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INTERVIEW

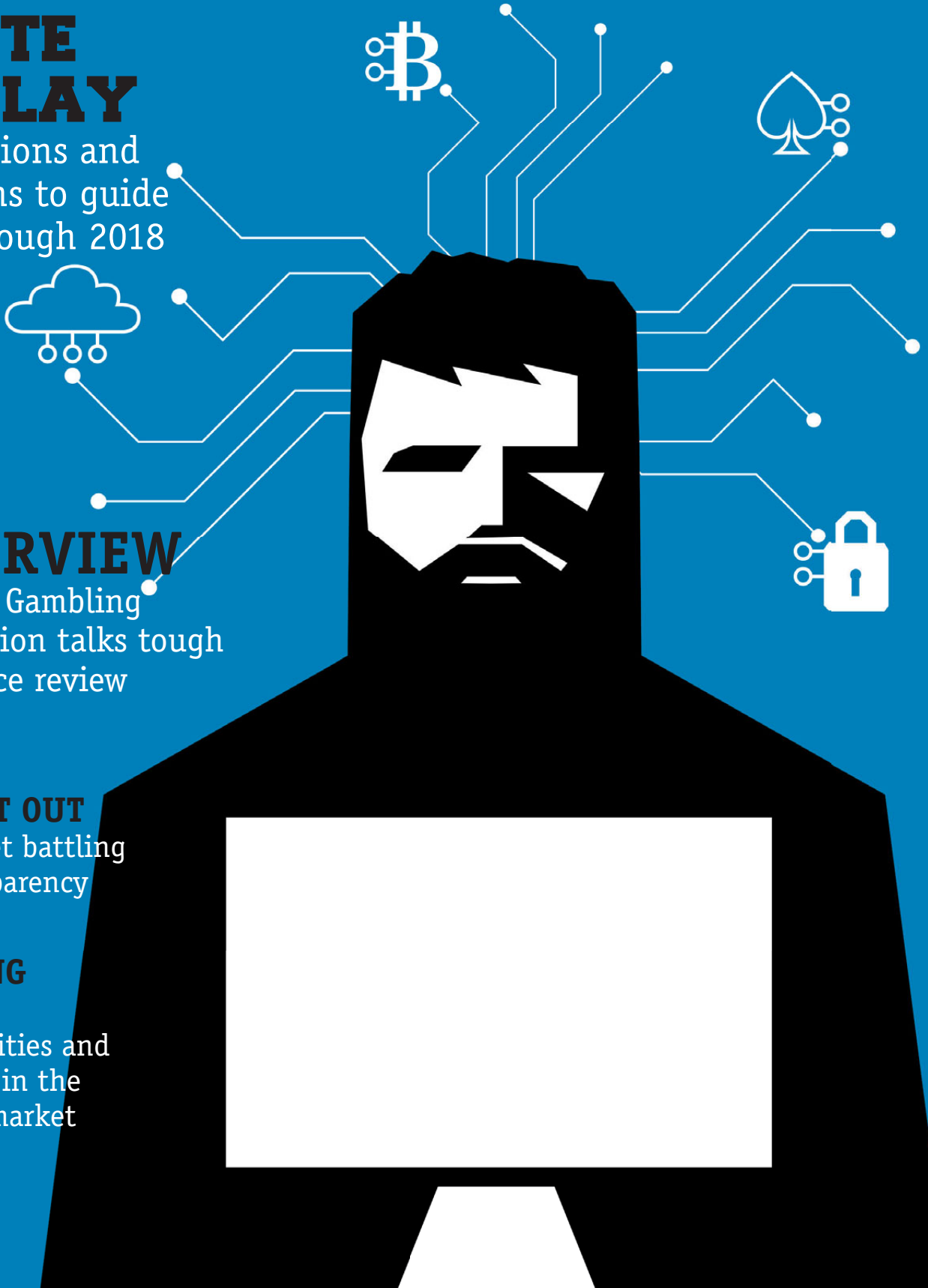
Britain's Gambling Commission talks tough on licence review

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Stanleybet battling for transparency

GROWING PAINS

Opportunities and obstacles in the Spanish market



Liverpool's legal eagles

Stanleybet has never been backward in taking the fight forwards. **INTERGAMINGi** takes a closer look at the pioneering company

OLD in the tooth but able to adapt deftly and decisively to new environments, trailblazing legal eagle Stanleybet traces its origins back to Belfast, Northern Ireland, in the 1950s.

Initially formed as the international arm of Stanley Leisure plc, the company became an officially authorised bookmaker in the UK under the Betting, Gaming and Lotteries Act 1963, and soon made its own home in Liverpool, England, in that same year.

