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# WEEK 12

FRIDAY 26 MAR 2021

**ACTION 24/7 SUES TENNESSEE  
LOTTERY OFFICIALS AFTER  
LICENCE SUSPENSION**



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### ACTION 24/7 SUES TENNESSEE LOTTERY OFFICIALS AFTER LICENCE SUSPENSION

#### THIS WEEK

- Bally's & Gamesys explore sizeable merger
- Blackstone offers Crown Resorts a way out
- Gambling sponsorship discussed by PL clubs
- Entain/Enlabs secures shareholder approval

#### GUEST INTERVIEW:

- **Simon Westbury, chief business officer, Digitain**



A fascinating face-off has developed in the state of Tennessee over the suspension of Action 24/7's sports betting licence.

The local operator initially had its licence suspended by the Tennessee Lottery during the crucial sports betting period that contains March Madness, and now Action 24/7 is suing officials in a bid to overturn the ruling.

The company was suspended last week after an employee self-reported alleged cases of credit card fraud, proxy betting and money laundering.



### SLOTS, TABLE GAMES, AND MORE!

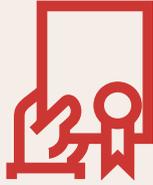
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# THIS WEEK IN NUMBERS

## 35

Number of online gaming licences to be issued by the Dutch gambling regulator, Kansspelautoriteit



## \$23m

Golden Nugget revenues in the fourth quarter exceeded prior estimates of \$22.3m and represented a 48% YOY increase



## 59%

Smarmarkets saw more than £200m (\$274.1m) traded on its exchange during Cheltenham, a notable increase on 2020's figure



## 70m

Number of bets placed across the Cheltenham Festival on the Scientific Games OpenSports platform



## 23%

Decline of Macau visitor footfall, representing almost a quarter from January to February



The Tennessee Education Lottery's Sports Advisory Council held an emergency meeting on Friday afternoon, where Lottery inspector Danny DiRienzo shared that he received an email notifying him of reported fraud and money laundering on the sportsbook's mobile app.

According to *The Tennessean*, DiRienzo said tens to hundreds of thousands of dollars were funneled through the app, with dozens of accounts linked to proxy betting.

However, CEO Tina Hodges was defiant in a statement, saying: "The Board today indefinitely suspended Action 24/7's sports betting operator licence for suspicious player deposit activity. This suspicious activity was detected quickly by Action staff and Action swiftly suspended the involved player accounts. Action instituted additional controls to curb the activity, and no further such activity has occurred since.

"Yet the Board relied upon unfounded fears of future speculative recurrences of the activity, and took draconian action just as the NCAA Tournament is beginning. Obviously, we are disappointed in the Board's decision, but will continue to work with TEL staff and seek all other avenues of relief to have the suspension lifted quickly so that the people of Tennessee may continue to enjoy wagering on the Action 24/7 sportsbook."

In filing its lawsuit, the company has lamented "an inadequate or sometimes complete lack of review of the evidence, an unwillingness to hear Action's side of the story, and a rush to judgment, ultimately resulting in a destruction of Action's business," as quoted by the *Associated Press*.

Initially, DiRienzo said the company would have had fewer victims and less money in losses if the activity had been stopped earlier, via internal controls that were spelled out in Action 24/7's application as a sportsbook operator.

According to *The Tennessean*, DiRienzo said that in one instance, a player made a \$10 deposit almost immediately followed by 184 attempted deposits from seven cards and seven names, 124 of which were successful.

In what he called a "clear case of what could be charged as credit card fraud, money laundering, aggravated identity theft or wire fraud," the player was allowed multiple withdrawals to an account following the large number of deposits with very little in the way of bets placed in between.

In the Friday meeting, DiRienzo is quoted saying: "It is serious, serious criminal activity, probably in the tens if not hundreds of thousands of dollars worth of damages done, with multiple real individuals and business victims."

But the lawsuit from Tennessee Action 24/7 says the lottery acted outside of its authority when it suspended the licence, before the board voted on the move the following day.

The company was on the phone during the meeting but the board "refused to hear their position," the lawsuit says.

**GI Verdict:** Hodges had previously appeared in *Gaming America* magazine, giving an exclusive interview that emphasised Action's approach to customer service.

While the suspension of the licence may be seen as a blow to the operator's credibility, Hodges' response and subsequent lawsuit suggest she does not intend to take this punishment lightly.

There are perhaps two battles going on here: one being the legal fight centring around the suspension of the licence itself, and the other being which party comes out of this winning the PR battle and taking less long-term damage to its reputation.

