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WEEK 04

FRIDAY 28 JAN 2022

LORDS AND MPS SAY “ROGUE” GAMBLING COMMISSION MUST BE REINED IN

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THIS WEEK

- Unrest at Playtech
- Change at Fortuna
- Wynn Resorts to develop multi-billion-dollar UAE resort
- DraftKings stock lauded by Morgan Stanley

GUEST COLUMNIST:

- Ray Pineault, President & CEO, Mohegan Gaming & Entertainment

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LORDS AND MPS SAY “ROGUE” GAMBLING COMMISSION MUST BE REINED IN ▾

See also page 3

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



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UK politicians chastise “incompetent” Gambling Commission and call for reform in upcoming review; but report is later criticised

The Parliamentary All-Party Betting & Gaming Group (APBGG) has issued a severe, if subjective, set of findings from its investigation into the effectiveness of the Gambling Commission.

The report, which demands a “significant change in the Gambling Commission’s culture, strategy and practices,” suggested that the regulator has “gone rogue” in its duties and is failing to understand the industry it serves.

Motivated by anecdotal feedback from concerned betting operators, the APBGG launched the inquiry last September, officially titled the ‘Investigation into the Competence and Effectiveness of the Gambling Commission’.

The group requested anonymous feedback from operators, which it categorised into three areas of complaint: where the Commission had acted beyond its powers, alleged breaches of the regulations and examples of incompetence and ineffectiveness.

The group claimed operators were fearful of complaining to the Commission itself should they receive a reprimand. The APBGG’s subsequent report leaves little to the imagination.

With more than a hint of irony, the APBGG criticised the Gambling Commission for harbouring “an overtly anti-gambling ideology” and went as far as to label the Commission an “industry-funded anti-gambling activist group.”

Scott Benton MP, Co-Chair of the APBGG, commented: “I am truly shocked to reveal so much evidence of bad practice by the Gambling Commission over the years. We have been hearing stories for years, but to see it in black and white is pretty stark.

“To think that members of our gambling industry, one of the most reputable in the world, who pay the Commission’s wages, have had to suffer such poor service from their regulator is of the utmost concern.

“Especially as it acts like it is an anti-gambling group, whose sole purpose is to destroy the industry.”

Benton went on to label the Commission “ideological zealots” and calls for fundamental changes from top to bottom.

A Conservative Party member and the MP for Blackpool South, Benton made no pretence about his position on the Gambling Commission, which he accused of engaging in a conspiracy to undermine Britain’s gambling industry in his foreword to the APBGG’s report.

“We had heard too many stories about how the Commission was not only poorly serving the industry that it regulates but that it was actively implementing its own policy of seeking to reduce the size of the industry through unnecessary regulatory burden,” he remarked.

But this report was later criticised for being too pro-industry.

At the Betting & Gaming Council (BGC) AGM last week, John Whittingdale MP discussed the divide that has created such polar opposite opinions on gambling within the UK. *Gambling*

Insider was in attendance as Whittingdale discussed the contrasting approaches to the industry that have always created a rift within the UK market.

He said: “There are those, not least in Parliament, who think gambling is inherently dangerous. A minister in the House of Lords recently described gambling as a cancer in society – not gambling addiction, but gambling.

“Some lobbyists told me there are two types of gambler: gamblers who are addicts and gamblers who are potential addicts.

“That is a divide that is probably unbridgeable. In most issues, there is a reasonably clear difference between parties – but this is not the case in gambling.”

Whittingdale also acknowledged the opposition gambling traditionally faces from mainstream media.

“In actual fact, the incidence of problem gambling has been falling. So the slightly hysterical comments made in the media would give the impression that this is a scourge that’s increasing by the month,” he explained.

Whittingdale later used the example of drones hovering outside horserace tracks, filming races for illicit operators, countering critics’ claims that the threat of black-market gambling is a red herring.

When it came to sponsorship, the MP conceded the Premier League, which is “awash with money,” wouldn’t necessarily need gambling sponsorship – but said it benefits lower leagues and their clubs considerably, many of whom may not otherwise survive.

He later went on to accept that there is a case for more to be done in reducing the scale of VIP programs within the industry, while welcoming the idea of a gambling ombudsman.

