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WEEK 41

FRIDAY 15 OCT 2021

GAMBLING COMMISSION
CAUTIONS FANTASY
FOOTBALL SITE SORARE;
IS IT GAMBLING?

SELF-NOMINATIONS
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GAMBLING COMMISSION CAUTIONS FANTASY FOOTBALL SITE SORARE; IS IT GAMBLING? ▼

THIS WEEK

- **Entain Q3 results underwhelm?**
- **Terry Glebocki resigns as Ocean Casino CEO**
 - **Delays in Macau**
 - **Take it easy: Dutch launch for Relax Gaming**

GUEST INTERVIEW:

- **Julian Jarvis, CEO, Pragmatic Play**

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Round-up, round-up:
Elsewhere in US gaming



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SELF-NOMINATIONS NOW OPEN

The Gambling Commission has warned sorare.com about operating in the UK without a licence. But, in return, the site says it does “not offer any forms of gambling”...

▶ The Gambling Commission put NFT fantasy football site sorare.com on notice when it cautioned customers against using the platform.

The statement on its website read: “The Gambling Commission is currently carrying out enquiries into the company to establish whether sorare.com requires an operating licence or whether the services it provides do not constitute gambling. We will not be commenting further pending the conclusion of those enquiries.”

Sorare is a fantasy football game where customers can trade digital cards featuring players from more than 100 clubs from around the world to build their own teams, as well as enter tournaments and compete for various prizes.

But when the Gambling Commission made its announcement, many people’s first question will likely have been, what are NFTs?

“This investigation is understandable in light of the Football Index saga, but is unlikely to lead to any real consequences”

NFT stands for non-fungible token, and they function like cryptocurrencies, but where cryptos are ephemeral, NFTs will be linked to a unique digital asset, like a photo, or a video, or in this case, football trading cards.

It’s what makes NFTs valuable, because like real-life paintings, each NFT is one of a kind, which brings us to the heart of the problem facing both parties.

Sorare uses blockchain technology to power its platform, with each player card represented as an NFT, meaning that they have “verifiable scarcity.”

While this doesn’t conform to the traditional definition of sports gambling, the speculative nature of the cards, with their values largely driven by player performance, skirts the line of categorisation.

Since the Paris-based NFT company doesn’t have a licence, any activity on its site from UK players is outside the regulatory purview of the Commission, including its player protection rules.

But is trading these one-of-a-kind football cards gambling to begin with?

Sorare says no, and claims that the Commission’s investigation is merely the normal response to an emerging technology, saying: “At Sorare, fans can celebrate their passion for football in a unique way. By collecting rare NFT cards and playing our global fantasy football game, our community has unlocked a new way to connect with

the players and clubs that they love.

“When a product with a nascent technology becomes successful, such as Sorare’s digital collectable cards and game, it is normal and expected for there to be regulatory questions.

But following the collapse of Football Index — the self-styled “football stock market” — earlier this year, the regulator is reasonably worried that Sorare could repeat history.

Football Index was licenced by the Gambling Commission, though its website functioned more like a stock exchange than a traditional gambling platform, and when it went into administration, its players were left out of pocket for thousands of pounds.

After receiving considerable flak for failing to act in the situation, with some even accusing the watchdog of being technologically illiterate, the Commission announced changes to its regulation of innovative digital gambling products.

It is perhaps this more than anything else that has triggered this investigation into the football-themed website — the regulator doesn’t want to make the same mistake twice so the Commission is taking extra caution to avoid another Football Index catastrophe.

As its statement outlined, the UK gambling watchdog will not comment further until its investigation is complete, though according to Sorare, regulation is unlikely.

“We are very confident Sorare does not offer any forms of regulated gambling. This has been confirmed by expert legal opinions at every stage since the company was founded, including during several fundraising rounds,” said the company.

“We will always engage and have an open dialogue with authorities who reach out to us to learn more about our game. We believe this is the responsible way to grow our game and community globally.”

Regardless of the Commission’s decision, regulators will inevitably be forced to reckon with this issue more and more because, while Sorare may or may not be using NFTs for gambling purposes, it’s only a matter of time before they are adopted on a wider scale by the online gaming industry.

Gambling with digital assets has been around for some time, and many believe that NFTs, alongside cryptocurrencies, are the next logical step in the sector’s evolution.

GI Verdict: At *Gambling Insider*, we believe that Sorare will not be made to comply with the Gambling Commission’s regulations, because, at the end of the day, the service it offers isn’t gambling. This investigation is understandable in light of the Football Index saga, but is unlikely to lead to any real consequences. Sorare operates in many countries and has yet to be regulated by any nation’s gaming authority.

