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WEEK 48

FRIDAY 3 DEC 2021

MACAU CASINO SHARES PLUMMET AMID JUNKET BOSS' ARREST



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THIS WEEK

- **Billion dollar baby:** Nevada hits the big bucks
- **Sued:** IGT takes action against DOJ over Wire Act
- **Advocated:** KSA shuts down 'Dordtse Queens' illegal Facebook account
- **Denied:** Judge rejects Seminole Tribe's request
- **No holding back:** MP says Camelot "milks profits"

GUEST INTERVIEW:

- **Brandon Walker,** Head of USA, Amelco

MACAU CASINO SHARES PLUMMET AMID JUNKET BOSS' ARREST

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A week in Wynn



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Suncity CEO and Chairman Alvin Chau was detained by authorities, prompting a sudden drop in shares for companies with operations in Macau

▶ Shares in Macau's casinos plunged after 11 individuals, including noted junket boss Alvin Chau, were detained over alleged links to cross-border gambling and money laundering.

The businessman and his fellow suspects are accused of operating a syndicate that facilitated gambling in mainland China via an illegal betting platform in the Philippines.

Chau, the Founder of Suncity Holdings, Macau's biggest junket operator, was widely believed to be the 47-year-old businessman that police said they were questioning on Sunday.

This was confirmed by the gambling hub's Public Prosecutions Office in a statement on Monday, which went on to provide more clarity regarding the allegations.

The Prosecution Office alleges that Chau is the ringleader of a Macau-based syndicate which ran an illegal "live web betting platform" in the Philippines, allowing mainland Chinese gamblers to place wagers online, and often for large sums of money.

This announcement came after Chau was reportedly questioned by the gambling hub's Judiciary Police for 14 hours overnight on his involvement with the alleged syndicate, illegal gambling and money laundering.

Under Macau's law, the crime of leading a criminal gang carries a maximum sentence of 12 years in prison for the Suncity Founder, and 10 years each for his alleged co-conspirators. Money laundering, meanwhile, is punishable by up to eight years in prison; and offering illegal gambling by up to three.

After a recommendation from the prosecutor's office, a local judge determined that Chau and four others posed a flight risk and ruled that they should be held in compulsory detention while they await trial.

The remaining six suspects have been released on bail, though they may not leave the city and must check-in with authorities at regular intervals.

But Macau's authorities are not Chau's only problem. An arrest warrant was separately issued for the junket boss on Friday in the eastern Chinese city of Wenzhou. This case is independent of that built by Macau's Judiciary Police and accuses Chau of operating gambling activities in mainland China, where gambling is illegal.

The People's Procuratorate of Wenzhou urged him to "surrender as soon as possible" for having "seriously hampered the social order of our country."

Money leaving the country via gambling has long been a problem for Chinese authorities, with Miao Shengming, a top official at the Supreme People's Procuratorate, calling it a harm to the nation's "economic security."

"Out of those that go overseas to gamble, some bet enormous amounts, causing a huge outflow of funds," Miao said.

As you might expect, Suncity was hit hard by this development, with its shares suspended from trading. The Hong Kong-listed group advised its investors of the negative impact this will have on the company after revealing that Chau will step down as CEO.

Suncity wasn't alone in feeling the hit of Chau's arrest. As of Monday morning, MGM China shares fell by 11%, with Wynn Macau and Sands China shares falling by 9% and 6% respectively, as investors fear both the short-term and long-term consequences of the arrests.

Short-term issues involve potential loss of business, while long-term worries centre around the potential hardline stance that will be taken by authorities in Macau and mainland China, to ensure such a situation doesn't occur again.

"With Chau's arrest, analysts have speculated that a new era of zero tolerance has begun in Macau, one where mainland China will intervene more freely in the affairs of the East Asian gambling hub"

"Suncity accounts for over 50% of junket revenue in Macau, which accounts for roughly 50% of gaming revenues, so Suncity accounts for 25% of gaming revenues," said Carlos Lobo, a Macau-based gaming consultant, as reported by Reuters.

"The impact on the gambling industry is huge... But Suncity is no longer too big to fail, the system will not collapse."