But he warned an ombudsman is “desirable but not a panacea,” and that gamblers who have lost can’t just be given their money back because they didn’t win. In short, bettors know the risks involved when they gamble.

Whittingdale’s final point was a criticism of the Gambling Commission for its role in the Football Index saga, or, more specifically, the laws that did not require it to “understand the economic viability” of a gambling product.

If anything should change during the forthcoming Gambling Review, it is precisely that; clearly, it seems the APBGG agrees.

GI Verdict: While it is unlikely to weigh heavily on the Government’s Gambling Review, the APBGG’s report won’t go unnoticed. In particular, it may encourage operators to make their case more publicly. As Whittingdale noted, the industry is often vilified by mainstream media outlets, which undoubtedly has an impact on public opinion and, consequently, informs policy. However, there is an economic incentive, and as more operators take steps to improve their image, could public opinion swing in their favour – or enough to convince politicians? Or is this an uphill battle not worth fighting?

THIS WEEK IN NUMBERS

\$514m

Handle reported by Michigan sportsbooks for December



15%

IMF-projected GDP growth for Macau in 2022

€125.8m

Turnover recorded by Monaco's Société des Bains de Mer(SBM) for Q3 FY 2021/22 (\$142.2m)



\$340m

December handle for Tennessee sportsbooks

\$19.5m

Gaming Realms' full-year revenue for 2021



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

► Oklahoma's **Chickasaw Nation** agreed to serve as a partner on the **Shiloh Casino & Resort** development. The California property, announced by the **Koi Nation** Indian tribe in September 2021, will — upon completion — be managed and operated by **Global Gaming Solutions** (GGS), a wholly owned business of the Chickasaw Nation. In a joint statement, the tribal operator's "broad range of commercial expertise" was cited as a reason for the partnership.

Choctaw Casinos & Resorts entered a four-year partnership with **PGA Tour Champions**. The Indian casino operator will serve as the presenting sponsor of the senior golf tour's ClubCorp Classic competition. 2022 will usher in the event, which will take place from 19-24 April at the Las Colinas Country Club in Texas, and will see 78 veteran pro golfers play alongside 50 celebrities from sports and entertainment.

Basketball legend **Shaquille O'Neal** will be featured "prominently" in **WynnBet's** marketing efforts as it launches pre-registration and deposits for **Louisiana** players. Bettors in the Bayou State can now pre-register for Wynn Resorts' wagering platform ahead of digital betting's launch. Louisianans can take advantage of an exclusive pre-registration offer where, after making a \$10 wager, they will receive \$250 in free bets when the platform goes live. Meanwhile, O'Neal, commonly known by his nickname Shaq, will spearhead WynnBet's marketing efforts in the state.

DraftKings promoted **Stephanie Sherman** to **Chief Marketing Officer** (CMO), consolidating all core marketing functions under her leadership. Sherman, who became one of the company's first 15 employees upon joining back in 2013, has risen through the ranks and was described by Adweek as one of the "most powerful women in sports." In her new role, she will continue to drive growth for the business, overseeing brand and agency campaigns, media buying and influencer strategy.

PointsBet unveiled its digital sports betting product in **New York** following the launch of online wagering in the Empire State. The new PointsBet offering, which takes the form of a mobile app, marks the ninth digital sports betting service launched by the operator to date. Other states where its app is also live include Colorado, Michigan, Illinois, Indiana, New Jersey, Iowa, West Virginia and Virginia. While PointsBet may now take its product live in New York, Wynn Resorts, Bally's Corp, Resorts World and BetMGM still await approval.

Esports Entertainment Group was given the green light to begin betting operations in the Garden State. **New Jersey's Division of Gaming Enforcement** (DGE) granted Esports Entertainment a transactional waiver, permitting it to accept and process wagers. With this in hand, the group became the first esports-focused betting operator in the state. Following a five-day "soft play" period, the group will launch its VIE.gg esports wagering platform.

Austria's **Interwetten** signed a multi-year agreement to become the official betting partner of the **National Hockey League** (NHL), furthering the company's commitment to sports sponsorship. Following recent deals that extended its partnerships with both the German Ski Association and the Austrian Ski Association, the sports betting operator entered into an agreement with the popular hockey league. This deal is intended to increase brand awareness within the sport, while offering secure betting opportunities for hockey fans.

