



WEEK 10

FRIDAY 12 MAR 2021

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FORMER MALTA GAMING AUTHORITY CEO HEATHCLIFF FARRUGIA FACING CRIMINAL CHARGES

THIS WEEK

- Player backlash at Football Index
- Q4 roundup: AGS, Everi, Full House
- Gamesys 2020 results soar
- Per Hellberg takes helm at PlayStar

GUEST INTERVIEW:

- AffiliateCon: Alex Windsor, Apps4 web media



Ex-Malta Gaming Authority (MGA) CEO Heathcliff Farrugia is facing criminal charges following an investigation into connections with Yorgen Fenech.

The Times of Malta reports that Farrugia was charged in January with trading in influence with Fenech, although the investigation and court action were kept from the public eye at the time.

OUT NOW



THIS WEEK IN NUMBERS

26

Amount of people fined £800 (\$1,100) for breaching Covid-19 restrictions at an illegal poker party in Blackburn, Lancashire



18%

Decline in year-on-year revenue reported by Everi Holdings for Q4 2020, (read more on this in our Q4 roundup later in this issue)



National Lottery funding to support the UK's response to the coronavirus pandemic surpassed this amount - \$1.4bn - helping the sport, heritage, arts and charity sectors across Great Britain and Northern Ireland over the past 12 months

1bn



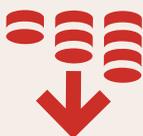
705

Suspected money laundering reports made by gaming companies in Sweden, according to the country's Financial Police



\$86.4m

In revenue reported by Detroit's three commercial casinos for February, which represented a 29% year-on-year decline



Farrugia resigned as MGA CEO in October, shortly after he was questioned by police over communications with Fenech. Karl Brincat Peplow, the chief officer in charge of authorisation, and considered Farrugia's right-hand man, also resigned.

Fenech is a casino owner and alleged conspirator in the murder of journalist Daphne Caruana Galizia.

Galizia, a journalist, died in a car bombing in 2017, with suspect Vincent Muscat admitting involvement in February.

Muscat has since been sentenced to 15 years in prison after pleading guilty. Fenech, meanwhile, served as CEO of Tumas Gaming and the Portomaso Casino.

Muscat has also said the three men who carried out the assassination were paid €50,000 (\$59,500) each.

Homicide Inspector Keith Arnaud confirmed to a court that Muscat has told a magisterial inquiry Alfred Degiorgio, George Degiorgio and himself each collected this sum in payment.

Police sources told the *Times of Malta* Farrugia was found to have communicated "at some length" with Fenech, including commercially sensitive information concerning rival casino operators, as well as a discussion on an anti-money laundering inspection that was carried out on Fenech's Portomaso Casino.

The MGA did not add further comment on the story when contacted by *Gambling Insider*.

Carl Brincat was appointed Farrugia's successor in January, following a public call for applications in December.

A lawyer by profession, Brincat was previously the MGA's chief legal & enforcement officer, having served on the MGA's legal team for over six years.

Brincat said: "It is an honour to be selected to lead the organisation at such a critical juncture for the MGA and the industry alike.

"I am proud of the work that has been done by the Authority so far in raising regulatory standards and committed to ensuring we continue along this path.

"However, it is essential we cultivate stronger partnerships with other regulators and stakeholders, and the industry itself, to achieve a regulatory environment that accomplishes the MGA's objectives as set out in the law in the most effective, transparent and proportionate manner."

Farrugia had been appointed in 2018. While he was still in charge, the MGA cancelled seven licences and suspended a further two during an evident clampdown on regulatory breaches during the first half of 2020.

In its Interim Performance Report, the regulatory body for gambling in Malta revealed that, during January and June 2020, it issued 11 warnings, suspended two licences, cancelled seven licences and issued nine administrative fines, following compliance audits and formal investigations.

The offending operators that had their MGA licences cancelled during the period include Watch World Luxury, Global Gaming Entertainment, bSupporter, Bimbabet, Dorobet, The Daily Fantasy Football Company and Pick Mister, while Stakers and BetElephant had their licences suspended due to regulatory breaches.

The Farrugia reports, however, remind us negative headlines can always appear around the corner in Malta, despite any work the regulator does to enforce standards within the market.

New CEO Brincat will feature in *Gambling Insider's* Malta Focus magazine, released later this month, discussing the changing face of regulation in the country.

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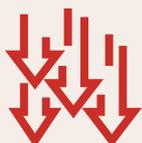
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PROTECTION

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80%

Year-on-year decline in net profit reported by NagaCorp for full-year 2020, down from \$521.3m in 2019 to \$102.3m for the period



Consecutive months the Italian gaming market has reported record revenue, after online casino and slot operators generated €162.85m (\$193m) in revenue for January

3



704m

Shares Kindred Group has repurchased as part of the buy-back program initiated by its board of directors, with the aim to return excess cash to its shareholders



FOOTBALL INDEX STAFF RECEIVE PERSONAL THREATS AFTER “SUBSTANTIAL LOSSES” PROMPT DIVIDEND RESTRUCTURE

Football Index has disabled comments on its Twitter feed after staff received personal threats on the social media network.

