

# GAMING LEGAL NEWS



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## INTERNET GAMING REGULATION CONTINUES TO GAIN INTERNATIONAL TRACTION

by Michael D. Lipton, Q.C. and Kevin J. Weber

With every passing month, more countries add themselves to the list of jurisdictions that seek to regulate online gaming and betting (“iGaming”). Whether they choose to do so by granting authority to a monopoly iGaming provider or by bringing forth an open licensure system, the fact remains that efforts at prohibition such as those seen in the U.S. and Australia are increasingly seen as counterproductive.

This summer, we have seen the disparate nations of the Dominican Republic, Greece, and South Africa step into the light. In the Dominican Republic, Ley 139-11, a federal law enacted in June 2011, sets out the details of a taxation regime for iGaming operators, and it states that all persons interested in being licensed to organize iGaming should apply to the Ministry of Finance. The Ministry of Finance has since 2006 had the authority to grant licences for games of chance, including electronic establishments of games of chance, pursuant to paragraph 29 of Article 3 of Ley 494-06. As of the date of writing, we are unaware of any licences for iGaming operators actually being granted by the Ministry of Finance, and it may well be that the process is awaiting the promulgation of regulations to set forth how the Ministry of Finance will determine who qualifies for the licences. Nothing presently in law prevents the multinational iGaming companies from qualifying for licences, and we anticipate that the licensure regime that arises from Ley 139-11 and Ley 494-06 will be open to companies from around the world.

On August 4, 2011, omnibus legislation which included the long-anticipated amendments to draft iGaming regulations was passed by the Greek parliament. Changes to the legislation as enacted were made from earlier drafts, in an attempt to make the law more acceptable to EU legal principles. The new law sets up a six-month transitional phase during which EU-licensed operators entering the Greek licensing process may continue to accept Greek customers, paying a 30% gross profits tax. EU-based operators will be permitted to accept Greek customers from servers based outside Greece during this transitional period, although it remains unclear as to whether licensees will be required to locate their servers within Greece once licences are actually granted under the new law.

These amendments are a 180-degree change from earlier drafts of the law, which would have imposed a six-month blackout period that would have given the state-run and partly state-owned monopoly incumbent OPAP an unfair "head start." As well, a draft provision that would have capped the number of licences that could be issued to between 15 and 50 was not included in the law passed by Parliament. Such concessions have led some entities which had been critical of earlier drafts of the law, such as the Remote Gaming Association and Betfair, to express cautious optimism since August 4.

Lastly, just last week in South Africa a review commission initiated by the government and the National Gambling Board released its findings on iGaming. The commission recommended that all forms of iGaming, including poker and sports betting, should be legalized and subjected to local licensing in South Africa. The commission's detailed recommendations hewed closely to the model already in place in Italy. A limited number of licences would be made available initially, with these licensees granted broad advertising rights within South Africa. National regulations would govern all forms of iGaming regulations, and enforcement against unlicensed operators would be carried out both through the banking system and by direct communication with South African customers of unlicensed operators. Members of Parliament are now calling for regulations to establish a licensing regime which would welcome qualified operators from around the world, without discrimination based upon the location of the operators' servers.

## DETROIT CASINOS' JULY REVENUES INCREASE FROM SAME MONTH LAST YEAR: MICHIGAN GAMING CONTROL BOARD RELEASES JULY 2011 REVENUE DATA

by Ryan M. Shannon\*

The Michigan Gaming Control Board ("MGCB") released the revenue and wagering tax data for July 2011 for the three Detroit, Michigan, commercial casinos. The three Detroit commercial casinos posted a collective 1.1% increase in gaming revenues compared to the same month in 2010. Aggregate gross gaming revenue for the Detroit commercial casinos also increased by approximately 6% compared to June 2011 revenue figures, continuing the trend of a similar rise in revenues between June and July in prior years.

MGM Grand Detroit posted positive gaming revenue results for July 2011 as compared to the same month in 2010, with gaming revenue increasing by slightly less than 1.2%. MGM Grand Detroit continued to maintain the largest market share among the three Detroit commercial casinos and had total gaming revenue in July 2011 of nearly \$51 million. MotorCity Casino had monthly gaming revenue exceeding \$40 million and posted a 6.2% improvement in July 2011 over its July 2010 revenues. Greektown Casino posted a negative gaming revenue result in July 2011 compared to July 2010, with a 5.2% decrease in total revenues. Greektown had gaming revenue of approximately \$29 million for July 2011.

The revenue data released by the MGCB also includes the total wagering tax payments made by the casinos to the State of Michigan. The gaming revenue and wagering tax payments for MGM Grand Detroit, MotorCity Casino, and Greektown Casino for July 2011 were:

Casino	Gaming Revenue	State Wagering Tax Payments
MGM Grand Detroit	\$50,966,222.78	\$4,128,264.05
MotorCity Casino	\$40,090,240.13	\$3,247,309.45
Greektown Casino	\$29,050,954.03	\$2,353,127.28
Totals	\$120,107,416.94	\$9,728,700.78

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