**BRAND  
NEW**



**5**

**Days Kambi's Festival of Sportsbook covered, providing exclusive insights from industry experts**

**0**

**Nagasaki prefecture will not allow its three IR partnership applicants to court other IR projects**



**1**



**Metres apart players in Macau are required to distance themselves now that standing betting has returned to casinos**

## BALLY'S AND GAMESYS GROUP EXPLORING MERGER

Bally's Corporation and Gamesys Group are exploring a combination that would entitle Gamesys shareholders to receive 1,850 pence (\$25.37) per share.

As rationale for the move, the two companies believe online gaming and sports betting in the US present significant opportunities for synergy.

A statement read: "Bally's and Gamesys believe having a combination of both proven, developed technology and land-based platforms across key US states, with global brands, existing customer bases and complementary product offerings will be key to taking advantage of these growth opportunities."

Additional factors referenced were that Bally's long-term growth strategy would be accelerated, while Gamesys' existing platform would benefit from Bally's "fast-growing" land-based and online platforms.

The statement continued: "Bally's would benefit from Gamesys' proven technology platform, expertise and highly respected and experienced management team. These offerings, integrated with Bally's online sports betting platform via the pending Bet Works acquisition and the transformational media partnership with Sinclair Broadcast

Group, would place the combined group in a strong position to capitalise on the quickly developing US online market."

Bally's has made waves in the M&A department since rebranding from Twin River Worldwide Holdings. It recently completed its acquisition of Monkey Knight Fight, although it missed out on the acquisition of Allied Esports Entertainment.

Gamesys itself merged with JPJ Group in September 2019, when JPJ acquired Gamesys for £490m, taking the Gamesys name.

**GI Verdict:** The biggest recent story about Bally's looked like it was going to be the failed purchase of Allied Esports Entertainment after Allied U-turned on its U-turn to go with initial bidder Element Partners. However, Bally's has since driven its own news agenda, completing the acquisition of esports affiliate site Monkey Knife Fight and following that up with this not-insignificant acquisition proposal.

Consolidation has been a huge part of gaming in recent years and predictions that the Covid-19 pandemic would accelerate this phenomenon, along with projections of US and European companies merging, appear to be right on the money.

## THE WEEK IN QUOTES

*“What we’re seeing now is the spend per visit was still much higher than it was pre-Covid, but visitation levels now in the month of March look a lot like they did in 2019, so you have those two things working together. We had one of the biggest weekends this last weekend that we have seen in years.”*

**Jay Snowden, CEO of Penn National Gaming, reflects on a strong month for casino operations. The company recently went live with the Barstool Sports sportsbook in three states and is recording impressive March Madness figures**

**BLACKSTONE BIDS \$6BN FOR CROWN RESORTS AS LEGAL INQUIRY INTENSIFIES**

Crown Resorts has received a non-binding proposal from The Blackstone Group to acquire all of its shares for AU\$8bn (US\$6.18bn). The approach comes as Victoria’s royal commission looks to step up its inquiry into the Australian gaming operator.

According to the company’s confirmation to the Australian Securities Exchange, Blackstone has offered an indicative price of AU\$11.85 per share.

The investment firm currently holds around 10% of Crown Resorts’ shares, following a 2020 acquisition from Melco Resorts and Entertainment, and appears to be banking on uncertainty caused by a regulatory inquiry to help its deal progress.

The operator is currently being investigated by Victoria’s royal commission over licence breaches, money laundering allegations, and irregularities over a failed sale to Melco.

Led by Ray Finkelstein, the new commission has warned Crown Resorts that any delays in producing

documents for the inquiry will not be tolerated.

A deadline of 1 August has already been set for the submission of a final report, and following the opening of proceedings on Wednesday 24 March, it appears Finkelstein is rigidly set on sticking to it.

He said that while Crown had accepted it was not a suitable associate to operate a new casino venture near Sydney, the company did not accept “The wilfulness or deliberateness of the conduct concerned.”

The Blackstone deal currently offers beleaguered Crown Resorts owner James Packer a clean exit from the company, in which he holds a crucial 36% stake.

**GI Verdict:** The Blackstone offer is an affirmation of Crown Resorts’ profit potential should it be pulled from the regulatory reeds. A clean pair of hands may be just what the company needs.

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## MANAGEMENT PLATFORM

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*“If there was a truly global system in place, players would have an effective tool that could stop them from playing, despite their efforts to circumvent the system when feeling cravings to start gambling again.”*

**Simon Vincze, manager of Casino Guru's responsible gambling projects discusses self-exclusion practices. The company is collecting feedback on its own global project**

*“It's fantastic news for the whole of the greyhound industry that all of the Betting and Gaming Council (BGC) members who offer bets on greyhound racing, both in retail and online, are now supporting the Fund.”*

**Joe Scanlon, chairman of the British Greyhound Racing Fund, on news that BGC members have agreed to contribute to the fund**

## PREMIER LEAGUE CLUBS TO DISCUSS GAMBLING SHIRT SPONSORSHIP

English Premier League clubs will meet on Thursday to discuss shirt sponsorship featuring gambling companies, with the issue one of several being examined in the ongoing Government review of the 2005 Gambling Act.

