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WEEK 15

FRIDAY 16 APR 2021

**ANALYSIS: BETFRED
PLAYER WINS THREE-YEAR
COURT BATTLE OVER
£1.7M JACKPOT**



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THIS WEEK

- **Hitting the big time:**
Evolution to acquire BTG
 - **Football Index fallout continues**
 - **Bally's - Gamesys agreement reached**
- **DraftKings hires chief media officer**

GUEST INTERVIEW:

- **Jason Ader, CEO, SpringOwl Asset Management**

WEEK 15

FRIDAY 16 APR, 2021

BETFRED PLAYER WINS THREE-YEAR COURT BATTLE OVER £1.7M JACKPOT ▼

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Parimatch appoints Liaszko and Syrotian as co-CEOs; Portnov switches to chairman



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Betfred and Playtech suffer reputational damage as UK player is awarded a seven-figure jackpot through the courts. What does the decision mean for the industry and how did the companies in question think they could simply blame a software glitch without providing any evidence?

It is perhaps ironic that a man named Mr Green has won a multi-million-pound payout from operator Betfred.

Indeed, Andy Green last week won a High Court battle over the company's refusal to pay out a £1.7m (\$2.3m) jackpot which it claimed was the result of an operating error.

High Court Judge Mrs Justice Foster ruled in favour of Green, from Lincolnshire, who had been locked in a three-year court battle with the UK bookmaker.

Green will receive full payout on top of interest, with Betfred stating it would not appeal the ruling.

"Along with my family, I have been through some very low times and become very down," Green said in a statement. "My physical health has also suffered badly, and I sometimes wished I'd never won this money, because it was just making my life a misery.

"But today, I feel like the world has been lifted off my shoulders and I feel so incredibly happy and relieved – for me, my family and my legal team. The champagne can finally come off ice and be savoured."

Green won the jackpot in 2018 on the Frankie Dettori Magic Seven Blackjack game. Days later, Betfred contacted Green to tell him there had been a software malfunction in the machine and that his prize would be rejected.

By then Green had already spent more than £2,500 celebrating his win. Betfred originally tried to settle the case by paying Green £60,000 in exchange for his silence via a non-disclosure agreement (NDA), but he rejected the offer.

In 2019 he took his case to the High Court to challenge Betfred's claim of a software glitch, which was apparently an error from supplier Playtech. Green said he has suffered four heart attacks since 2018.

Betfred argued that the machine Green played on didn't reset properly, leading to his improbable jackpot.

The company claimed the software glitch was covered under the game's terms and conditions. But Mrs Foster said this argument was "inadequate" in her ruling in favour of Green.

SPREADING THE WORD

Green's representatives sought to maximise the publicity the case got in November 2018, with his story being aired on primetime UK TV (on the One Show, BBC One).

Lawyer Peter Coyle also gave an exclusive interview with *Gambling Insider* at the time. He said: "If they have no evidence, it's difficult to see how they can defend themselves when we're suing them for £1.7m.

"They say, 'We've got no evidence but you've just got to believe us' That could lead to a very short trial. That's really a measure of the way they approach this. They just try

to bludgeon him – and I suspect others – and say it's the Betfred way or no way.

"They're doing themselves no favours by not paying out to a punter who won in good faith and giving no rationale for doing it. It is surprising but we'll get there in the end. We'll play hardball and won't give up until we get justice for Andy, who's been really badly let down."

SUMMARY JUDGMENT

In October 2020, Coyle submitted an application for a summary judgement before a High Court judge, which would have saved everyone involved a trial if the Judge ruled immediately that Betfred had to pay Green out.

In quotes sent to *Gambling Insider* in October, Green said: "The last two and a half years have felt like hell on earth.

"They say, 'We've got no evidence but you've just got to believe us.' That could lead to a very short trial. That's really a measure of the way they approach this. They just try to bludgeon him and I suspect others – and say it's the Betfred way or no way" – Peter Coyle

"You wouldn't treat an animal like I've been treated by Betfred, but hopefully the judge will accept the arguments put forward by my legal team and this nightmare will be over next month."

The case did end up going to trial, however, and some stressful months later for Green, he has finally been allowed to receive the money he won way back in 2018.

GI Verdict: Ultimately, this case reflects poorly on both Betfred and Playtech, with there being a desperately fleeting saving grace that operator Betfred will at least not appeal the ruling.

