time coming for victims and their families and will do a great deal, particularly for those with long-lasting injuries and hospital bills.

The tragic event was the deadliest shooting in recent US history, and it is understandable that MGM would take satisfaction in bringing some relief to its victims – despite the financial costs.

THE WEEK IN QUOTES

"We are seeing a bubble now and the question is whether it is going to burst. If there is more confinement combined with more unemployment and people start being more careless with their gambling, will they have the money to gamble in the future? We don't know. Only time will tell. We need to be agile. We have to have fast reactions. It's not only a 'wait and see' because we are trained to be optimistic and prepare campaigns for when there is no more COVID."

Thomas Azzopardi, head of affiliates for Affmore, comments on the impact of COVID-19 on the industry's future

"IGT has successfully proven its commitment to responsible gaming by integrating effective features in its products that assist operators with minimising harm and preventing problem gambling. We commend IGT for its leadership, and congratulate the company for being the first vendor to receive G4 accreditation for its land-based casino and lottery segments."

Pieter Remmers, a member of the G4 board of directors, commends IGT after the company was awarded responsible gaming accreditation from the Global Gambling Guidance Group

ICE LONDON CONFIRMED TO TAKE PLACE NEXT SUMMER

Clarion has announced new dates for next year's editions of ICE London and iGB Affiliate London.

ICE London will now take place from 29 June to 1 July at the ExCeL London Exhibition Centre, with iGB Affiliate London scheduled for 1 and 2 July at the same location.

Clarion also announced that iGB Live 2021 will move from July to a new date of 28 September to 1 October in Amsterdam.

The decision to move the flagship gaming events was taken as a result of the ongoing coronavirus pandemic impact, and latest UK government guidelines regarding social gatherings being limited to six.

Initially, ICE London 2021 was pushed back from February to April but Clarion stated the latest decision "follows close consultation with the international community of stakeholders", with many requesting more time for the industry to stabilise to economic and travel regulations.

Clarion Gaming managing director Kate Chambers, said: "This extension provides a number of important advantages

compared with April, not least enabling the very best possible space configurations and accessibility at ExCeL London.

"As well as the significant logistical benefits, we are also very much aware that it provides additional market recovery time, which we believe will further enhance and support the delivery, outcomes and experiences for all participants."

From February leading to the event, Clarion will deliver The Road to ICE and iGB 2021, a series of digital engagements allowing the market to meet digitally and provide exclusive previews, with plans to broadcast the event live globally for the first time.

Gi Verdict: The latest rescheduling makes sense, considering the uncertain times we live in. With current UK restrictions limiting gatherings to no more than six, which could well be around until at least March, the summer date at least provides clarity and hopes that bigger crowds will be allowed by then. It also gives the organisers more time to implement digital elements. All of this should make the event worth the wait.



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"I strongly believe that everybody should do what they are best at. For me, this means generating new product ideas and driving innovation, and I'm thrilled to have a superbly qualified candidate in Andreas coming into the CEO role, where his experience and hunger for new challenges fits perfectly."

BetGames.TV founder Vygerdas Jonikas speaks about the appointment of Andreas Köberl as the company's new CEO

"The privacy of our guests and employees is our highest priority and we want to make certain they have some peace of mind. We are working closely with independent experts who regularly investigate incidents of this type to determine any risks to data security. Attacks like these are significant and can take weeks to research thoroughly."

Cache Creek Casino Resort, a casino in California, comments on an external attack on its computer network which shut the property on September 20

SAZKA GROUP ENTERS UK NATIONAL LOTTERY TENDER PROCESS

Sazka Group has announced its intention to be selected as the new UK National Lottery licensee after confirming it had entered the competition process.

The lottery operator has now completed the Gambling Commission's Selection Questionnaire as part of the first stage of the tender process to compete for the UK's fourth National Lottery licence.

Sazka Group, who operates lotteries in Austria, Czech Republic, Greece and Italy, is the first operator to confirm entry. Camelot's current licence expires in 2023 and is expected to enter after operating the lottery since 1994.