It was quite the time in the famous old city. A year later, Liverpool FC won the domestic title under the charge of famous manager Bill Shankly.

In more recent years, Stanleybet has been similarly progressive in Europe as the much-garlanded football team and equally as unwilling to yield under pressure.

Successful lately amid the difficult online poker market in Italy and Hungary, Stanleybet's executive chairman Giovanni Garrisi, who has owned the company since 2007, has taken the legal fight forward on many occasions in order to scrap for what he believes is justice.

INTERGAMINGi caught up with the 69-year-old industry veteran to reflect on battles past and challenges still to come.

"The first Stanleybet case was Gambelli in 2003, followed by Placanica in 2007, Costa zand Cifone in 2012 and Laezza in 2016," Garrisi recites. "All of them concerned land-based betting.

"This is commonly known as the Stanley jurisprudence of the ECJ. It proved immensely influential in driving gambling legislation in Italy and other Member States towards a more open, albeit regulated, market, including in the design of the more recent Italian tenders for betting concessions of 2006 and 2012. None of them was flawless and we challenged them all.

"We succeeded in seeing upheld the principle whereby, if a European operator was unlawfully prevented from accessing a domestic gambling market, it could not be punished for operating notwithstanding the unlawful prohibition."

The cases of Gambelli and Placanica made it clear that Italian sports betting licences were incompatible with EU law and provided an endorsement of Stanleybet's cross-border model, helping to open up gaming markets in Italy and also Denmark.

And in 2012, the ECJ ruled on Costa-Cifone that Italian authorities needed to remedy the unlawful exclusion of Stanleybet following discrimination within the tender process.

Why, though, has the company been so bold in taking matters upon itself to drive against what it perceives as unfair barriers to market?

"When we landed in Italy for the first time in 1998, I saw the boundless potential of



Giovanni Garrisi

the gambling market, then burdened by the constraints of an historic monopoly that was no longer meaningful," said Garrisi.

"I then saw the opportunity of bringing to the Italian marketplace the wealth of experience and expertise that the Stanley Group had been able to build on in England from the early 1960s.

"I also understood that the UK and Ireland, where gambling markets were mature and uncontroversial, were the exception rather than the rule in the European Union, and that much room was there to be exploited by a competent and creative gambling industry."

He admits to experiencing some frustration at varying regulation within the EU, bringing with it the need for specific geographical assessments.

"Notwithstanding the very significant openings that the Stanleybet jurisprudence carried with it, it has remained undisputed that, gambling not being a harmonised field, Member States maintained a considerable extent of political discretion in regulating and restricting the industry. That is, provided the fundamental freedoms of establishment and to render services were respected, provided there was no discrimination on grounds of nationality and provided the domestic system was coherent and proportional.

"This means in practice that every single jurisdiction you choose to start doing business in, even within the EU, entails the need of an in-depth country-by-country assessment and, more often than not, the need to fight market access through litigation with the authorities.

This is indeed frustrating, inasmuch as it means uncertainty, even protracted for years, and the need to invest substantial amounts in legal defence and strategy."

There are currently examples of gambling monopolies within Europe and blessed by ECJ case law: Portugal, Greece and to some extent France and Norway – albeit with the latter an EEA country and not a full Member State.

Garrisi holds no truck with this position as long as it forms part of an overarching strategy to restrict gambling activity.

"A monopoly can be justified, and held compliant with EU law, if it genuinely reflects a coherent state policy of restriction of gambling for the sake of a Member State's citizens on moral, religious and similar grounds," he says.

"A restrictive system must equally apply to all, citizens and non-citizens, and above all it must be coherent. That is, a state cannot restrict inbound cross-border business and at the same time tolerate, if not outright encourage, domestic gambling for the sake of collecting tax revenue of protecting the national industry.

"However, the legislative history of the single national gambling monopolies was far from transparent, and there were cases in which the European Commission turned a blind eye, if not both, entirely on political grounds. The privatisation of OPAP in Greece which, in the end, notwithstanding a favourable Stanleybet judgment of the ECJ, was of no obstacle to the survival of its monopoly, is the most glamorous example."

While dismissing Stanleybet's argument that existing licensees were unfairly favoured back in 2012, the ECJ stated that Italy had a right to pursue "the legitimate objectives of reducing gambling or combating criminality".

A logical response to this position could be, given the modern era, how does that objective of "reducing gambling" marry with the instant-access world of online betting?

"It obviously does not marry at all with the regulator's stated objective of 'reducing gambling,'" says Garrisi. "This is an unsolvable inconsistency yet one we will have to live with."

"The drive towards online, dematerialised gambling will prove irresistible and in 10 years' time if not less, land-based gambling, except in physical casinos, may well be a relic of the past."

