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Online gambling companies operating in Britain were hit with £17m in fines this November, as the regulator continues its escalation of penalties for non-compliance.

Casumo, Videoslots and Daub Alderney were fined £5.85m, £1m and £7.1m respectively, for neglecting anti-money laundering obligations and failing to protect problem gamblers.

A fourth firm, CZ Holdings, had its licence revoked, while a further six are now under investigation (some of whom are expected to incur more penalties in the coming weeks). And crucially, in a first use of its new power, the Gambling Commission also targeted three individuals, who have been stripped of their licences to serve as directors of gambling companies.

The barrage of sanctions was swiftly endorsed by the government. Jeremy Wright, the new secretary of state for the Department of Digital, Culture, Media and Sport, said he was "pleased to see" the regulator, taking "the strongest possible action."

"Any online operator that thinks it can ignore its duty [...] should take note today," he added. "There will be consequences."

The wide review of the online sector, which started in February, found that Casumo had allowed one customer to deposit \$2,000 in the space of 24-hours with only basic checks, indicating that the same approach was being adopted "for all customers irrespective of the level of risk."

Videoslots had neglected to apply appropriate security checks, allowing one customer to register multiple fraudulent bank cards without intervention.

While Daub Alderney was implicated for a string of failings around insufficient due diligence and not properly training staff to identify nefarious customer transactions. The incidents amounted



Chilling effect

UK-facing firms rattled by escalating penalties

UK ENFORCEMENT

The UK Gambling Commission follows through on its promise to intensify sanctions for AML and problem gambling failings, with the largest ever collective penalty ever awarded, and the first of perhaps many individual executives losing their personal licences.

to ongoing and "significant limitations" in its ability to "proactively identify and mitigate risk."

Separately but also in November, a £2.2m fine was handed down to Paddy Power for similar offences; the Rank Group was fined £500,000 for failing to protect one VIP customer.

The month's penalties have shaken many operators in the UK sector, with many firms still feeling unsure as to whether they are in breach of recently added layers of red tape.

According to David Clifton, licensing expert at consultancy Clifton Davies, operators' responsibilities "could not have been clearer", from the "successive public statements" made by the Gambling Commission, dating back to 2013.

However the fines this autumn does show that operators "licensed in other jurisdictions (Malta in the case of the regulatory action in November) need to up their game considerably," he added.

Of particular note is that individual executives can and now will be punished individually.

The Gambling Commission's chief executive, Neil McArthur reminded that "anyone in a position of authority needs to be aware that we will not only act against businesses when we take regulatory action."

"We will also hold individuals to account where they are responsible for an operator's failings," he added.

Having long predicted that the GC would start targeting PML holders personally, Clifton suggested this new approach could make a lasting difference to the sector.

"A realisation on their part that they may lose their careers in the industry may serve as the big wake-up call that will finally see compliance standards reach the level that the GC has, over a long period of time, made abundantly clear it requires from all of its licence holders."



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