Sazka Group CEO Robert Chvatal, said: "As a leader in operating lotteries across Europe, Sazka has made no secret of the fact that we would be thrilled to operate the UK National Lottery.

"We trust that our submission will demonstrate our professional track record and technical capabilities.

"We are in the process of hiring a team in the UK and are building the partnerships and relationships necessary to deliver in due course a compelling case which is based on a clear understanding of the needs and

desires of all stakeholders and customers the UK National Lottery touches."

In August, the Gambling Commission made several changes to the lottery licence as it announced the competition process, including the winning bidder having a 10-year fixed term licence, and will provide greater flexibility to increase returns to good causes.

Applicants that pass through the first stage will receive the Invitation to Apply (ITA) to begin their applications, with the winning applicant to be announced in September 2021.

GI Verdict: The battle to become the next UK Lottery licensee has officially begun, with Sazka Group firmly putting themselves in contention to finally replace Camelot.

Camelot is expected to fiercely contest the licence it has held since the lottery's inception in 1994, but now has very credible competition from an operator who runs several lotteries across Europe.

Considering the National Lottery has raised more than £41bn (\$52.75bn) since 1994, it's a licence that holds prestige, and it's certainly worth watching to see who obtains it from 2023, when the winner is announced next September.

TAKING STOCK

SHARE PRICES COVER THURSDAY
1 OCTOBER TO THURSDAY
8 OCTOBER (1.00PM BST)

GVC Holdings  9%
1088.00 GBp

Scientific Games  -4%
34.42 USD

NetEnt  16%
93.00 SEK

Caesars Entertainment  -2%
55.76 USD

Twin River Worldwide Holdings  -3%
26.00 USD

MACAU'S GOLDEN WEEK NUMBERS DOWN 87% ON FIFTH DAY

The number of visitors at Macau's Golden Week has improved in the space of 24 hours, but the overall total continues to disappoint.

As recorded by the Macau Government Tourism Office, Monday saw just 21,500 people visit on what was the fifth day of October Golden Week.

The tally represented a welcome increase from Sunday's figure of 18,747.

But the total number of visitors over the five-day period stands at 98,592, down 87% from the 780,238 who entered Macau over the same period in 2019, and 980,000 arrived during the seven-day Golden Week last year.

One of the major reasons behind the decline is the huge decrease in visitors from mainland China. Their numbers on Monday showed an increase of 13% from Sunday, but an overall drop of 86% from the previous year.

After major disruption from COVID-19, the current holiday period was viewed as a crucial time for analysing the future success in the Macau gaming market.

Current visitor numbers are showing that such success may not arrive immediately, but recent gross gaming revenue (GGR) numbers revealed by Macau's Gaming Inspection and Coordination Bureau suggests that the situation is improving gradually.

The 90% year-on-year GGR decline in September was a slight improvement from the 95% decline in both July and August.

GI Verdict: Macau's entertainment industry continues to struggle. The holiday period was viewed as a vital week to see how the route to recovery will look, particularly for the gaming market.

However, with travel restrictions still in place and the time restraints on processing trips from mainland China, as well as a quarantine period for those coming from Hong Kong, it was inevitable that figures would be down.

Regardless, the significant decrease is still a major worry, particularly as the region's GGR is down 83% for the first nine months of the year, from 2019. With no signs to an end of the pandemic, it's uncertain when Macau can begin the road back to normality.

HYPER BURST

ERUPTING OCTOBER 15TH

LOUISIANA REVENUE FALLS

Louisiana gaming revenue saw a significant drop of 25.1% year-on-year to \$202.063m in August.

Lake Charles and Vinton casinos closed on 25 August due to Hurricane Laura, those casinos began reopening this week.

Revenue for casinos outside of Lake

Charles and Vinton fell 19.86% from 2019 levels. New Orleans saw the steepest revenue drop at 36.03% year-on-year.

