

## Tribal i-poker agreements in California

The Pechanga Band of Luiseño Indians and the San Manuel Band of Serrano Mission Indians have made agreements on issues surrounding i-gaming in California, including that licensees should operate a maximum of two websites each, following a meeting between both tribes on 15 May. "The agreement on site numbers may let the tribes feel as though they are all on a more equal playing field at the outset," said Christopher Soriano, Special Counsel at Duane Morris.

While the Pechanga and San Manuel bands agree to oppose 'bad actor' companies attaining a future Californian licence, other tribes may disagree. "One possible resolution is the New Jersey model, which did not impose a *per se* rule regarding 'bad actors' but instead gave the NJ Division of Gaming Enforcement the authority to investigate all 'bad actors' and make any recommendations they believe appropriate."

The two tribes will meet for talks again on 27 May; "these continued talks are a positive sign that California is closer than ever to opening its doors to online poker," said Rachel Hirsch, Senior Associate at Ifrah Law.

## PoC bill gets Royal Assent as revised LCCP released

The UK Gambling (Licensing and Advertising) bill received Royal Assent on 14 May, meaning that as of 1 September 2014, all operators transacting with or advertising to UK consumers must have a licence from the UK Gambling Commission (GC), with the window for licence applications expected to be open from mid-July to mid-August; the Statutory Instrument providing full clarity on transitional arrangements has yet to be laid before Parliament. Further, the GC published its consolidated, revised Licence Conditions and Codes of Practice (LCCP) on 14 May, to enter into force on 4 August 2014.

"Regulation of remote gambling is going to go deeper under the new regime, with operators subject to tougher obligations, including to use properly regulated payment processors and software suppliers,

to be more transparent and, for poker network operators in particular, to act as quasi-regulators of operators on their networks," said Andrew Danson, Partner at K&L Gates.

The LCCP revisions include *inter alia* a requirement for operators to hold customer funds in separate accounts to other company funds. "For those operators who do not already segregate customer funds, this may present some immediate practical difficulties but it is surprising following the Full Tilt debacle that the GC has set this as the minimum required, rather than, for example, requiring additional protection by means of a Quistclose trust arrangement, insurance and/or an independent trust account," said David Clifton, Director at Clifton Davies Consultancy Ltd.

The GC has also clarified that gambling software operating

licences, which businesses supplying software to UK licensees will be required to obtain, will not be needed for every business within an extended supply chain. The GC will publish further LCCP changes, such as on free bet advertising, in due course.

The implementation of the bill in September seems assured though some commentators predict a judicial review from Gibraltar operators into the legality of the new regime. "I suspect that the Gibraltar Betting & Gaming Association will now consider its prospects of success to have been adversely affected by the tightening up of the LCCP," said Clifton. "However, were such a challenge nevertheless to be made, it would be interesting to see whether any referral to the CJEU would follow, which could conceivably lead to further delays."

## Spain introduces new concept regarding 'connected' winnings

Royal Decree 304/2014 was published in Spain's Official National Gazette on 5 May, and clarifies the scope of AML requirements applicable to gambling operators in Spain.

"Gambling operators have been enjoying a regime resulting from a combination of the AML law and Spain's Gambling law. The AML regulation has now endorsed this special regime," said Albert Agustiny and Bartolomé Martín of DLA Piper Spain. "The regulation does not include any additional duties for online gambling

operators. It clarifies the scope of a number of requirements."

The new Regulation includes provisions regarding gambling operators: Article 4.1 clarifies that operators must formally identify customers where a player's winnings or prizes are equal to or higher than €2,500 and where the total amount of different 'connected' prizes is equal to or higher than €2,500. Article 21.2 states that the specific criteria to comply with customer identity verification will be determined by the DGOJ during the granting of

licences. Finally, Article 43 states that operators must establish internal control proceedings, including having an AML Manual in place.

"The Regulation does introduce a new concept, that of 'connected operations' referred to regarding the calculation of financial thresholds," adds Ángel Jiménez, Partner at Asensi Abogados. "In our opinion, this concept will need to be clarified since the regulation does not specify how said prizes will be deemed as connected."

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