THIS WEEK IN NUMBERS

18%

Year-on-year increase in Denmark's gross gaming revenue from online casinos in August 2021



184 million



The number of Americans who can now legally bet on sports

\$5.5m

Delta Corp's gross income for Q3 2021



\$10m

The value of venture capital firm Share Alpha Advisors' first sports betting-focused fund

38

Betting alerts recorded by the International Tennis Integrity Agency from July to September 2021



ROUND-UP, ROUND-UP: ELSEWHERE IN US GAMING

► **Indiana's** retail and online sportsbooks generated a record-breaking \$355.4m in wagers and \$33.3m in revenue for September. Players wagered \$11.8m per day during September, up from \$7m daily in August. The month's handle was up 71% from \$207.5m for September 2020 and up almost 65% from \$215.6m for August 2021.

In addition, **Illinois sportsbooks** reported \$400m in August handle, a 9% increase from July attributed to the return of college football NFL pre-season games. Illinois had the third-highest handle of any US market in August, trailing New Jersey (\$665m) and Nevada (\$427m). Illinois joins those states as the only markets to top \$4bn in 2021 handle through the first eight months of the year.

Iowa also reported record sports wagering for September, with over \$200m in bets. According to official data, gamblers wagered \$210.4m at Iowa's online and retail sportsbooks in September, up 94% from \$108.4m in August and up almost 191% from \$72.4m in September 2020. The betting pace rose to \$6.8m daily over the 30 days of September from \$2.4m per day in September 2020.

Scientific Games won a ten-year contract to power the **Vermont Lottery**. The systems technology contract, which was won from a global competitor, may be extended for up to ten additional years. It will provide its AEGIS open architecture enterprise gaming system and a central communications network, along with WAVE retailer terminals and PlayCentral self-service machines across Lottery retailers in the state.

Sports-first live TV streaming platform **fuboTV** signed a carriage agreement with AT&T SportsNet Rocky Mountain, the television home of the Utah Jazz, Vegas Golden Knights and Colorado Rockies regional game telecasts. fuboTV will stream AT&T SportsNet Rocky Mountain's regional coverage of all three major professional sports teams in addition to other ancillary programming and behind-the-scenes content.

The National Rugby League (NRL),

Australia and New Zealand's leading rugby league club competition, plans to capitalise on the legalised US sports betting market. Experts believe that cashing in on the US market could result in an increase of more than 50% of the code's current wagering income within the next five years.

Detroit's three casinos reported September revenue of \$110m, according to figures released by the **Michigan Gaming Control Board**. September revenue was down 5% from August, up 25% year-on-year and down 2% from September 2019, the most recent comparable year. Table games and slots accounted for \$107m in revenue, a decrease of 5% from the month prior. Casino gaming provided the state with \$8.7m in taxes, while the city of Detroit received \$16.8m.

Nobu Hotel Caesars Palace began renovations on 182 guest rooms and suites to create a more modern, residential feel. Nobu Hospitality and Caesars Palace have hired the global architecture and design firm Rockwell Group to redesign the rooms. Rockwell will incorporate elements from kintsugi, the Japanese art of repairing broken pottery with gold epoxy to create "cohesion from collage."

Oneida Casino in Green Bay, Wisconsin is expected to open the state's first sportsbook between Weeks 9 to 11 of the NFL season after delays with **International Gaming Technology (IGT)** pushed back the casino's sports betting launch. Oneida Chief Financial Officer Chad Fuss told Wisconsin TV affiliate NBC 26 that supply chain issues involving IGT's PlaySports platform delayed the launch.

The UK-based gamification company, **Low6**, confirmed the signing of a partnership with the NFL's **Cincinnati Bengals**. Per the terms of the agreement, Low6 will produce two free-to-play games for the team, including the development of two new titles named Bengals Picks and Ultimate Bengals. Picks will mirror similar games found in the UK gaming market such as UFC Picks.

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Fine paid by VGC Leeds Limited to the Gambling Commission, for social responsibility and anti-money laundering failures

125%

Increase in the number of adults in Australia who have gambled online since 2010



275

Top-tier cricket matches supported by Sportradar's data know-how



ENTAIN REPORTS STEADY BUT NOT MASSIVE Q3 GROWTH

Entain has reported its 23rd consecutive quarter of double-digit online growth, an announcement made in its Q3 trading update. According to the report, group net gaming revenue (NGR) grew 4% year-on-year, with online NGR increasing 10% for the period from 1 July to 30 September 2021.