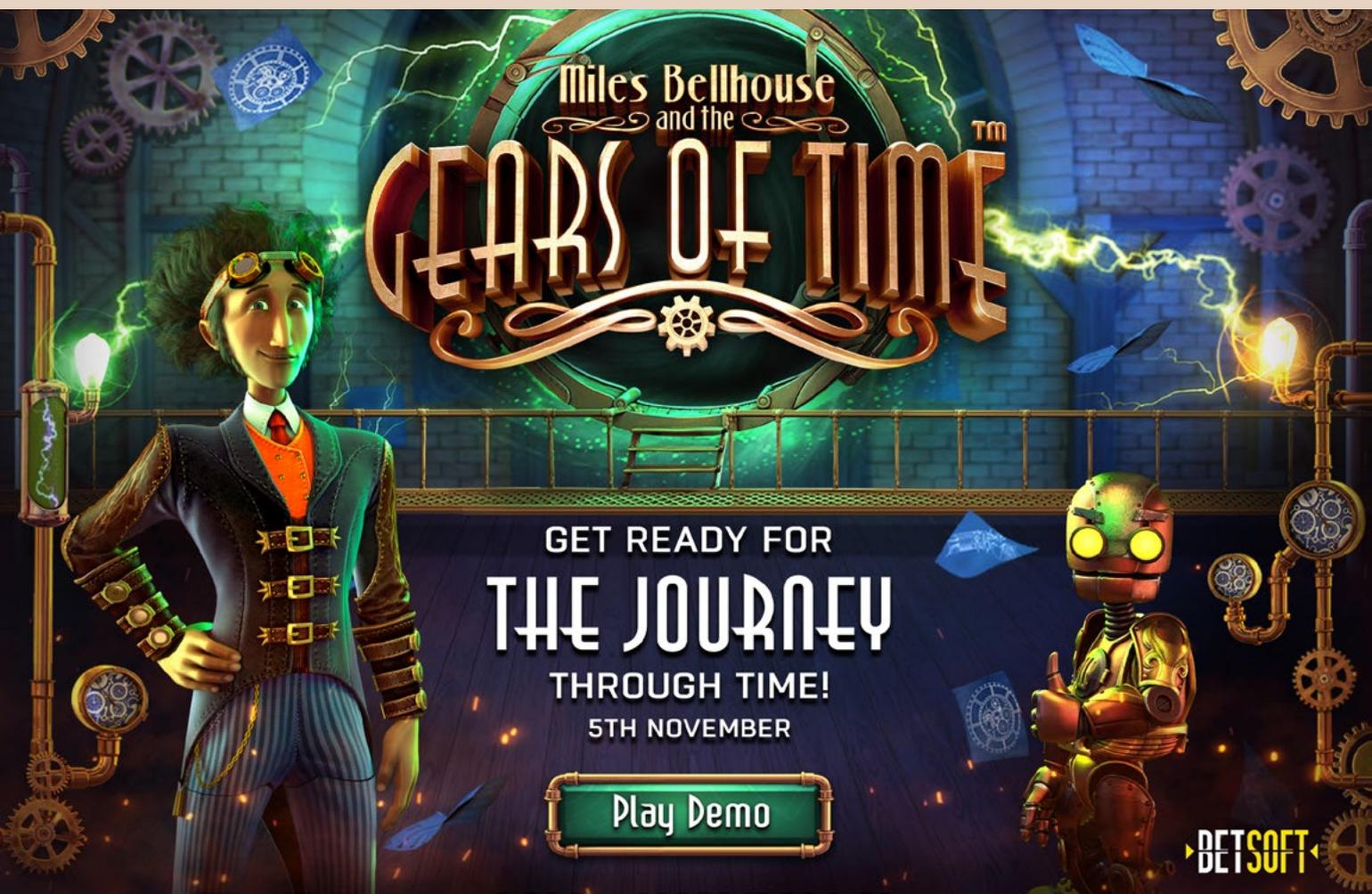
Of the companies operating multiple properties in the State, Caesars Entertainment saw the largest decline in revenue, down 43.04%, totaling \$36.240m. Boyd Gaming

generated revenue of \$30.800m, while Penn National's revenue totaled \$55.592m, corresponding to declines of 27.25% and 21.41%, respectively.