A House of Lords committee last year recommended that gambling companies should no longer be allowed to advertise on the kits of sports teams, in a bid to help tackle problem gambling in the UK.

The Government launched the review in late 2020, with its call for evidence set to end on 31 March, 2021. English top-flight clubs are currently awaiting an update on findings around shirt sponsorship and gambling addiction, with the issue set to be discussed at a shareholder meeting on Thursday.

Eight teams have gambling companies as sponsors on the front of their shirts, while 17 clubs began the 2020-21 season with an association with a betting firm.

Speaking to Sky Sports News, a spokesperson for the Department for Digital,

Culture, Media & Sport said: “We are currently undertaking a comprehensive review of gambling laws to make sure they are fit for the digital age and a public call for evidence is open for contributions.

“We are determined to tackle problem gambling in all its forms and the work will build upon our strong track record of introducing measures to protect those at risk. No decisions have been taken.”

**GI Verdict:** Panic may just be creeping into top-flight clubs, who could lose out on crucial revenue, particularly amid the ongoing pandemic. Such a viewpoint that gambling sponsorship is vital is, therefore, an understandable one.

The other side of the coin is, however, the instances of problem gambling in the UK, given how professional footballers are expected to act as role models for viewers, particularly those under the age of 18.

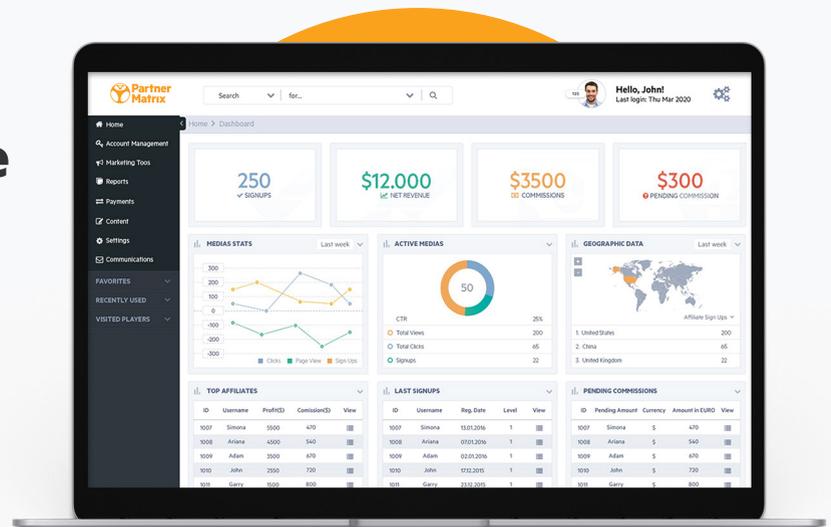
But the key question is just how heavily sponsorship is actually linked with problem gambling.



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# TAKING STOCK

SHARE PRICES COVER WEDNESDAY  
17 MARCH TO WEDNESDAY  
24 MARCH (5:00PM GMT)

**Gamesys**  
1,944 GBp  21%

**Crown Resorts**  
11.84 AUD  19%

**Enlabs**  
53.00 SEK  0%

**Bally's**  
69.52 USD  4%

**Elys Game Technology**  
5.83 USD  7%

## ENTAIN SECURES SHAREHOLDER APPROVAL FOR ENLABS ACQUISITION

Entain has secured approval for its public cash offer to the shareholders of Enlabs AB.

The improved offer, made through the Bwin Holdings subsidiary, valued shares at SEK 53 (\$6.23) per piece, an increase on the SEK 40 rejected previously. In total, 94.2% of shareholders approved the new valuation, and having previously secured all relevant regulatory approvals, Entain has now declared the takeover deal as unconditional.

The operator will now begin proceedings for purchasing over 65.6 million in approved shares. A separate offer has been made to employees who own warrants from Enlabs incentive programmes, and this has been accepted by the holders of 1.35 million of 1.4 million warrants.

Entain has further announced that it will begin compulsory acquisition proceedings for all outstanding shares.

The operator expects the settlement of Enlabs shares to be completed by 30 March, 2021, but extended the

acceptance period to 13:00 CET on 1 April 2021 to give additional time for shareholders that had not yet accepted the final agreed terms.

As per an update to FTSE governance, Entain anticipates the transaction to be finalised by 13 April, 2021 and has requested the delisting of shares from the Nasdaq First North Growth Market.

The Ladbrokes and Coral operator reported a profit of £113.8m (\$157.6m) for full-year 2020 on 4 March, a stark improvement from the loss of £131.2m in 2019, while revenue was flat at £3.6bn.

**GI Verdict:** Entain is evidently eager to wrap up this deal as soon as possible, having been forced to increase its initial offer substantially.