A non-existent defence smacked of Betfred not allowing for the fact someone could actually stand up for justice in the face of ill treatment.

What does this ruling mean for the industry? It may not exactly lead to wholesale changes but it sends the right message to consumers: if you are unfairly treated by a bookmaker, the law is there to protect you. If more players speak out in situations like this, betting operators will have to change their overall approach on a wider scale.

In this case, justice was done, and Betfred had all-but admitted it was in the wrong when it offered Green the £60,000 payment accompanied by the NDA.

THIS WEEK IN NUMBERS

41%



Estimated year-on-year increase in Bally's Corporation's Q1 consolidated revenue, with preliminary financial results showing an amount greater than \$185m (£134.9m)

27%

Year-on-year rise in Gamesys Q1 revenue, with the operator generating £197.8m (\$272.1m)



\$81.6m

Gaming handle for theScore in Q2, a 491% growth year-on-year and a company record for the operator



2022

Year Senator Joseph P. Addabbo Jr hopes mobile sports betting will hit New York, before the Super Bowl



\$5m



Estimated investment round Virtue Poker, a multi-chain, Ethereum-based decentralised poker platform, has completed

PARIMATCH APPOINTS LIASHKO AND SYROTIAN AS CO-CEOs; PORTNOV SWITCHES TO CHAIRMAN

Operator Parimatch is adopting the rare approach of employing two CEOs, following Sergey Portnov's switch from the CEO to chairman role.



The company has created a new advisory team, dubbed the Supervisory Board. This will include Katerina Belorusskaya, a major stakeholder, and Marek Šmrha, non-executive consultant of the board.

Maksym Liashko and Roman Syrotian, in addition to joining the Supervisory Board, will become co-CEOs.

The division of labour will see Liashko cover finance, legal, communication and admin, and Syrotian focusing on IT, product and marketing.

An additional non-executive role on the board remains vacant, with the operator hopeful of filling it with the right candidate.

New co-CEO Liashko said: "For Roman and me, a dual CEO structure is a logical move and consolidation of the company's growth directions. We know our areas well, and we will do everything to implement the company's plans to enter the next level of development."

Fellow co-CEO Syrotian said: "Maksym and I are granted the responsibility of leading the company as co-CEO. It's an honour for me. Being already in excellent shape today, Parimatch has ambitions of achieving top positions on the markets all over the world.

"I hope to contribute to this goal by ensuring we provide our customers with the highest quality entertainment and services."

Meanwhile, Portnov added: "Updates in the company's structure and creating a board is an indicator of the company's maturity and readiness.

"Now is the best time for such changes. I am sure this will strengthen the brand's

strategy and will allow the large ship that is Parimatch to move along the route rapidly."

The co-CEO approach is one seldom used in business, regardless of industry. There are similar examples found in gaming currently, however, with Jesper Svensson, CEO of Betsson Group, and Pontus Lindwall as CEO of Betsson AB (the operator's financial arm). Relax Gaming also saw CEO Daniel Eskola move to the CCO role as Tommi Majjala succeeded him as CEO, although in both cases it is still CEOs and not co-CEOs involved.

GI Verdict: Innovation is often discussed within gaming, but rarely do we see operators attempting to innovate the structure of the boardroom. There have been previous examples of co-CEOs not quite working out, but past failures don't guarantee a lack of future success.

As already stated, the dynamics will be interesting to follow. Parimatch is very much a young firm, generally including younger executives at its top level. Will this different format work and how will Liashko and Syrotian gel as co-CEOs?

Another key point to follow is exactly what this shake-up means and is driven by, for example if this is due to certain regulatory or geographical focuses. It will be equally intriguing to see how much influence Portnov maintains on the day-to-day operations as chairman.

It would be fair to dub this approach an experimental one and, at the end of the day, there will likely be someone saying 'I told you so' at the other end. The question is whether it will be the majority of other companies reiterating why they only hire a single CEO, or Parimatch championing a new way of dividing labour at its summit.



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50 million



Wagers processed during the Grand National via Scientific Games, up 61% from 2019. (There was no race in 2020.)

21%

Rise in bets from 2019 during the Grand National, on the Smarkets sports betting exchange, which reached £92.8m (\$127.8m)



\$510m

Sports betting handle reported in Illinois for the month of February, the third-highest nationally behind New Jersey and Nevada

EVOLUTION TO ACQUIRE BIG TIME GAMING FOR €450M

Evolution Gaming Group has entered into an agreement to acquire the entire issued share capital of Big Time Gaming for €450m (£389m).