Entain emphasised the strong growth of BetMGM, with a 23% market share across the US in sports betting and iGaming for the three months to August. The company explained that BetMGM was the market leader in iGaming in the US, with a 32% market share in the same period. Adding the recent launches from Arizona, Wyoming and South Dakota, BetMGM is now live in 16 jurisdictions with plans to launch into more markets.

While the Entain Foundation US is funding research with the University of Nevada in Las Vegas and has launched a new app that aims to support the American Gaming Association's (AGA) Responsible Gaming Initiative, the group

mentioned the good progress of its Advanced Responsibility and Care (ARC) programme.

CEO, Jette Nygaard-Andersen commented: "These results demonstrate Entain's continuing ability to deliver sustainable, consistent and diversified growth. Our powerful Entain platform provides customers with great products and experiences, which enables us to grow ahead of our markets as demonstrated by 23 consecutive quarters of double-digit online growth.

"We continue to lead our industry in the all-important area of player protection, and I am excited by the early results of our innovative ARC programme, which we firmly believe has the potential to transform player protection across the industry."

GI Verdict: Given the continued growth Entain has shown, the operator is confident about its future prospects. But how will DraftKings respond to the news?

THE WEEK IN QUOTES

"I'm a political realist. I've been working with politicians for 30 years. We may end up with them deciding that's what they want to do, but I don't think the evidence is there, and if you're going to have an evidence-led review, I don't think it's likely."

**Betting & Gaming Council Chair
Brigid Simmonds speaks exclusively
to Gambling Insider**

"As we continue to implement our growth and diversification strategy with precision, we are excited to welcome the Tropicana Evansville into the Bally's family; and look forward to the opportunity to provide our first-in-class land-based and interactive entertainment offerings to the Indiana gaming market."

**Bally's Corporation President and CEO
George Papanier on the acquisition of
Tropicana Evansville casino in Indiana**

TERRY GLEBOCKI RESIGNS AS OCEAN CASINO RESORT CEO

After being CEO of Ocean Casino Resort in Atlantic City for two years, Terry Glebocki has resigned from her position.

She had taken over the casino when it was on the verge of bankruptcy and, during the three years she spent there (including the last two as CEO), the resort has steadily rebounded.

Through the first half of 2021, Ocean reported a gross operating profit of almost \$25m (compared to an operating loss of half of that amount in the same period of 2020).

Early in Glebocki's tenure, Ocean was purchased by New York hedge fund Luxor Capital Group, which invested over \$70m into the casino since mid-2020. Half of the casino's ownership was bought by Ilitch Holdings in April 2021.

Like numerous other Atlantic City properties, Ocean managed to survive during the Covid-19 pandemic by turning to online gaming and sportsbook as significant sources of revenue.

In an interview with *Gaming America* earlier this year, Glebocki said:

"We had tremendous momentum prior to this crisis, as a property and as a market. Businesses are dynamic by nature. They adapt to changing situations to survive. Atlantic City has seen challenging times before and we will continue to adapt to meet the challenges of tomorrow."

Glebocki's resignation reduced the number of Atlantic City female leaders to two – Borgata's Melonie Johnson and Tropicana's Jacqueline Grace.

GI Verdict: The resort has not announced a new CEO; however, the person to follow will have big boots to fill as Glebocki is "leaving the property as a leading casino resort."

Glebocki did a stellar job turning the resort around, while the project was very much close to her heart. Perhaps her role was always destined to be that of steadying the ship, and allowing someone else to step in and take the project forward. We may never be privy to the intimate details.



THIRD PUBLIC CONSULTATION ON MACAU GAMING INDUSTRY CANCELLED

Macau's gaming industry has cancelled another public consultation because of Typhoon Kompasu, making it the third one local regulators have had to put off.

The consultation meeting was supposed to allow officials to gauge public opinion on a proposed tightening of casino rules, but due to safety reasons, with the city raising its warning signal to a No 8 (a severe type of storm), it was called off.

The two previous meetings have been cancelled due to Covid related restrictions and only one public session remains before the 45-day consultation period concludes on 28 October 2021.

In the meantime, broker-dealer Sanford C. Bernstein's predictions about the recovery of the region's casinos suggest that the industry will only get back to the pre-pandemic level in 2025. Analysts reported that Macau's 2021 gross gaming revenue will reach just 31% of 2019 levels which stood at MOP292.5bn (\$36.5bn).