Proceeding quickly with this acquisition seems to have sent a signal out to the market that Entain wants to be seen as an acquirer, not an acquiree after turning down MGM Resorts International's January offer.

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## FEBRUARY REVENUE REPORT: ARKANSAS

Fantini Research has assessed gaming revenue in the Natural State for the month of February, collating data from all sources, slots, table games and sports betting.

ALL-SOURCES REVENUE	FEBRUARY REVENUE (M)	ANNUAL CHANGE (%)
Saracen	\$6.346	+30.10
Southland Park (Del North)	\$15.691	- 35.84
Oaklawn	\$7.644	- 47.18
<b>Total</b>	<b>\$29.681</b>	<b>- 32.25</b>

SLOTS	FEBRUARY REVENUE (M)	ANNUAL CHANGE (%)
Saracen	\$5.500	+15.02
Southland Park (Del North)	\$14.169	- 35.87
Oaklawn	\$6.723	- 46.39
<b>Total</b>	<b>\$26.391</b>	<b>- 33.05</b>

TABLE GAMES	FEBRUARY REVENUE (M)	ANNUAL CHANGE (%)
Southland Park (Del North)	\$1.173	- 45.79
Oaklawn	\$0.746	- 58.92
Saracen	\$0.716	
<b>Total Table Games</b>	<b>\$2.635</b>	<b>- 33.80</b>

SPORTS BETTING REVENUE	FEBRUARY REVENUE (Thou)	ANNUAL CHANGE (%)	PARTNERS
Oaklawn	\$174,598	+52.20	CHDN/DKNG
Southland Park (Del North)	\$349,569	+74.94	IGT
Saracen	\$131,189	+35.17	BetGenius
<b>Total Sports Betting</b>	<b>\$655,356</b>	<b>+59.23</b>	

SPORTS BETTING HANDLE	FEBRUARY REVENUE (M)	ANNUAL CHANGE (%)	PARTNERS
Saracen	\$80.898	+71.33	BetGenius
Southland Park (Del North)	\$ 2.366	+16.36	IGT
Oaklawn	\$ 1.205	- 30.62	CHDN/DKNG
<b>Total Sports Betting</b>	<b>\$ 4.469</b>	<b>+ 4.08</b>	

## GUEST INTERVIEW



### SIMON WESTBURY

CHIEF BUSINESS OFFICER, DIGITAIN

*Westbury exclusively speaks to Gambling Insider after his promotion from head of sales – something he sees as more of an “evolution”*

*of his role. Westbury discusses lessons learned, management strategy and honest, straight-talking reflections without any industry fluff*

#### **Congratulations on your new role. How will your day-to-day duties with the company differ now?**

Thanks for that. People view me differently because of the job title but I’m the same person. Looking in the mirror on the first day of the role was a challenge – it was a strike of reality. I had a bet with an old friend, Roger Withers, that I’d get a senior position at a big gaming company by the age of 40. I missed that deadline by a couple of months, not wishing to give my age away! But I view this as an evolution of my role with Digitain, rather than a promotion. Obviously, there’s more responsibility. I’m now not just responsible for the sales team, which I already was, I’m now in charge of and work with the team that works with all our providers. I’ve learned a lot already; there has to be a mindset change. If I can make an analogy with the evolution of my role, if you compare it to a general in the First World War, I’m not in the trenches so to speak anymore; I’m sending the guys over the top. I’m very passionate about taking a step back and having a more strategic mindset.

#### **How exactly does this new mindset translate on the job?**

I no longer just focus on the sales KPIs but how I can position Digitain to continue to grow, working with other departments, like the invoicing department. As head of sales, you’re aware of things like this and the product department. But now as I look at 2021, 2022 and a little bit of 2023, the mindset’s changed to be more strategic. I always say this is a kaleidoscopic industry, so now I have to combine my responsibilities of leading 25 people who directly report to me, and also look at the bigger kaleidoscopic picture of gaming. All the other C-level people on the board I now have to interact with to ensure we’re all working in harmony.

#### **What are the biggest lessons you’ve learned so far at Digitain that you’ll carry forward into this new position?**

What I’ll say is I’ve had management positions since 2013, but Digitain has certainly taught me one thing. I don’t want to go into cultural differences but there is what I call the Armenian way of doing business; I’ve had to adapt to understand that. The biggest lesson I’ve learned is to actually develop my own style of management. I don’t have children yet but when you have a baby, no one tells you how to have a baby. I’ve developed my own style that fits my personality in terms of management and leadership; I prefer leadership to management. I truly believe in empowering my team.

I think we’ve seen great results in that in the last year. The biggest thing for me was to see the sales team grow, not just in numbers but also development of the team. I’m delighted I managed to undertake four promotions within my team, and I’ve had another two promotions this year, so I’ve managed to empower people within the team and show there’s a progress path for them.

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