Routes, Truck Stops and OTBs was the only segment that grew revenue in the month.

SHREVEPORT / BOSSIER CITY	REVENUE (M)	YEARLY CHANGE (%)
Margaritaville (PENN)	\$13.259	-10.46
Louisiana Downs (CZR)	\$3.224	-16.91
Boomtown (PENN)	\$3.806	-17.31
El Dorado (CZR)	\$5.863	-34.91
Sam's Town (BYD)	\$4.076	-38.06
Horseshoe (CZR)	\$9.706	-43.65
SP/BC Total	\$39.935	-32.66

LAKE CHARLES / VINTON	REVENUE (M)	YEARLY CHANGE (%)
Delta Downs (BYD)	\$11.763	-23.14
L'Auberge (PENN)	\$18.417	-34.20
Golden Nugget	\$18.512	-37.38
Isle of Capri (CZR)	\$4.410	-43.84
LC/Vinton Total	\$53.101	-34.20

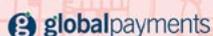




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LOUISIANA REVENUE FALLS

NEW ORLEANS	REVENUE (M)	YEARLY CHANGE (%)
Fair Grounds (CHDN)	\$3.043	-16.94
Boomtown (PENN)	\$7.968	-21.17
Treasure Chest (BYD)	\$6.930	-26.33
Harrah's (CZR)	\$11.792	-49.39
New Orleans Total	\$29.733	-36.03

BATON ROUGE / CENTRAL LA	REVENUE (M)	YEARLY CHANGE (%)
Hollywood (GLPI)	\$4.397	-3.30
L'Auberge (PENN)	\$12.141	-8.19
Evangeline Downs (BYD)	\$5.597	-20.36
Belle (CZR)	\$1.244	-47.19
BR/C.LA Total	\$23.380	-13.91

ELSEWHERE	REVENUE (M)	YEARLY CHANGE (%)
Amelia Belle (BYD)	\$2.433	-39.40
Routes, Truck Stops, OTBs	\$53.480	+2.60
State Total	\$202.063	-25.10

MULTIPLE PROPERTIES	REVENUE (M)	YEARLY CHANGE (%)
Boyd	\$30.800	-27.25
Caesars	\$36.240	-43.04
Penn National	\$55.592	-21.41

GUEST COLUMNIST



PETER NOLAN

STRATEGIC CONSULTANT,
DIGITAIN

Digitain's Peter Nolan gives his top tips for creating a successful online sports betting business

Thinking of starting an online sports-betting business? Here are the top seven factors you need to get right.

1. YOUR STRATEGY

The importance of a realistic strategy cannot be underestimated. How are you going to compete? How are you going to leverage your existing capabilities? Is speed to market important to you? What will be your positioning? What is your total budget? What margin do you expect to deliver?

The answers to these questions (and more) should then inform your marketing, product, technology, supplier, financial and trading strategy. A realistic business plan is also a must-have requirement, with budgets, costs, customer acquisition targets, margins and unit economics all essential.

2. THE PLATFORM

Sports betting platforms can be about more than the sportsbook. You will need to consider such requirements as regulations, customer registration, payments, KYC, responsible gaming, bonus and trading tools.

Maybe you have a platform already and you want to swap out the sportsbook. At Digitain we offer a number of options, including a sportsbook API – a data feed that can be quickly integrated into an existing platform.

Owning your own technology can be a competitive advantage. It gives you an ability to innovate and differentiate with the flexibility of product development. However, this is also time consuming, expensive and carries a great deal of risk.

Buying or licensing your platform has a number of benefits, including speed to market, proven technology, less risk, flexibility, scalability and cost. But not all platform suppliers are equal. Costs of platform, minimum monthly guarantees and localisation potential, are just some of issues to be considered.

Choose a platform supplier that is flexible, fast and economic in terms of delivering your future product development roadmap.

3. YOUR PRODUCT

When European company Ikea expanded into the US in 1985,

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it was very keen not to adapt its product/service mix. Why change a winning combination developed over many years, right?