"Golden Week was completely ruined due to the border closures, and we forecast October GGR to be down nearly 80% compared to 2019, but this is likely to be even worse if the border control measures with Zhuhai/China stay longer than expected," said Bernstein.

"At this point, we expect to see GGR improvement in November and December, but do not expect the opening up of Hong Kong or easing China visas until next spring and summer."

GI Verdict: According to Bernstein, gradual growth in revenue is supposed to reach 59% by 2022, 87% by 2023, 96% by 2024, and 106% by 2025; however, after a decline in visitors during the recent October Golden Week, predictions for the short-term future of Macau aren't positive, which leaves one wondering if Bernstein's (already low) numbers will become a reality.

That said, any delay to Macau's regulatory meetings will be music to the ears of shareholders who panicked when potential new regulation was floated.

"As our analysis shows, match-fixing is evolving and those behind it are diversifying their approach, both in the sports and competitions they target, and the way they make approaches to athletes, such as the rise in digital approaches. To help address this, Sportradar has made a significant investment to make it possible to offer the UFDS for free to global sports organisations and leagues."

MD of Integrity Services at Sportradar, Andreas Krannich, speaking about the increased sophistication of match-fixing and how the industry can respond

"Europe's esports engagement is on a steep growth trajectory, and we foresee tremendous growth in its esports wagering market. With its educated and talented workforce, strong tech infrastructure, and business-friendly environment, Malta offers the ideal location for us to create new opportunities across Europe."

Esports Technologies CEO Aaron Speech on the growth of esports betting and his company's expansion into Malta

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Betsson AB
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Sportradar
21.66 USD  8%

RELAX GAMING LAUNCHING IN NETHERLANDS MARKET

Following the completion of regulatory and certification requirements, Relax Gaming has announced it is going live in the Netherlands.

Dutch players are now able to enjoy the provider's games, which are brought by its 24 studio partners (via Relax's Powered By Relax and Silver Bullet programmes, along with its platform suite).

Since Relax Gaming now has the full certification to the standards set by the country's regulator, the provider's portfolio (along with several suppliers from its aggregation programmes) is already active for the regulated market of the Netherlands. The provider will soon announce each of the operators (which the Dutch Gaming Authority has licensed) to be available.

Alexia Smilovic-Rønde, Chief Regulatory Officer at Relax Gaming, commented on the expansion: "We see this latest success as a key milestone for both Relax Gaming and our highly valued partners, as the market regulates and starts to grow. We believe this will

be a highly valuable and successful market entry for all associated parties, as we provide our best-in-class product suite and unique concepts to players in the Netherlands. This is a continuation of the drive that underpins our hard-earned reputation for driving differentiation in the industry."

The main focus of the provider is further expansion to other regulated markets, while stating it is committed to player protection.

Relax Gaming has been providing its partners with more than 2,000 online casino games, which range from proprietary slots to a wide library of content from third-party studios via its partnership programmes.

GI Verdict: Relax Gaming's latest expansion further establishes its position across European markets; what other jurisdictions will the provider expand to now and how will it fare in the Netherlands? Especially considering it is now bolstered by being fully owned by Kindred Group, following this year's acquisition by the operator.



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REVENUE REPORTS: MD

Maryland September gaming revenue rose year-on-year and vs. the same month in 2019.

Casinos are operating at full capacity, whereas they were limited to 50% capacity last year, except for MGM's National Harbor and Caesars Horseshoe, which were at 25% capacity.

SLOTS	SEPTEMBER REVENUE (M)	PERCENT CHANGE 2019 VS 2020	
Hollywood Casino (PENN)	\$6.518	+27.39	+10.35
Ocean Downs (CHDN)	\$8.031	+18.46	+15.43
Rocky Gap (GDEN)	\$4.873	+18.04	+6.00
National Harbor (MGM)	\$38.144	+17.70	+21.65
Live! (Cordish)	\$39.566	+16.23	+17.15
Horseshoe Baltimore (CZR)	\$11.890	+7.82	+1.67
Total Slots	\$109.022	+16.60	+15.63

ALL-SOURCES REVENUE	SEPTEMBER REVENUE (M)	PERCENT CHANGE 2019 VS 2020	
Hollywood Casino (PENN)	\$7.465	+25.02	+11.07
Ocean Downs (CHDN)	\$9.034	+20.96	+17.40
National Harbor (MGM)	\$69.497	+20.41	+20.90
Live! (Cordish)	\$56.496	+18.43	+14.94
Rocky Gap (GDEN)	\$5.363	+11.83	+6.35
Horseshoe Baltimore (CZR)	\$17.532	-5.56	-0.46
Total	\$165.388	+16.29	+15.09