With Chau's arrest, analysts have speculated that a new era of zero tolerance has begun in Macau, one where mainland China will intervene more freely in the affairs of the East Asian gambling hub.

GI Verdict: Whether this is a show of force to keep junkets in line or the start of something new remains to be seen, though we at *Gambling Insider* are more inclined towards the latter. Money flowing from China via various means has been a thorn in the aspiring superpower's side for a while now and it was only a matter of time before the growing nation decided to pluck it out. Junkets are an easy target for China's attentions as it looks to stall the slow trickle of currency, especially as its ruling Communist Party cracks down on supposedly 'immoral' activities.

THIS WEEK IN NUMBERS

92%

Improvement in Problem Gambling Severity Index (PGSI) score for clients who completed their scheduled treatment with the National Gambling Treatment Service



\$491.5m

In October wagers for Colorado's online and retail sportsbooks



13th

December, grand opening date for Yaamava' Resort and Casino at San Manuel



£2.6m

Secured in seed funding for new social gaming platform PickGuru (\$3.5m)



AU\$1bn

Of criminal money being laundered through poker machines in Australia, a joint report by Australian media outlets The Age, The Sydney Morning Herald and 60 Minutes claims (US\$710m)



US ROUND-UP: A WEEK IN WYNN

► The past week was an eventful one in the world of Wynn Resorts. From the celebrations that come with the appointment of a new President, to the concern that recurring legal cases and falling stock prices bring to a company, there was lots to talk about regarding the gaming giant.

Beginning with the positive news, November 24 saw the appointment of Ian Williams as the new President of Wynn Interactive; the industry veteran is set to oversee the global day-to-day operations of the gaming juggernaut. Having experience at Churchill Downs and Thistle Gaming, the Leeds Metropolitan University graduate takes the reins of Wynn's iGaming branch. With 20 years of industry expertise, Williams first joined Wynn's sports betting arm, WynnBet as Chief Operating Officer in October this year.

This announcement came just weeks after the company revealed Wynn Resorts CEO, Matt Maddox, would be stepping down from his position come January. Recently, Wynn Resorts Chairman of the Board Phil Satre, expanded on this decision.

He said: "As often happens with talented people, they have their own plans. Matt has been with the company for 20 years and is 46-years-old. Matt wants to explore opportunities outside of gaming and now is the right time for him to do that from a career standpoint. I commend him for it, even as I regret it."

"Matt led our company through two of the most fundamentally challenging events any executive could possibly expect: the abrupt departure of a founder and a pandemic."

In other news regarding the company, the United States Court of Appeals for the Ninth Circuit will allow nine "Judy Doe" plaintiffs to refile their complaint alleging sexual harassment perpetrated by Steve Wynn, former chairman and CEO of defendant Wynn Resorts. Identified as nine female employees of a Wynn-operated resort, the victims previously filed a complaint

in the United States District Court, for the District of Nevada against the defendants Wynn Resorts Limited and Wynn Las Vegas LLC.

However, the initial decision by the District Court ruled that the plaintiffs "failed to plead sufficient facts to support the claims" and dismissed the complaint without prejudice and without allowing leave to amend. Yet, on Tuesday, the Appeals Court ruled the case should be remanded or returned to the lower court, leaving room for the case to be revisited.

Lastly, as detailed in story one, following a number of high-profile arrests in Macau's gaming world, including Alvin Chau, Suncity Group Holdings Chairman, Wynn Macau saw its stocks fall by 9% on Monday as fears of stronger gambling regulation continue to grow.

GI Verdict: With the appointment of Ian Williams, Wynn Interactive has surely gained an experienced and forward-thinking voice to lead the company into the New Year.

This will be especially valuable in bringing stability to the gaming giant following the well-documented departure of its parent company's CEO Matt Maddox. Indeed, Williams, with his almost two-decade-long history in C-level executive positions in the US, UK and Canada, will likely be the ideal voice to see Wynn Interactive remain competitive in an iGaming market that is ever-changing, ever-growing and requires constant adaptation.