Station Casinos, a prominent Las Vegas-based casino operator, is offering interns \$15 per hour, free accommodation and the opportunity to work in a number of roles across its properties, as the hospitality industry attempts to recover from labour shortages. Throughout applicants' 12-week stay with the company, they will work in a number of departments, including social media, casino operations, the gaming floor and finance.



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SEK 14m



Fine to be paid by
SkillOnNet after
losing appeal
(\$2m)

\$50m

Gross gaming
revenue (GGR)
generated
by Arizona
sportsbooks
for November



\$500,000



Expected
prize pool for
StormX's invite-
only poker
tournament

PLAYTECH ADVISES SHAREHOLDERS TO VOTE IN FAVOUR OF ARISTOCRAT TAKEOVER

The \$2.7bn Playtech takeover offer made by Aristocrat might be voted down by Asian investors, who collectively own approximately a quarter of the group's shareholding.

A new general meeting has been scheduled for 2 February, for investors to vote on Aristocrat's 680p-a-share (\$9.19) offer.

The vote has already been rescheduled twice because Playtech governance agreed to grant JKO Play, a consortium led by former Formula 1 tycoon Eddie Jordan, time to propose a counteroffer to shareholders. However, that bid did not materialise.

Jordan's bid was reportedly abandoned, ostensibly because of concerns about the intentions of the Asian shareholders."

Playtech's financial advisors have drafted a contingency plan that would have the board follow a break-up and auction of the group's online gambling software, B2B unit and its Snaitech

Italia betting business. Such a break-up would only be triggered if the takeover of the group by Aristocrat collapses.

A Playtech statement read: "The Board of Directors reiterates its recommendation that shareholders vote in favour of the offer from Aristocrat. Aristocrat's proposal provides an attractive opportunity for shareholders to accelerate the delivery of Playtech's longer-term value."

GI Verdict: Playtech is finding it difficult to make a decision on what's best for the company's future. Not knowing the intention of some of the interest in the company could worry the current owners and it may be time they bite the bullet, and take a definitive step towards the completion of this takeover. At *Gambling Insider*, we don't quite understand why Playtech is continuing to delay. Now would be a great time to accept the Aristocrat deal, which we (and so too shareholders such as Jason Ader) believe would bring many benefits.

THE WEEK IN QUOTES

"As the country's governing regulatory body, PAGCOR has been clearly expressing its support to AMLC's efforts to help ensure that the Philippines will not in any way condone any illegal activity that will derail AMLC's fight against money laundering for financing of terrorism."

Andrea Domingo, Chair and CEO of the Philippine Amusement and Gaming Corporation (PAGCOR), during her acceptance speech for her organisation's work to combat money laundering and terrorism financing

"I'm thrilled to be joining such a progressive company, which is trying to pioneer this space of gambling harm minimisation. What's been clear to me throughout the recruitment process and my short time here, is that Epic is hugely passionate about its purpose."

Martin Bland on his appointment as Epic Risk Management's new Director of Business Development

FORTUNA ENTERTAINMENT TO WELCOME DAVID VANEK AS INTERIM CEO

Fortuna Entertainment Group has appointed David Vanek as Interim CEO, following the departure of long-term executive Per Widerstrom.

Vanek, who was formerly part of Fortuna's Game division, will step into the role from 1 March.

The new CEO commented: "I am proud to have been given the opportunity to lead FEG into the next phase of its development. I am truly excited about the tremendous potential the company has and I am looking forward to leveraging the group's extensive know-how to deliver a market-leading proposition to all our customers."

The departing Widerstrom, who held the CEO role for the past seven years, oversaw a period of rapid growth for the company. FEG expanded more than five times in size during his stewardship, growing its presence as a respected gambling operator.

On his tenure, and his departure, Widerstrom commented: "Seven years is indeed a long time and there are so

many people I would like to thank for having been with me and FEG during this journey. Whether that be our customers, business partners or other stakeholders.

"Leaving FEG at this time feels right, in particular knowing the company is well poised for further growth, as well as being in very good hands with David Vanek and the rest of the Group Executive team."

Verdict: Firstly, we of course wish Widerstrom all the best in his departure; as CEO of Fortuna since late 2014, he should be proud of his achievements. We had the pleasure of including Per in our CEO Special 2020 and he was even kind enough to take a selfie next to a life size cutout of himself during ICE London!

