

NJ i-gaming revenue is less than predicted

The New Jersey (NJ) Division of Gaming Enforcement announced on 14 January its revenue results for 2013, with revenue earned from NJ's launch of i-gaming on 21 November onwards at \$8.4 million, disappointing some analysts whose predictions had been much more ambitious.

"That the reported revenue was less than 1/12 of what was predicted should not come as a surprise. As with any new undertaking, there are startup issues that need to be worked out," said Linda Shorey, Of Counsel at K&L Gates. "More telling will be the revenue generated over the next few months as advertising ramps up and startup issues get resolved."

The results come as Colorado prepares to debate i-gaming in 2014; Attorney General John Suthers announced on 16 December that any authorisation of i-gaming would first require amendments to the state constitution.

"While I would defer to the statisticians, for 2014 I believe we can look for something like \$175 million from NJ online," said Jeremy Frey, Partner at Pepper Hamilton. "That will be good enough to prompt more states to offer online gambling."

IN THIS ISSUE
Gaming Duty New HMRC guidance **03**
The Netherlands **05**
South Africa **07**
AML Bitcoin gaming **08**
Bulgaria Taxation **10**
Denmark Successes and concerns **12**
Albania Action vs. foreign operators **14**
France ARJEL's three specialist groups **15**

French gaming amendment may regulate social gaming

The French Parliament rejected proposed amendments to the Consumer Rights Bill before the National Assembly on 16 December that would allow the cross-border sharing of poker liquidity, whilst passing an amendment to Article L322-2 of the French Internal Security Code that would expand the definition of games of chance, which could see certain social and skill games pulled into the regulatory net.

"The MP managing discussions before the Parliament, explained that the decline of the online poker market may be due to a loss of interest by consumers rather than a lack of liquidity," said Diane Mullenex, Head of Gaming and Gambling at Pinsent Masons LLP. The French government was against the amendment and voiced its opinion during the parliamentary review. "The rationale behind the government's

position is, according to reports, that they feared that opening poker tables to online gambling operators that hold a foreign licence would increase the risks of fraud and money laundering," said Jeanne Dauzier and Gregory Tulquois of DLA Piper.

Many licensed operators in France blame the gambling laws for poker's decline. According to figures released by ARJEL, 2013 saw an 18 percent reduction in stakes for poker cash games and a 9 percent decrease in players. "Allowing international poker liquidity was essential to fight against the big players who are tempted to move outside of France or play on illegal websites," explains Rhadamès Killy, Attorney-at-Law at De Gaulle Fleurance & Associés.

The proposed amendment to Article L322-2 of the Internal Security Code would expand the definition of games of chance to include 'any offering

that would suggest the hope of winning, even at random and which requires financial sacrifice on the part of the participants.' "The intention is first to prohibit skill games that include an element of chance," said Stephanie Faber and Alexandre Le Ninivin of Squire Sanders. "Also to prohibit 'falsely free games' which provide for the reimbursement of the financial contribution required to participate in a game, but impose complex or discouraging procedures for reimbursement."

"According to the French Ministry of Budget the intention is not to restrict pure recreational gaming activities but simply to prevent abuse of the system," concludes Faber. "Nonetheless this new regulation may potentially have an impact on certain practices of the social gaming sector." The amendments will be reviewed on 27 and 28 January.

ISPs reject UK Commission's push for website warning pages

The Gambling Commission met with UK ISPs including TalkTalk and BT in the week beginning 13 January to discuss the possible use of 'splash' pages, to alert users when they visit an illegal online gambling website, on the websites of operators without a UK gambling licence. The ISPs were not however willing to use splash pages; as Clive Hawkswood, Chief Executive of the Remote Gambling Association, explains: "There is a wider issue about whether ISPs should fulfil this sort of policing role at all."

A GC spokesman described how the GC was "exploring back up options" given the likely implementation in 2014 of the Gambling (Licensing and Advertising) Bill, currently at the House of Lords committee stage, but the GC "[does] not expect illegal sites to be a major issue given the attractiveness and width of the legal offer."

"I do have concerns that the potential problem of unlicensed operators may have been underestimated and that one unintended consequence of the Government's reforms will be a

substantial increase in black market gambling," said David Clifton, Director at Clifton Davies Consultancy Limited.

Should the GC wish to pursue the use of splash pages, it is likely to require legislative change or a court order. "I'd expect an amendment along these lines to be put down when the Bill is at Report and Third Reading stage in the Lords, but equally I expect the Government to defeat it," said Hawkswood. "So court orders are likely to be the way requests are dealt with in the future."