The backlash was prompted by a market update released on Friday, when the operator announced a restructure to its dividend policy.

Players reacted negatively after dividends were reduced, with many claiming they were now unlikely to ever get back the heavy amounts they had hitherto invested.

Following up, Football Index released a post saying it understood player frustration and that “substantial losses” had led to the need for a rebuilding strategy. But continued abuse on social media then forced the firm to close off replies on all its Twitter updates, after staff had received “personal threats”.

Football Index made waves as a unique betting offering in the UK market, where players could trade shares in professional footballers akin to the stock market, rather than placing wagers in the traditional sportsbook sense.

The brand’s success led to a massive marketing push, including national adverts on television and on public transport.

However, the Covid-19 pandemic has reduced liquidity on the platform and the aforementioned losses have significantly affected the operator’s recent performance.

Football Index founder Adam Cole had last year been replaced as CEO by Mike Bohan, previously the company’s CMO.

GI Verdict: The Covid-19 pandemic has impacted the majority of operators throughout the globe, with Football Index one of the unfortunate companies forced into radical changes.

While Football Index has since acknowledged its announcement had caused disappointment and frustration, this admission will provide no comfort to customers, who have urged the Gambling Commission to investigate the operator. There have already been more than 3,500 signatures on a petition to force Football Index to refund net deposits.

THE WEEK IN QUOTES

“The key driver to higher turnover was the revised schedules, which meant there were high-profile matches seven days a week and kick-off times were staggered even more so than usual, rather than having numerous concurrent games.”

Betsson sports product director Joakim Thor speaking to Gambling Insider, about how the condensed sporting schedule since live sport returned fully in September led to higher turnover for the operator in Q4 2020

“I am extremely excited and honoured to take up the position of RMG CEO. I look forward to working even more collaboratively with our 34 racecourse shareholders, whose media interests have been entrusted to RMG.”

Martin Stevenson speaks after it was announced he will replace Richard FitzGerald as the new CEO of Racecourse Media Group

AGS, FULL HOUSE AND EVERI POST Q4 REVENUE DROPS

AGS, Full House Resorts and Everi Holdings all signed off a tumultuous 2020 with year-on-year revenue drops, but stated optimism for the period ahead.

AGS, which attributes the bulk of total revenues to electronic gaming machine (EGM) sales, was heavily affected by Covid-enforced closures, and reported a 40.1% drop in Q4 overall revenue to \$46.6m. The company saw a total net loss of \$17.2m, compared to net income of \$1.4m in the same three-month period, 2019.

There were causes for optimism, however. Its interactive division saw a 48.6% growth in YOY revenue; its Q4 EGM revenue posted above its FY trend line; and as of December 31 2020 90% of the company’s US machine estate, and 36% of its international installation base, were active.

Everi recorded similar results in the period. The company’s fourth quarter revenue came in at \$119m, an 18% year-on-year decline, but a \$7m

improvement on Q3. Net income was \$1.1m, compared to a loss of \$4.1m in Q4 2019. Adjusted EBITDA was \$61m, also up from Q3 2020.

“The quarterly sequential increase in revenues, net income and Adjusted EBITDA achieved in the fourth quarter reflects the strength and balance of our businesses, in particular our significant percentage of higher-margin recurring revenues, and our track record of consistent operating execution,” said Everi CEO Michael Rumbolz.

Elsewhere, Las Vegas-based Full House Resorts reported a 2% decrease in YOY revenue in the fourth quarter, down to \$38.3m.

Net income for the three months to 31 December was \$3.5m compared to a net loss of \$4.1m in 2019, whilst Q4 adjusted EBITDA grew to \$9.8m - up 326% from \$2.3m in the fourth quarter of 2019.

Total revenue for 2020 was \$126m versus \$165m in 2019, while net income was \$100,000.



“MGM Resorts has a long and storied history of supporting responsible gaming efforts and we are proud to support the NCPG’s efforts in addressing problem gambling.”

MGM Resorts SVP & chief compliance officer Stephen Martino comments after MGM Resorts and BetMGM announced a unified commitment to responsible gambling, by joining the National Council on Problem Gambling (NCPG)

“We are intentional in our efforts to foster a culture of inclusion and belonging within DraftKings and focused on supporting women entrepreneurs and small business owners to help them launch, build and grow their own companies.”