While this news is undoubtedly a win for Wynn, the week has also had its challenges. The return of legal proceedings against the operator's founder is likely to bring with it a certain level of controversy, as will the worry regarding gaming operations in the former Portuguese colony.

Ultimately, though, the appointment of Williams puts Wynn Interactive in a position to grow further, with a well-established and innovative President helming the gambling stalwart's digital arm.

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Friendly football matches involving European clubs between 2016-2020 involved match-fixing, according to a study from the University of Nicosia Research Foundation

\$5m

Stock buyback from GAN, authorised by the company's board of directors



CA\$15.8m



In cash for Real Luck Group in Q3 2021, with no debt (US\$12.4m)

EIGHTH MONTH IN A ROW OF \$1BN REVENUE FOR NEVADA

Following its \$1.06bn posting in March, its \$1.03bn tally in April, the state's \$1.23bn total in May, its \$1.19bn revenue generation in June, its \$1.35bn posting in July, its \$1.16bn tally in August and its \$1.01bn total in September – yes, sorry for the long list, that's a lot of billions – Nevada has generated gross gaming revenue exceeding the \$1bn mark for an eighth month in a row.

This confirms the trend that hospitality and tourism has returned to pre-pandemic levels in Nevada, the home of Las Vegas.

According to data from the Nevada Gaming Control Board, casino revenue was just over \$1.2bn for October, with the monthly total up 20% from October 2019.

Board senior analyst Michael Lawton pointed out that gaming win for 2021 is now 9% above 2019.

Despite "disappointing results" from Nevada's sportsbooks in football, sports betting handle also set an

all-time record.

Overall, this contributed to \$71.8m in tax revenue for the Silver State. Viva Las Vegas!

GI Verdict: Are we at *Gambling Insider* at all surprised to hear Nevada gaming has once again surpassed \$1bn in monthly revenue? Nope.

Las Vegas gaming is certainly booming right now, with analysts in our recent issue of *Gaming America* predicting that 2022 may well be the most lucrative year in US gaming's history.

Given how 2021 has gone for Nevada (among others), this may well be on the cards...

The only obstacle that could scupper a historic year for the record books is, of course, a further spread of Covid-19. Casinos in Nevada will be on alert as several economies prepare for potential anti-Covid-19 measures this winter.

For now, though, the outlook remains very, very promising.

THE WEEK IN QUOTES

"We are delighted to have been awarded our provisional licence by the Virginia Lottery. This is an important milestone for 888 which enhances our foothold in the US online sports betting and iGaming market."

Yaniv Sherman, 888 SVP, Head of US, after 888 Holdings was awarded a provisional sports betting licence to operate in Virginia

"It speaks to our commitment to social and community responsibility. Our own players have been victim to abuse on social media because betting got out of hand. By working with GambleAware, we are encouraging our fans and the community to stay within their means and to not let betting take away from what sport should be about."

Sydney Kings and Sydney Uni Flames Chairman and Owner Paul Smith, after the two basketball teams joined Reclaim the Game, a partnership program which counters the normalisation of sports betting and advertising in sport

IGT SUES DOJ OVER WIRE ACT DISPUTE

Supplier IGT is suing the US Department of Justice over a legal opinion in 2018, because of which the business can either be closed down or is at risk of "federal felony prosecution."

A law dating back to 1961, called the federal Wire Act, had banned most forms of interstate gambling; in other words, all interstate wagers and any information passed on pertaining to wagers via telephone or any other wired facilities was outlawed.

IGT now seeks clarification in regard to this matter, since the majority of its business consists of running online lotteries and gambling; the supplier wants to know whether its business is subject to the act and if it can continue its business without the risk of prosecution.

IGT argued that "virtually all modern lottery and gaming relies

on interstate wires," while the Department of Justice seems to be handing out contradictory guidance around gambling and the law.