However Ikea's strict strategy of not localising any of its products wasn't universally successful. A significant issue for the Philly customers was the relative "tiny" sizes of the drinking glasses available in the shop, so they started buying the Ikea glass vases as drinking vessels. Inevitably, Ikea had to adapt to the market, change its standardised approach, and localise.

Likewise, you will need to have a sportsbook product that can be localised and is responsive across all channels. Be "Mobile First" and consider native app development, if not for launch, then later. This approach will give you opportunities to engage directly with your customers.

4. YOUR MARKETING CAPABILITIES

The most successful online betting and gaming businesses are masters of digital marketing. If you're unfamiliar with digital marketing then you'll need to build this capability. One way to do this would be utilising an experienced digital agency.

5. OPTIMISING YOUR DATA

A benefit of an online business is the amount of business data available. Invest in a business Intelligence capability in order to optimise this opportunity and make data-influenced decisions.

Your product development roadmap should be informed by the data you have gathered. You may be tempted to just copy what your customers do - but be careful of a "me too" strategy.

6. THE CUSTOMER EXPERIENCE YOU DELIVER

Your customers have a choice – your competitors are one click away. So, build a long term relationship with your customers. Develop a customer experience strategy to drive continual improvements.

7. YOUR PEOPLE

The most important element. Take time and recruit the best people and build a team. Train and develop.

Share data on performance, on customer views and new product priorities with them. Then be prepared to act on their feedback. If you're not talking regularly to customers, you should listen to those in your team who are.



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Contact Paul Sculpher at paul@grs-recruit.com

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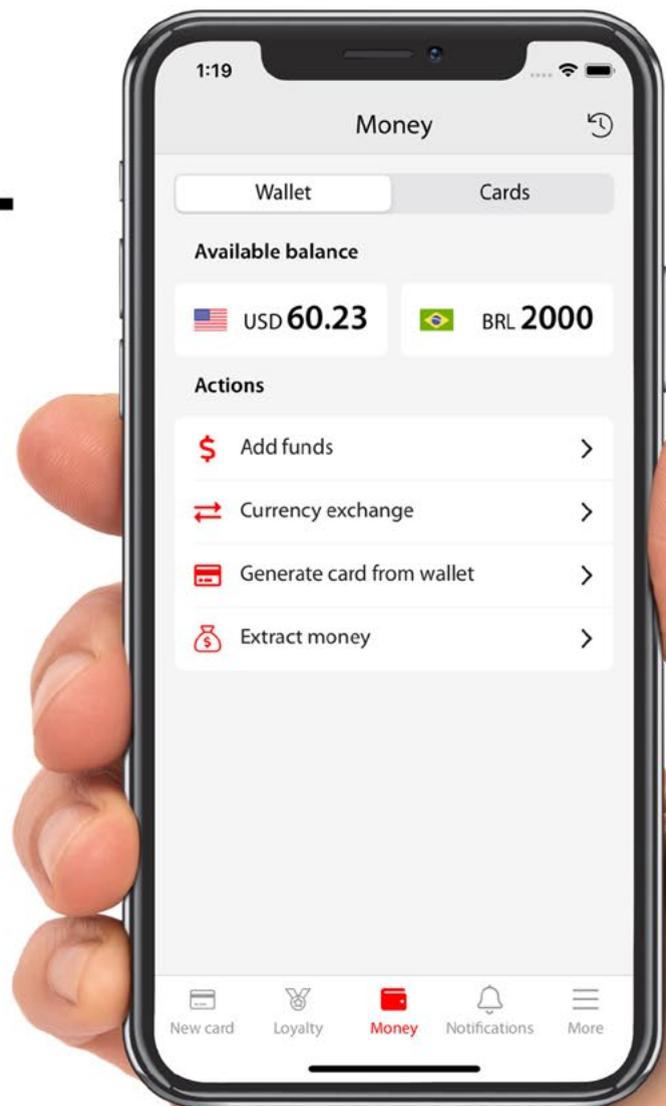
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