Taking on an Interim CEO such as Vanek can only be a positive step. As the Founder of Anorak, a provider of advice for the insurance industry, his technological understanding and drive for success should match Fortuna's. We look forward to seeing what's next.

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"We are very proud to receive this recognition as one of Sweden's Career Companies 2022. We have numerous successful career journeys within Kindred from entry-level to senior management, as well as across different functions."

Kindred Group's Chief HR Officer Gavin Hayward celebrating the company's inclusion on a list of Sweden's top employers

"We are fully supportive of the model and are happy to pay, but our concern is we are not getting good value for the money. We have no problem at all spending the money if it gets a result. And we are prepared to increase the money if we get a better result, but at this stage it seems the money is disappearing."

Peter Thrush, Gaming Machine Association of New Zealand Director, on the Ministry of Health's proposed increase to the Problem Gambling Levy

WYNN RESORTS AND MARJAN TO DEVELOP MULTI-BILLION-DOLLAR INTEGRATED RESORT

Marjan, RAK Hospitality Holding and Wynn Resorts will begin working on a multi-billion dollar integrated resort development on the man-made Al Marja Island in Ras Al Khaimah, United Arab Emirates. The opening is scheduled for 2026 and will be the first beach resort for Wynn Resorts.

Al Marjan Island is already a leading tourism location and sits only 15 minutes from Ras Al Khaimah International Airport, as well as 45 minutes from Dubai International Airport. This new destination will feature a luxury hotel offering more than 1,000 rooms, shopping facilities, a state-of-the-art meeting and convention area, a spa, more than 10 restaurants, entertainment options, and a gaming area.

Abdullah Al Abdooli, CEO of Marjan, said: "We are partnering with Wynn Resorts, which has a strong track record of developing luxury destinations with exceptional accommodation, dining, entertainment concepts and gaming facilities.

"By leveraging Wynn Resorts' expertise in developing luxury hospitality destinations, the new development will raise the benchmark in luxury hospitality in the region. It will also create exceptional value to the Ras Al Khaimah economy and boost the leisure, business and MICE tourism sectors."

The new resort is in the initial stages of design and development, and will apply for an integrated resort licence from Ras Al Khaimah Tourism Development Authority.

GI Verdict: This is certainly a statement of intent from all parties involved. The fact Wynn Resorts is potentially looking to divest itself of its online sports betting business has all the hallmarks of cash liquidation and, on the face of it, why wouldn't it? The UAE is a major attraction for big businesses, as the current Expo 2022 in Dubai shows, and is a region seemingly unencumbered by the Covid-19 restrictions still lingering in Europe and North America. Luxury tourism continues to grow, so it seems a good bet...

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SHARE PRICES COVER THURSDAY
20 JANUARY TO THURSDAY
27 JANUARY (10.00GMT)

DraftKings
20.33 USD



2%

Wynn Resorts
86.13 USD



1%

Playtech
597 GBP



18%

Gaming Realms
28.20 GBP



15%

Kindred Group
103.50 SEK



7%

DRAFTKINGS STOCK “TOO BIG AN OPPORTUNITY TO IGNORE” — MORGAN STANLEY

Morgan Stanley has upgraded DraftKings' stock rating from “equal weight” to “overweight” in its latest report, signalling its potential profitability for traders.

In a move that sent DraftKings stock climbing to \$21.85 per share, an increase of 13%, Morgan Stanley analysts took the view that DraftKings is a large player in a market that is only going to expand over the forthcoming years. Indeed, its report forecasted that the gambling industry is set to be worth \$21bn by 2025, an increase of \$2bn over its last projection.

This, however, comes despite a recent plummet in DraftKings' stock. When the report was released, DraftKings' share price sat at \$19; for context, the operator's stock was valued at over \$63 in September 2021.

If the company continues at its current rate of growth, though, approximately 60% until 2025, Morgan Stanley advises traders to purchase until the brand hits \$31 per share. If the forecast holds true, those buying now would make nearly \$10 profit per share in little over three years.

Thomas Allen, Analyst, Morgan Stanley, commented: “While we and the market have been focused on near to medium-term profit concerns, we believe at the current price, one should not ignore that DraftKings is a leading market share player; in what will be a very large profitable market.”