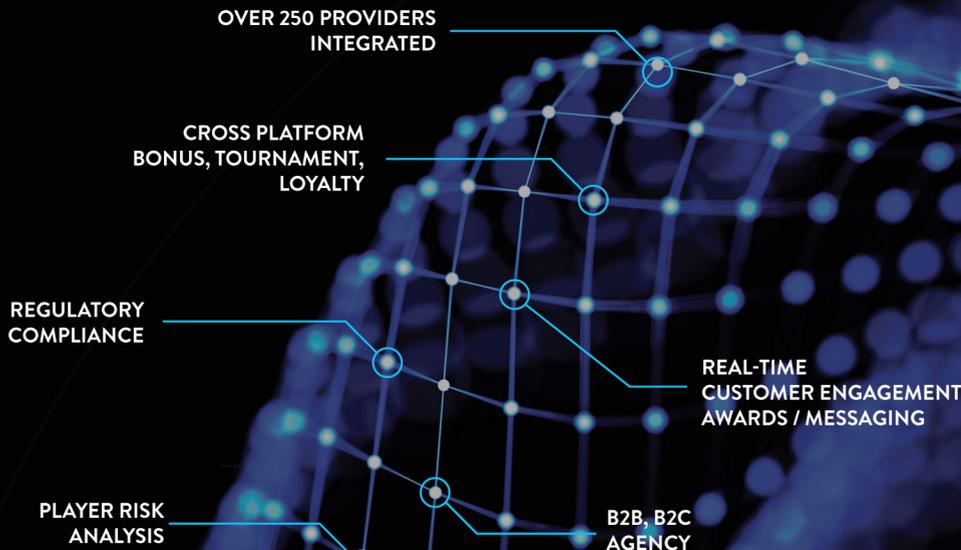
For example, in September 2011, the Department stated the Wire Act applied to all forms of online gambling, not only sports betting.

In November 2018, a different report from the Department interpreted the Wire Act very differently. However, in 2019, a federal judge nullified the law.

GI Verdict: All in all, it is unclear whether the Wire Act is still taken into consideration or not by the Department, yet IGT does need an answer in regard to its business; other companies might also start asking questions as to whether the basis of their businesses will adhere to the Wire Act or not, so this will be an interesting process to look at.

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“The Netherlands is one of the most important markets in Europe and we believe that it will grow at a rapid rate in the coming months and years now that a proper regulatory framework is in place. We will be going live with our first operators shortly and looking forward to partnering with more as we establish Betixon as a leading content provider in the Dutch market.”

Betixon CEO Lior Cohen after a selection of its games were certified for launch in the Netherlands online gambling market

“We have ambitious plans to harness the power of blockchain and deliver better experiences for players and operators. The use of digital currency is growing and in CasinoCoin we have a token that has been designed specifically for the regulated online gambling industry, and I look forward to delivering valuable utility to both holders and operators.”

Mark Robson upon being named the new CEO of Eminence Holdings

SEMINOLE TRIBE DENIED BY JUDGE IN FLORIDA CASE

The agreement between the Seminole Tribe and the State of Florida has been invalidated by Federal District Judge Dabney Friedrich; this ruling means the tribe does not have the legal right to operate online sports gambling and its request for a stay was denied.

Starting with 1 November 2021, the app had begun accepting wagers, granting the Seminoles a monopoly on betting sports in Florida; regardless of the ruling, Hard Rock Sportsbook was still operating and accepting bets a day later.

The tribe’s lawyer argued the Seminoles would “lose substantial revenue” made from operating online betting, money which the tribe would use to fund its programs. However, Judge Friedrich saw no particular argument that proved the tribe would be considerably harmed if the requested stay was not granted.

Judge Friedrich’s ruling noted the deal between the state of Florida and the Seminole Tribe violated the Indian Gaming Regulation Act (IGRA) which

allowed sports bets to be placed state-wide, instead of just on Indian land.

Friedrich commented: “When a federal statute authorises activity only at specific locations, parties may not evade that limitation by ‘deeming’ their activity to occur where it, as a factual matter, does not.”

After the ruling, a motion for a stay was filed, which was denied, causing the tribe to go to the Circuit Court of Appeals in an attempt to reinstate sports gambling.

GI Verdict: Even though the results of the appeal will be announced in 2022, (with the possibility of happening sometime in December), the Seminoles have continued to take bets, which, according to Bob Jarvis, a Nova Southeastern University Law Professor, “has always been the Seminoles modus operandi (way of doing things). They fight in court, but they continue to do business as usual.” This cat and mouse game between the tribe and the state should be an intriguing watch.