DraftKings co-founder, chairman and CEO Jason Robins speaks after the operator announced it will donate up to \$350,000 to US and global non-profit organisations focused on supporting women entrepreneurs

GAMESYS GROUP REVENUE UP 74% YOY

Gamesys Group reported revenue of £727.7m (\$1.01bn) for full year 2020, a 75% increase on the 12 months prior.

The company’s end of year report further showed an adjusted net income increase of 86% to £155.4m, and an adjusted EBITDA figure of £206.2m, itself a like-for-like rise of 75%.

Announcing the figures, Group chair Neil Goulden said: “We are pleased to announce another strong set of results, particularly against the backdrop of the Covid-19 pandemic, which has impacted so many across the world.”

Strong revenue performance was helped in no small part by a player base growing both in terms of numbers, and also spend.

Gamesys’ average active player base was 712,334 in 2020, a 21% increase on the year prior, and real money revenue was up

28% to £58.2m. Combined, the two figures show a real money revenue per average player of £82, a growth of 6% year on year.

“All our colleagues have done an incredible job in maintaining seamless business continuity throughout the year, while also enhancing our responsible gambling approach to ensure we remain a best-in-class operator in protecting our recreational players,” Goulden added.

The company also used its 2020 report to announce that chief people officer, Tina Southall, will join the group’s board of directors as an executive director, effective as of 9 March.

Commenting on her appointment, Goulden said: “I am delighted to welcome Tina to the Gamesys Board. She has been at the heart of establishing the Gamesys values, our ‘DNA’ and a highly successful new way of working for the company during the current pandemic.”



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SHARE PRICES COVER THURSDAY
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AGS
7.56 USD  6%

Everi Holdings
14.75 USD  4%

Full House Resorts
8.45 USD  20%

Gamesys
1,486 GBp  6%

Catena Media
40.76 SEK  6%

EX-CATENA MEDIA CHIEF PER HELLBERG BECOMES PLAYSTAR CASINO CEO

Per Hellberg has been appointed CEO of PlayStar Casino.

The industry veteran was formerly CEO of affiliate Catena Media, and his appointment comes in time for PlayStar's launch in the New Jersey market later this year.

Hellberg will oversee the online casino brand's ambitious introduction to the US market, with additional state launches planned for next year.

The new CEO was also previously CEO and chairman of Readly, taking it from a start-up to a NASDAQ-listed company.

In 2009, he went on to join Nordic Gaming Group (NordicBet) as CMO and was promoted to CEP just five months later. Under his leadership the business soared, and three years later it was acquired by Betsson Group.

Hellberg said: "I am delighted to join PlayStar as the team gets ready to launch into the New Jersey market later this year.

"In PlayStar I see a challenger brand that has what it takes, both in terms of product and management team, to become a major player in the US market as it continues to roll out."

PlayStar EVP Adam Noble said: "It is a great time for Per to join PlayStar as we get ready to bring our concept to market and really start to build momentum behind the business.

"It's the perfect time for Per to join and set the company up for success."

GI Verdict: Hellberg's vast experience in the industry should serve PlayStar well, particularly as the company ventures into the New Jersey market.

Despite the ongoing pandemic, PlayStar evidently has major plans for the near future, so the appointment of an industry veteran certainly makes sense, with the company hoping for Hellberg to recreate his previous success.

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IA FALLS

Iowa's gaming revenue fell 5.76 percent to \$122.188 million in February despite a 920.49 percent increase in sports betting revenue as a result of the elimination of in-person online sports betting account requirements.

Sports betting handle jumped 152.31 percent to \$143.615 million.

February was on a weaker calendar with eight Fridays and Saturdays this year compared to nine last year and an equal number of Sundays.

ALL-SOURCES REVENUE

REGION	REVENUE(M)	ANNUAL CHANGE (%)
Rhythm City (Elite)	\$8.061	+20.67
Diamond Jo Worth (BYD)	\$7.938	+16.91
Catfish Bend	\$3.804	+13.04
Wild Rose – Jefferson	\$2.966	+11.47
Grand Falls (Elite)	\$6.270	+7.06
Wild Rose - Emmetsburg	\$2.241	+4.05
Diamond Jo Dubuque (BYD)	\$6.033	+1.73
Wild Rose – Clinton	\$2.664	+1.32
Isle Bettendorf (CZR)	\$5.374	-4.90
Ameristar (PENN)	\$12.973	-4.91
Hard Rock	\$6.543	-6.21
Riverside (Elite)	\$7.860	-7.44
Isle Waterloo (CZR)	\$6.929	-8.95
Terrible's Lakeside (Affinity)	\$3.536	-10.27
Prairie Meadows	\$16.033	-14.44
Horseshoe (CZR)	\$13.592	-15.10
Q casino	\$3.563	-19.35
Casino Queen Marquette	\$1.275	-19.72
Harrah's (CZR)	\$4.536	-30.50
Total	\$122.188	-5.76
Total, excluding sports betting	\$114.480	-11.19