Indeed, a key factor influencing the projected market growth was early results from New York, which legally allowed betting operators to launch online sports gambling this month. Morgan Stanley expanded its 2022 forecast from \$600m to \$1.9bn, following positive results from New York and other states, like Arizona.

GI Verdict: Morgan Stanley's upweighting of DraftKings' stock says as much about the potential of the gambling industry on the whole as it does about the company's prospects. Coupled with Entain's similar upgrade by CFRA Ratings recently, it seems the gambling giants are only about to become stronger.



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REVENUE REPORTS: ARIZONA

Arizona generated \$50.270m in sports betting revenue from \$466.726m in handle in November.

	NOVEMBER HANDLE (M)	% CHANGE VS. OCTOBER
DraftKings	\$148.717	-1.80
FanDuel (FLTR)	\$117.969	-2.33
BetMGM (ENT, MGM)	\$93.160	+1.17
Caesars	\$65.222	-8.37
Barstool (PENN)	\$17.825	-32.23
WynnBet	\$17.753	-14.38
Rush Street Interactive	\$2.726	+299.65
TwinSpires (CHDN)	\$1.472	-10.38
Unibet (Kindred)	\$0.883	-28.91
TOTAL	\$465.727	-4.19

SPORTS BETTING	NOVEMBER REVENUE (M)	% CHANGE VS. OCTOBER
FanDuel (FLTR)	\$16.014	+75.92
DraftKings	\$12.521	+14.01
BetMGM (ENT, MGM)	\$9.521	+24.64
Caesars	\$7.422	+55.89
Barstool (PENN)	\$2.132	+18.25
WynnBet	\$2.053	+17.38
TwinSpires (CHDN)	\$0.267	+36.22
Rush Street Interactive	\$0.246	+272.73
Unibet (Kindred)	\$0.093	+220.69
TOTAL	\$50.270	+38.38



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GUEST INTERVIEW



**RAY PINEAULT,
PRESIDENT AND CEO,
MOHEGAN GAMING
& ENTERTAINMENT**

*Pineault speaks exclusively
on the GA Huddle*

You recently announced a partnership with FanDuel for mobile sports betting. What are you hoping to achieve from this relationship, and why choose FanDuel?

That's a great question. It really came down to looking at who's the best operator in the United States with a proven track record of being number one. FanDuel immediately rose to the top as that operator. We thought they were the perfect partner for our flagship property in Connecticut to launch digital gaming for our guests. I think it was a very symbiotic partnership, bringing together two preeminent names in gaming to offer a new product to our guests.

Mohegan is traditionally land-based, so in your opinion, how will the rise of mobile betting affect land-based operations?

We don't see this cutting into it. We see it as offering that complete omni-channel approach to marketing and engaging our guests. Our land-based casino and digital divisions are working together to ensure that we're reaching our guests through that omni-channel, and that we're able to provide a multitude of opportunities for them to engage with. We believe this cooperation is going to be successful, as we market through land-based to online and online to land-based, and then continue to engage and build guest loyalty.

You've worked hard to establish a digital presence for Mohegan, but what lies in store for the future?

At Connecticut, we just passed our 90-day anniversary

yesterday, so it's still in its infancy. There's still a lot of work to do. This is a work in progress, and we need to make sure that we continue to refine it and continue to provide the best experience and product we can. We are obviously looking at opportunities for expansion. In Ontario, with our Niagara properties, we've already announced an opportunity to launch our digital product there as well. So we look forward to adding that in the very near future, and then we'll continue to explore additional jurisdictions going forward.

But we want to make sure, when we go into each jurisdiction, that we're doing it right, and we're doing it well. We're not going to run into jurisdictions just to be there. We're going to go there when we can do it right, and when we can deliver a great guest experience.

Is there a difference in being competitive in the online rather than land-based world? Do they demand different things out of you as a manager?

Each online division and each property has its own leader, and the digital division has its own leader. When you look at online, engaging guests is done more through social media channels, whether it be Google, Facebook, Twitter. With the brick-and-mortar guests, you tend to engage them more through traditional modes of advertising.

But again, there's a symbiotic relationship here. We do use our land-based advertising and marketing materials to promote our websites and vice versa. So we're actually combining the two. While a large number of digital guests come from a different media than perhaps the land-based do, we think we can use both to attract and engage them even more.



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