TABLE GAMES	SEPTEMBER REVENUE (M)	PERCENT CHANGE 2019 VS 2020	
Ocean Downs (CHDN)	\$1.003	+45.55	+36.03
Live! (Cordish)	\$16.930	+23.89	+10.09
National Harbor (MGM)	\$31.353	+23.88	+20.00
Hollywood Casino (PENN)	\$0.947	+10.84	+16.26
Horseshoe Baltimore (CZR)	\$5.642	-25.14	-4.68
Rocky Gap (GDEN)	\$0.491	-26.54	+10.04
Total Table Games	\$56.366	+15.69	+14.05



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GUEST INTERVIEW



JULIAN JARVIS,
CEO, PRAGMATIC PLAY

Jarvis discusses balancing innovation with volume

How do you keep producing slot games at a high rate without the games being too similar?

It's a simple rule but it goes like this: 'We don't make two games that are the same.' Of course, there can be some level of similarity between games, but if you study our games closely, you'll see that no two games are the same, there's always some sort of meaningful difference. In a portfolio of over 200 games, you'll see an eclectic mix of graphics, mathematics and mechanics.

I think that's testament to the fact that we really do strive for innovation and different ways to entertain the players. We look for those marginal gains, those areas where it might seem like nothing further can be added, and then try to add value to the players experience from there.

It can be difficult to maintain this, but it's a commitment made by the whole team and it's a standard we set for

ourselves. When there's a level of expectation set, everyone supports each other to meet it. Maybe one day it could be the mathematics team that develops something innovative, one day it will be the backend guys, it could be the front-end team the next day.

In terms of producing games at a high rate, without getting too technical, we often use frameworks as a base which allows for rapid production. It's important though, that the frameworks also allow the variations to be introduced that allow for the necessary differentiation.

Is there a trade-off between innovation and volume?

I think this all depends on the systems in place for both. We have evolved our processes over time so that we can deliver a high pace of game releases, without sacrificing quality. The 'quality and quantity' approach is not easy and it requires the whole team to get behind it.

If there weren't the right technical frameworks in place to allow us to produce enough volume, it would be more difficult to keep up the pace we do. Each member of our development team shares the expectation that every game from Pragmatic Play has to live up to high standards and needs to deliver extra value to the portfolio. Every slot in our roadmap is a valuable one and that concept drives much of the decision-making. The result of this is that we are able to deliver a rich variety and an ever more valuable portfolio of games, for our operator

A promotional graphic for the Global Gaming Awards 2022 in London. The central focus is a large, illuminated trophy with a globe on top. The trophy is surrounded by several smaller, similar trophies. The background is dark with glowing light trails and spotlights. The text 'GLOBAL GAMING AWARDS 2022 LONDON' is prominently displayed on the main trophy. To the right, the text 'SELF-NOMINATIONS NOW OPEN' is written in large, bold, yellow letters. At the bottom right, there are logos for 'Lead partner BETCONSTRUCT', 'Official Adjudicator KPMG', and 'Powered by GAMBLING INSIDER'.

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clients and the players.

In addition, the rapid pace of production and distribution of our games can aid innovation because it allows for quick feedback on what works and what doesn't work. If we see something that can be improved, we make the changes quickly for the next release. In that sense, the quicker we launch new games, the quicker we can iterate and improve.

Can you give us some examples of innovation in titles you have released or are going to release this year?

Gates of Olympus is a game that has performed well this year, and we put a lot of effort into creating volatility and surprise for the players. The pay-anywhere engine in Gates of Olympus can spark some impressive chains and winning combinations use a lot more of the grid than is usual in a regular slot. This

adds a different feel than the usual 'left to right adjacent symbols' style, so it's always nice to see players respond positively to these approaches.

Another example is our upcoming Santa's Wonderland, one of our Christmas releases this year. The common practice when making seasonal games is to leave the maths as they are and take the game and add a Christmas theme, or football theme, or Halloween theme and so on. In this case, we're producing Santa's Wonderland off a great performing title, Gems Bonanza. However, we noticed a few things we wanted to add mathematically for the Christmas version. We think that Gems Bonanza players will see the difference and appreciate it, and new players will have an even better experience than with the 'original'. Essentially, we always leave the door open for improvements and innovation wherever we can find them.

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