Garrisi also sounds a cautionary note that regulation, with laudable intentions to combat crime and addiction, could be counter-productive if over-cooked in terms of consumer protection.

"Online is invisible and intangible and, in spite of a number of laudable measures, such as on addiction, money-laundering, protection of minors and consumers, will always be hard to regulate," he says.

"It must indeed be regulated, but not over-regulated, because it is a proven fact that over-regulation (in the same way as over-taxation) beyond a certain limit pushes demand towards the illegal supply. The equilibrium between reducing gambling, the expectation of tax revenue from gambling, and a sound, not over-regulated online gambling industry, will always remain a hard balance to strike."

One specific recent legal battle waged by Stanleybet concerns the tender process won in Italy – these days the company's main market – by Lottomatica in 2016.

Stanleybet's contention, stated explicitly on their corporate website, is that the case of Lottomatica, the exclusive lotto concession of the Italian state, "shows that common sense and credibility were truly trampled on". Two days after the opening of lotto tender bids, the Italian Customs and Monopolies Agency awarded the concession for nine years to a joint venture led by Lottomatica.

"The Lottomatica story was a school book example of tailor-made tender shamelessly designed to let the incumbent, that is Lottomatica, win the process and continue to be exclusive Lotto operator," Garrisi argues.

"This is contrary to EU law on a number of grounds. We challenged the tender in the Italian Administrative Courts and a reference was made in the end to the ECJ in 2017. We expect the case to be heard in the ECJ somewhere between late 2018 and early 2019. We will fight the case at the utmost of our abilities and are confident that European law will, again, do us justice."

Stanleybet's Maltese subsidiary, Stanleybet Malta, has for over a decade been operating in Italy through data transmission centres. Garrisi believes the regulatory framework in Malta is beneficial in assisting the industry.

"The Maltese government and the Malta Gaming Authority have always looked to promote the environment for gaming companies," he says. "They have done this very successfully over time and they are always looking to further enhance the operating environment. Malta is now recognised as a gaming hub in Europe and



Stanleybet has over 2,000 shops across Europe and more than 3,000 employees



the industry provides a lot of employment on the island and revenue to the Government."

Undeterred on the Italy front, Stanleybet – already the holder of an Italian online licence which it successfully operates – is considering whether to tender for one of 120 new gambling licences that has been launched in the country.

"The long-awaited new tender for land-based licences will be launched in Italy within 2018 and, again, we will doubtless participate," Garrisi says.

"We perceive the new tender as an interesting opportunity to convert our Italian cross-border business, which has thrived for close to two decades, into a fully licensed Italian business. The key-condition for that is, however, that the rules of the new tenders restore full conditions of equal treatment for all, including Stanleybet, in spite of a sad history of past discrimination."

Excluding Italy, as it stands Belgium and Denmark are the two most valuable markets for the firm, though there are plans to expand soon.

"We are entering in two new big markets in Europe, but which one is at the moment a matter of confidentiality.

"We are also expanding in new areas across the world. We will attend a lot of exhibitions in 2018 with both our companies: Stanley as B2C and Magellan Robotech as B2B.

"Enada at Rimini Expo Centre will be the occasion for us to introduce innovative products that are the results of three years of intensive work.

"Regarding B2C, we will further explore Latin American and African markets and I can confirm that both Stanley and Magellan Robotech will participate at the Buenos Aires exhibition in September."

This summer's FIFA World Cup is looked forward to with some relish as a real-life offering. In addition, Magellan is concerned with the development of virtual betting and for Garrisi, his businesses have that ability to help shape the future – however it may look – of the industry.

"We are expecting a good year for our business driven by World Cup expectations and the launch of new over performing products across our channels," he says.

"This year, more than ever, the great challenge will be the perfect integration between online and retail, in a scenario where the upcoming technologies of virtual and augmented reality will start to change the basic traditional equations that have been considered untouchable for a while.

"I prefer not to add more than that for obvious reasons. The opportunity to change everything is reserved to visionaries."

Stanleybet: A potted history

- 1963** Moved to historic HQ in Liverpool, England
- 1997** Formed an international branch to move into Europe
- 2000** Started operating in Croatia
- 2004** Moved into Belgium and Romania
- 2005** Stanleybet lands in Germany UK retail business sold to William Hill for £504m
- 2006** Casinos sold to Genting International for £650m
- 2007** Stanleybet sold to Giovanni Garrisi
- 2011** Becomes biggest retail network in Europe after opening shops in Denmark
- 2013** Returns to UK to open a new shop in Liverpool
- 2014** Founds virtual sports, lotteries and self-service betting software firm Magellan Robotech
- 2015** Starts to operate online and launches Stanleybet.it and .ro