Payable in cash and Evolution shares, the total up-front consideration payable is €220m, with Evolution to pay earn-out payments based on Big Time Gaming's EBITDA for the years 2022-23 and 2023-24.

The earn-out payments will amount to a maximum of €230m, and are payable in 2023 and 2024.

"Completion of the transaction is conditional upon receipt of regulatory approvals and is expected during Q2 2021," a statement from Evolution read.

Evolution chairman Jens von Bahr said: "With the addition of Big Time Gaming to our portfolio of slot brands we strengthen our strategic position as the leading provider of digital casino games in the world.

"Big Time's focus on innovation and creating unique playing experiences is a great fit with our culture and mindset at

Evolution. We look forward to continuing our journey together."

Big Time Gaming's titles include Bonanza and Extra Chilli, with the company reporting revenue and EBITDA of €33m and €29m respectively for the calendar year 2020.

Big Time Gaming CEO Nik Robinson added: "Evolution and Big Time Gaming are both driven by innovation, hence the perfect match. A bright and entertaining future awaits our players."

GI Verdict: Is there a sense of irony that one of Evolution's best games is based on Monopoly? The whole gaming industry appears to be a big Monopoly board for the supplier right now.

The BTG deal follows on from Evolution's acquisition of NetEnt last year, with the company signalling its intent to become the world leader in the online gaming industry.

This acquisition is the latest in its bid to stretch ahead of the competition, and it may well be one of a number of further Evolution acquisitions in the near future.

THE WEEK IN QUOTES

"It's great news that high street betting shops in England and Wales are finally able to re-open safely, along with the rest of non-essential retail. It's been a long three months for betting shop staff, as well as their customers, and I know they are all looking forward to safely getting back to business thanks to the best-in-class anti-Covid measures in place."

Betting and Gaming Council chief executive Michael Dugher speaks on the reopening of betting shops in England and Wales

"Under the revised operating model, SkyCity will deal directly with international business patrons after appropriate know your customer and customer due diligence requirements are satisfied."

SkyCity Entertainment Group upon announcing it will permanently cease dealing with all junket operators, effective immediately

FOOTBALL INDEX FALLOUT CONTINUES AS MPS CALL FOR INDEPENDENT INVESTIGATION

MPs have called for an independent investigation into Football Index, as reported by the *Sunday Times*, after the operator went into administration.

The firm suffered a quick fall from grace earlier this year, as reported by *Gambling Insider* at the time, and lost its Gambling Commission licence – although this was after it went bust and lost what is claimed to be almost £100m (\$137.8m) in player funds.

Seemingly stating the obvious, a government source is quoted as telling the *Times*: "Something appears to have gone very wrong here."

"This case further reinforces the need for our comprehensive review of gambling laws. This independent investigation into Football Index will feed into that work and if we need to make changes to regulation to protect people, we will."

In a further Football Index update, its administrators wrote to all players this week, officially informing them the company had gone into administration

on 26 March.

"We are aware some individuals may have excluded either on the Football Index platform or via GAMSTOP but we are required to ensure all potential creditors are kept informed of this process," the email read.

"If customers believe they have a claim against the company, they should notify the administrators of such a claim."

GI Verdict: An independent investigation into the Football Index saga was perhaps inevitable, although this may just be politicians trying to gain favour with voters by jumping on a hot topic.

Is there anything MPs can really do to get players their money back at this stage? The damage appears to already be done, especially as Gambling Commission CEO Neil McArthur resigned not too long after Football Index went into administration.

Suffice to say, aggrieved players won't exactly be filled with confidence at this point.

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“Bruce brings to the Crown board the ideal blend of commercial, governance and gaming sector expertise and is respected across Australia for his contribution to corporate and government roles.”

Crown Resorts executive chairman Helen Coonan on the appointment of Bruce Carter as a new non-executive director to the board

“We’re very excited to have agreed this deal with one of the UK’s most successful online operators, and look forward to being able to provide Sky Bet’s customers with an engaging betting experience through our premium horse and greyhound racing. The Watch and Bet model is becoming increasingly important in today’s marketplace for online sportsbooks looking to drive increased engagement with their customers.”