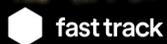
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MULTIPLE PROPERTIES

REGION	REVENUE(M)	ANNUAL CHANGE (%)
Elite	\$21.923	+5.54
Boyd	\$12.296	-1.42
Wild Rose	\$6.408	-12.58
Caesars	\$29.475	-17.84

SPORTS BETTING

REGION	REVENUE(M)	PERCENTAGE CHANGE	OPERATORS
Wild Rose - Clinton	\$0.376	+4,492	DKNG/RSI
Wild Rose - Emmetsburg	\$0.233	+2,246	DKNG
Wild Rose - Jefferson	\$0.853	+798.96	DKNG/RSI
Rhythm City (Elite)	\$0.139	+320.63	Elite
Isle Bettendorf (CZR)	\$0.263	+318.55	WMH
Diamond Jo Worth (BYD)	\$0.686	+164.10	FLTR
Prairie Meadows	\$1.430	+102.51	WMH
Isle Waterloo (CZR)	\$0.250	+94.62	WMH
Grand Falls (Elite)	\$0.094	+88.05	Betfred
Riverside	\$0.035	-80.14	Elite
Diamond Jo Dubuque (BYD)	\$0.988	N/A	FLTR
Ameristar (PENN)	\$0.746	N/A	SCR
Catfish Bend	\$0.613	N/A	PBH
Terrible's Lakeside (Affinity Gaming)	\$0.378	N/A	WMH
Horseshoe (CZR)	\$0.377	N/A	WMH
Hard Rock	\$0.183	N/A	N/A
Harrah's (CZR)	\$0.064	N/A	WMH
Q casino	-\$0.002	N/A	N/A
Total Revenue	\$7.708	+920.49	N/A



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GUEST INTERVIEW



ALEX WINDSOR
APPS4 WEB MEDIA

Windsor speaks to AffiliateCon about the affiliate's journey so far and entry into the US

Tell us about Apps4 web media and the kind of services you provide.

Apps4 web media is a relatively new company, just over two years old. I've been an affiliate myself since 2012, starting out on my own and venturing out into the affiliate marketing world. I ended up with 12 websites which I sold to a large online gaming company back in 2015. I had a two-year non-compete that I abided by and started out again with Apps4 web media.

Would you say the affiliate sector has changed significantly since then?

Oh, massively. There are guys that were doing it for 20 years I speak to and everyone comments just how different the space is now compared to how it was 10 years ago. Everything was a lot easier back then; you could put a website up in five minutes, fill a page with key words, rank a whole website within a week and just kind of sit there and watch traffic come. Those days are long gone. Everything is a lot more calculated and it's a lot harder to rank websites. There's so much more involvement now to getting to the top and trying to stay there. There are so many big companies involved as well, as opposed to bedroom affiliates.

You're definitely not the first affiliate to have told us that. Geographically, what markets do you target at the moment?

Originally, I started in the UK as that was a market I worked in since 2012. It was the most appropriate one to go back

into, given we are an English-speaking company. I then started a website in Spanish and Italian, which sounds quite easy: take your content in English and translate it. But it's a lot harder to look at competitions, link build and do any sort of SEO when you haven't got a clue what the language is. So when PASPA was repealed in 2018, I thought, 'Wow, this is something that will be pretty big.' I started developing our first US website and it went from there. The UK, Spain and Italy have taken a back seat now. And everything just seems to be about the US at the minute.

What do you specialise in, in terms of verticals?

Sports has always been the most popular one we've targeted most, only because I know a lot about sports. I have played poker before but I'm not very good. I do go to the casino, when we're allowed, and I play online. I don't really have much luck but I feel a lot more knowledgeable about sports and sports betting. I have a bingo website – I'm not a massive bingo player – so sports has always been the bread and butter.

Back to the US, where sports betting is booming at the moment, when did you land your US licences and did the process vary depending on the state?

The first licence was New Jersey – that was pretty easy, to be fair. If you fill in a form, within a week or two you are licensed. Pennsylvania was slightly more complicated. We had to get a lawyer involved. I've got a pack sat on my desk here that means I have to go to the police station and fill out my fingerprints. The UK Police aren't currently accepting fingerprints, so I have to wait for this until I can get moving in Pennsylvania. I would say that's the most difficult one to get into. Tennessee has been quite easy, as well as Colorado and Michigan. You would think being all one country, they'd have the same process to go through, but most of them are different. For example, in Virginia, you need to be registered as a business to conduct business. so you need to be part of their online portal and have a business address in Virginia. If you think one state is easy, in the next one, you'll have another five hoops or so to jump through.

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