TAKING STOCK

SHARE PRICES COVER THURSDAY
25 NOVEMBER TO THURSDAY
2 DECEMBER (09:30AM GMT)

Sands China
17.28 HKD  19%

MGM China
4.95 HKD  22%

888 Holdings
308.88 GBP  7%

Wynn Macau
7.78 USD (Share Price from 24
November due to Thanksgiving holiday)  21%

Scientific Games
59.99 USD (Share Price from 24
November due to Thanksgiving holiday)  9%

FACEBOOK PAGE PROMOTING ILLEGAL BINGO GAMES SHUT DOWN BY THE KSA

The Dutch Gaming Authority (KSA) has recently shut down a Facebook group that organised illegal online bingo games.

With the help of its eight administrators, all of whom advertised the games on their respective Facebook pages, 'Dordtse Queens' took advantage of the free marketing tools offered by social media to promote the activity.

Talking about the interconnected nature of the accounts promoting the group, the KSA described the ad-hoc network as "a spider web of illegal bingo."

Further investigations revealed that minors were also able to participate before the regulator managed to put an end to the activity. The six Facebook pages that were, directly or not, associated with 'Dorstse Queens,' were reported and the social media platform removed them.

The Dutch regulator said: "For some

time now, the KSA has been reporting to Facebook if the platform is used for illegal practices. Offering a game of chance without a licence is prohibited in the Netherlands.

"The KSA monitors that participants in games of chance can do so safely and that participation in illegal games of chance is prevented. Organisers of illegal lotteries and bingos risk a large fine."

The country's newly regulated online gambling market went live recently, but the KSA has been a busy regulator since that launch.

GI Verdict: Earlier in November, the regulator had selected 25 gambling websites for further investigation, with sanctions to be handed down should they be found to be offering gambling options to Dutch players. The KSA is hunting down all sites and pages that don't comply with its regulations – and they risk being swatted like flies!



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NATIONAL LOTTERY HEARING: MP JOHN NICOLSON SAYS “GREEDY CAMELOT FUNDS FROM SOCIETY”

The DCMS (Departure for Legal, Culture, Media and Sport) Select Committee this week held the hearing for its National Lottery enquiry.

The overarching topic covered criticism towards operator Camelot Group, which is said to have made an increase in profits at a faster rate than an increase in funding for good causes.

During the hearing, MP Kevin Brennan reported a statement from The Public Accounts Committee at the House of Commons’ published report.

He divulged: “The returns for good causes from The National Lottery did not increase at the same rate as Camelot’s profits. The returns for good causes were only 2% higher in 2016/17 than they had been in 2009/10, whereas in the same period, Camelot’s profits weren’t 2% higher, they were 122% higher.”

Olympic Champion Adam Peaty commented: “Are the ‘good causes’ to make them [Camelot] look good? Are we funded to make them look good?



I think if we are supported on these journeys, which has been incredible, there should be more funding for that and more funding for grassroots. If your profit is going up by 122% and good causes has only gone up by 2%, it doesn’t take anyone with two brain cells to go ‘hold on a minute what’s going on here.”

MP John Nicolson did not hold back his distaste for the operator, saying: “When I hear you [Peaty] had to pay homage to greedy Camelot which milks

these profits, as we have heard from Kevin, the fact that you are instructed to be obsequious to them on camera made me feel terribly uncomfortable.

“At the end of the day this is funded by gambling, and we know that gambling is funded by the poorest people often in society by the poorest areas in society.”

True or False

A spokesperson for Camelot told *Gambling Insider*: “It’s disappointing to see people once again referring to an outdated, flawed report – which gives an inaccurate picture of the current health of The National Lottery. We retain around 1% in profit after tax. Last year, we achieved record National Lottery sales of over £8.3bn and over £7.9bn of that went back to winners and society, compared with £78.1m retained in profit.

“Returns for Good Causes are now £500m more per year than they were at the start of the third licence back in 2009.”