Paul Witten, commercial director at SiS, on the company’s new watch and bet racing deal with Sky Bet

BALLY’S CONFIRMS AGREEMENT TO ACQUIRE GAMESYS

In a joint statement, Bally’s and Gamesys have revealed that last month their boards reached an agreement for Bally’s Corporation to acquire Gamesys.

The combination will be finalised by Bally’s subsidiary Premier Entertainment, which will help finance the cash deal.

Bally’s will pay 1,850 pence (\$25.46) per Gamesys share, which represents approximately a 14.4% premium on Gamesys’ closing price of 1,642 pence per share on 23 March this year.

When Bally’s made the initial proposal in January, Gamesys’ closing price per share was 1,330 pence, which would see a 41.2% premium and a 36.7% premium for the three-month average closing price to 23 March.

Neil Goulden, chairman of Gamesys, said: “The combination would give unique optionality to Gamesys shareholders.

Bally’s chairman, Soohyung Kim, added: “We believe this combination will mark a transformational step in our journey to become a leading integrated, omni-channel gaming company with a B2B2C business.

“We think Gamesys’ proven technology platform, alongside its highly respected and experienced management team, combined with the US market access that Bally’s provides, should allow the combined group to capitalise on the significant growth opportunities in the US sports betting and online markets.”

If the merger is not completed by the ex-dividend date of September 9, 2021, the Gamesys Board will declare a second interim dividend. The first dividend would be 28 pence per share but the second will equate to 15 pence per share.

GI Verdict: It’s a shrewd move from both companies, with both set to benefit in various ways. Gamesys’ platform will undoubtedly find itself at an advantage from market access to key states through the brick-and-mortar estate owned by Bally’s.

Bally’s, meanwhile, will benefit from Gamesys’ highly respected management team and expertise, not to mention its proven technology platform.



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SHARE PRICES COVER THURSDAY
8 APRIL TO THURSDAY 15 APRIL
(11:15AM GMT)

theScore
19.79 USD  15%

Evolution
1,422 SEK  6%

Gamesys
1,910 GBX  2%

Bally's
53.26 USD  14%

Aspire Global
69.40 SEK  19%

DRAFTKINGS HIRES BRIAN ANGIOLET TO BE FIRST CHIEF MEDIA OFFICER

DraftKings has expanded its executive team by creating the chief media officer position.

The Boston-based digital sports entertainment and gaming company has tapped Brian Angiolet to oversee and optimise content creation and media strategy.

Angiolet's first day with DraftKings will be 26 April.

Most recently, Angiolet served as SVP and chief business officer at Verizon Communications, Inc.

At Verizon, Angiolet was credited with leading several high-profile, multi-billion-dollar content and advertising initiatives including broadcasting, sports and digital entertainment deals across Verizon's Fios and media properties, partnerships with premier sports leagues such as the NFL and NBA, and oversight of Verizon Wireless' advertising and media portfolio.

Verizon also had him handle the company's 5G mobile edge computing partnership program, and he helped

launch deals with Amazon, Microsoft and IBM.

"Brian brings invaluable experience to this new chief media officer position and deeply understands how the virtuous circle among sports, gaming, and content has the potential to boost engagement," Jason Robins, DraftKings' co-founder, CEO and chairman of the board, said in a statement. "As our media presence grows with the acquisition of VSIN, among other strategic moves, Brian's creative ideas and insightful perspectives will further propel the possibilities of DraftKings content. Our warmest welcome to Brian, and we are thrilled to have him aboard."

GI Verdict: DraftKings has branched out horizontally through several avenues in recent months. Since going public and taking ownership of its own technology stack via acquiring supplier SBTech, it has also invested in the aforementioned media network VSIN. The result? It is becoming a bigger player in the media market outside gaming.



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MARCH REVENUE REPORTS: DETROIT, MAINE

Fantini Research compares March gaming revenue in Detroit and Maine with both 2020 (pandemic) and 2019 (pre-pandemic) numbers.

ALL-SOURCES GAMING	MARCH 2021 REVENUE (M)	PERCENT CHANGE	
		2019	2020
MotorCity	\$43.320	-11.79	+113.39
Greektown (PENN)	\$26.442	-17.43	+99.73
MGM Grand (MGM)	\$44.076	-25.61	+83.56
Total	\$113.837	-18.91	+97.80

CASINO	MARCH 2021 REVENUE (M)	PERCENT CHANGE	
		2019	2020
MotorCity	\$42.043	-14.39	+107.15
Greektown (PENN)	\$25.616	-20.01	+93.72
MGM Grand (MGM)	\$43.207	-27.08	+80.58
Total Casino	\$110.867	-21.03	+92.99

ALL-SOURCES GAMING	MARCH 2021 REVENUE (M)	PERCENT CHANGE	
		2019	2020
Hollywood Bangor (PENN)	\$4.181	-8.99	+116.07
Oxford (CHDN)	\$6.275	-27.03	+66.19
Total	\$10.455	-20.75	+83.09

SLOTS	MARCH 2021 REVENUE (M)	PERCENT CHANGE	
		2019	2020
Hollywood Bangor (PENN)	\$4.072	+9.75	+143.24
Oxford (CHDN)	\$5.389	-24.18	+80.54
Total Slots	\$9.460	-12.54	+103.07

TABLE GAMES	MARCH 2021 REVENUE (M)	PERCENT CHANGE	
		2019	2020
Oxford (CHDN)	\$0.886	-40.59	+12.06
Hollywood Bangor (PENN)	\$0.109	-87.69	-58.30
Total Table Games	\$0.995	-58.11	-5.39

GUEST INTERVIEW



JASON ADER
CEO, SPRINGOWL
ASSET MANAGEMENT

Ader discusses Bally's Corporation's acquisition of the Tropicana Las Vegas property, as well as the operator's wider M&A strategy

Do you think gaming mergers are diversifying, in the sense that Bally's, among others, is buying several different types of firms to broaden its offering?

I do, and I think there's a lot of capital available, and a lot of land-based companies who wish they were in the online business and aren't. The pandemic really worried the land-based companies, with a lot of owners not seeing any revenue or business. There's been a lot of encouraging bookings but all at reduced prices. Imagine being a retailer, Toys"R"Us, Borders, Sears, JCPenney and knowing what Amazon is doing to your business. The gaming companies have that case study over and over in retail to think about. DraftKings and Flutter are the new Amazons. Land-based casinos as Sears, JCPenney, Borders, Toys"R"Us – businesses that don't exist anymore. Walmart did a great job being in land-based and online. I think you have to be in both and the M&A activity we see will cross land-based with digital. Digital businesses are incredibly valuable right now.

Do you think a Las Vegas presence is as important in this day and age?

No, I don't think so. I think Las Vegas Sands proved that – the biggest hospitality company in the world that sold their Las Vegas assets. Full disclosure: I was a board member for eight years and I just think they see with the capital they are spending on many markets, they get much better returns in Asia. So I think Vegas has got a long recovery ahead but, for Bally's, it's strategic and part of a much bigger puzzle.

In particular, what are the advantages of the Tropicana deal itself?

It's just a flag. With your online customers who are losing, the goal is how do you drive traffic to make a deposit, how do

you turn a first deposit into a second deposit and how do you drive up lifetime value?

To be able to offer a cross-market Vegas experience to a customer who likes to gamble is something that does have strategic cross-marketing value.

Overall, how would you rank Bally's growth potential compared to other competitors in the space?

I just think it's unique. I'm really excited about what it's doing in esports and technology, and taking the Sinclair Broadcast stations and rebranding them as Bally's. Bally's is not just a gaming brand, it was a fitness brand, a pinball brand and has a very long history with engagement. I think what they're doing is very exciting and very different; it's non-traditional. But that's what it takes and that's what works. There's an old saying: What got you here won't get you there.

Most of the gaming companies are still looking at how they became successful and trying to do it over again. DraftKings broke the mould in that and Bally's, I think, is breaking the mould – approaching gaming in a unique way and building a collection of assets in the company that will be quite difficult to compete with as it's built out.

I live in South Florida and see the Bally Sports brand everywhere: I go to Miami Heat games and Bally Sports; I went to the opening day for the Florida Marlins and there's Bally Sports everywhere on the highway. So I wouldn't underestimate the impact it's having on the overall value of the company. It's becoming incredibly well known.

Are there any other companies you see making waves in this fashion? It's interesting you've noted DraftKings as doing something similar.

Flutter Entertainment is in a unique position too. It has the Fox brand, Sky brand, Flutter brand and PokerStars brand. They're much quieter about it but it's a very important, innovative company too. They're very profitable. DraftKings is losing money as they acquire customers. Flutter, if they weren't losing money in the US, would make almost £2bn (\$2.76bn) in profit, so I think Flutter is a standout, too.

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