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OCTOBER REVENUE REPORT: NEVADA

Fantini Research provides the latest data from the Silver State. For analysis, see story 3.

	OCTOBER REVENUE (M)	CHANGE (%)	
		VS 2019	VS 2020
Nevada	\$1.221BN	+48.54	+19.52
Las Vegas Strip	\$702.187	+86.88	+30.39
Clark County	\$1.057	+57.29	+20.21
Downtown LV	\$76.039	+43.95	+11.30
North LV	\$22.903	+18.64	-13.12
Laughlin	\$41.132	+6.64	-7.51
Boulder Strip	\$67.734	+14.67	-13.73
Mesquite	\$14.863	+14.40	+22.20
Balance of County	\$131.827	+16.36	+19.10
Las Vegas Locals Market	\$222.464	+16.07	+3.20
Washoe County	\$86.909	+11.21	+18.01
Reno	\$62.482	+10.77	+17.49
Sparks	\$14.467	+18.77	+21.83
North Lake Tahoe	\$2.196	-2.89	+18.46
Balance of County	\$7.764	+6.36	+15.28
South Lake Tahoe	\$16.045	-25.79	-17.73
Elko County	\$32.182	+28.00	+27.81
Wendover	\$21.547	+26.53	+28.65
Balance of County	\$10.635	+31.10	+26.14
Carson Valley Area	\$11.507	+14.33	+16.50
Other Areas	\$18.082	+16.63	+22.87

GUEST INTERVIEW



BRANDON WALKER,
*HEAD OF USA
AT AMELCO*

Walker reflects on 2021 for US sports betting, and discusses which markets excite Amelco the most going forward – as more and more states legalise forms of gaming

How does Amelco reflect on 2021?

It's been a great year – we had a slow start, given events, but we really came out of the blocks in terms of deals done and clients aboard.

Everyone had a tough 2020, we weren't sure what 2021 would bring, but given the scope and scale that we're now operating in the US right now, it has actually turned out to be our best year yet.

How has this year compared to 2020 and 2019 for Amelco?

Live sports were cancelled in the US in 2020, which represented a blip for us. With 2021, that's all changed – comparing the lockdown conditions of 2020 with where we are now, the difference couldn't be greater. 2019, of course, is going even further back – and our growth since then has been fantastic.

We've been one of the best to capture market share stateside as online sportsbook continues to roll out – and we definitely now consider ourselves a frontrunner, alongside Kambi and the likes. By 2022, I expect we'll be live in 10 states – so not too bad at all!

What goals and product launches have you got in store for 2022?

Next year will be all about continuing our US rollout – there's a lot we're looking to do but we can't be too specific on features and functionality. There are big plans in the pipeline for 2022 and, in principle, I can say that it will be around branching into new states.

There's a wealth of opportunity there – and California is definitely on the horizon, which right now we're watching and waiting to see how the market develops before working out how we can serve it best.

Florida and New York are also very exciting, but we will wait for the dust to settle on those markets before we begin to explore their potential. For us at Amelco, it's all about waiting for the right time to make a move and working out how we can serve best, instead of jumping in too fast.

“There's a wealth of opportunity there – and California is definitely on the horizon, which right now we're watching and waiting to see how the market develops before working out how we can serve it best. Florida and New York are also very exciting”

Given the speed at which US markets are now opening up, which market excites Amelco most ahead of next year? Is it one of the newer markets or stalwarts like New Jersey/Nevada?

We are live in New Jersey and that is a big market for us – especially with the work we're doing with the likes of PlayUp and Fubo. Of course, the state has record betting handles, and there's no reason why this shouldn't continue, and we're always looking to adapt and evolve our offering in the market to work out how we serve clients best.

As far as Nevada is concerned, we're keeping an eye on it – when we identify a good way to operate there, we will set the wheels into motion. For us, California's incredibly exciting and a great market to look at, and Colorado, Iowa, and Michigan are all performing well, while we hope to be live in Arizona before Christmas.

Over to retail, land-based is definitely going to be key for us in Florida, with some exciting announcements to come. iGaming also represents an excellent growth opportunity too, and as new states come online, we'll see our Amelco platform live in far more states than ever before.

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