

Honoring the IMGL Regulators of the Year and Lifetime Achievement Award Recipients

By Joerg Hofmann



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With summer coming to an end and another exciting season of gaming events fast approaching, I hope this message finds you all well. International Masters of Gaming Law (IMGL) is looking forward to a multitude of gaming events, conferences and trade shows this season and is very well prepared to be a part of them. Of course, our own IMGL Autumn Conference, 5-7 November 2014, which will be taking place in one of the most brilliant cities in Tuscany, Florence, will mark one of the highlights in this year's events calendar. But IMGL and its gaming law experts will also be supporting many other important gaming events around the world this year: New IMGL Master Classes will be held at the Eastern European Gaming Summit in Sofia, Bulgaria, (20-21 October 2014) and during the KPMG iGaming Summit on the Isle of Man (10-11 November 2014). Many of our members are engaged as speakers at some other major events such as – and to name but a few – the G2E in Las Vegas (30 September – 2 October 2014), the EiG in Berlin (22-23 October) and the MiGS in Malta (11-12 November). In fact, I am delighted to find that there seems to be no leading gaming law conference that does not feature IMGL members as prominent speakers on the panels.

It is now no longer a secret who is going to receive the prestigious "Regulator of the Year Award." By way of information, the relevant IMGL committees have shown great commitment and sensitivity in selecting the 2014 award winners. The winners were selected from a host of qualified proposals. The IMGL wishes to show its appreciation of the successful and widely acclaimed work carried out by these regulators. Therefore, it is a pleasure to announce that this year the following regulators will be honored with the IMGL "Regulator of the Year Award 2014":

For the Americas:

- Stephan Martino, Director, Maryland Lottery and Gaming Control Agency, Maryland

For Europe:

- Carlos Hernandez, General Director of the DGOJ, Ministry of Finance and Public Administrations, Spain

For the Indian Countries:

- Thomas Russell, Commissioner, Pokagon Band Gaming Commission, Arkansas

For Asia/Australasia:

- Malcolm Richardson, Director of Compliance and Investigations, Department of Business, Northern Territory Australia

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You may notice that Asia/Australasia has been introduced as a new category. Due to the increasing number of members from the Asian and Australian region and in view of the significant developments of markets and regulation in this part of the world, it was high time to do so. Malcolm Richardson will be the first regulator to receive the "Regulator of the Year Award" for this region.

On top of that, I am particularly happy to introduce yet another new category: the "IMGL Lifetime Achievement Award." This award honors experienced regulators for their lifetime achievement and outstanding service in developing and improving regulation and continuously promoting and encouraging debate and an open dialogue among all parties involved. The first award winner to receive the "Lifetime Achievement Award" in the history of IMGL is Pete Bernhard, Former Chairman of the Nevada Gaming Commission. On behalf of all IMGL members I would like to congratulate Pete Bernhard and express my respect for him and his achievements.

All award winners will be introduced later in this edition where you can find a multitude of additional information on them.

The frequently published IMGL magazines play an increasing role in shaping gaming law in various jurisdictions. IMGL publications are characterized by an outstanding content and topicality and, of course, the specialist expertise of the authors. But things are also moving forward regarding the IMGL world of digital communication. Our website has matured. In an ongoing effort to better serve the IMGL members and the gaming community, the IMGL website is undergoing a complete redesign and technology update. This will include

Continued on page 35

PRESIDENT'S MESSAGE

Continued from page 4

introducing the possibility of creating a personal profile and uploading articles and many other exciting new features. You may witness the launch of our new site on 5 November at the IMGL Autumn Conference in Florence. After the launch I encourage you to get familiar with the site, try out the new features and make this site your site.

Hoping to be in touch and preferably see you at one of our upcoming IMGL events. ♣

INDIA

Continued from page 22

whether a commission or fee can be charged by the clubs in the form of an extra charge along with the sitting fees, for the playing cards which were supplied by the club to the players. The SC observed that clubs usually charge an extra amount for anything they supply to their members because the extra payments are used to manage the club and provide other amenities and observed that merely charging an extra fee for playing cards (unless excessive) will not amount to the club making a profit or gain so as to render the club a common gaming house. It is noteworthy that the SC also made an observation that

[I]f there is evidence of gambling in some way or that the owner of the house or the club is making a profit or gain from the game of Rummy or any other game played for stakes, the offence may be brought home.

The Madras High Court in the matter of *Director General of Police, Chennai v. Mahalashmi Cultural Association*¹⁰ interpreted the Satyanarayana Judgment differently and held that Rummy played with stakes would amount to gambling. This new judgment has unsettled a rather settled position of law. Different interpretations by different High Courts have given rise to ambiguities on the position of law on collection of stakes from games of skill, especially Rummy and Poker. This matter is in appeal before the SC¹¹ which has currently temporarily stayed the operation of the aforementioned part of the order. Importantly, while the said appeal pending before the SC pertains to playing Rummy with stakes on physical premises, certain online platforms offering Rummy have also filed Special Leave Petitions before the SC challenging the Madras

LETTER FROM EDITOR

Continued from page 5

obstacles faced by iGaming resulting from stringent regulations and the banking industry's hesitance to accept credit card payments for online gambling.

Finally and most importantly, *Casino Lawyer* appreciates the articles submitted from IMGL members and others, making this legal journal achieve a respected position in gaming law publications. With distribution to more than

twenty-five thousand international recipients, *Casino Lawyer* is proud of its growth and educational outreach. The IMGL officers and editor sincerely appreciate the law firms and gaming companies who support the educational objectives of IMGL and *Casino Lawyer* with their advertisements and contributions. ♣

SOCIAL GAMING IN ISRAEL

Continued from page 19

Concerns which might introduce Regulation

Because social games are not regulated and can be played for free, there is a strong concern about attracting underage gamers. Social gaming is problematic for young people as the games may stimulate real forms of gambling. Therefore, age verification needs to be dealt with scrutinously in order to protect vulnerable people from being harmed or exploited. However, it is important to note that most children who are spending money on in-app purchases are not playing casino-style games.

Another concern that is mentioned by regulators throughout the world is the lack of transparency. Indeed, regulated "real-money" games have to be fair and purely random. They have to be socially responsible and protect players from themselves. As there is no "money's worth" in social gaming, game manufacturers are free to set the odds of the game at any level they want to make the game addictive. Players are not always informed that social games are not random.

What does the future hold?

The European Union wants to fight this lack of transparency and might require operators to tell players that the game's



randomness is not what they actually see and perceive.

It is strongly advised for websites to add disclaimers stating that the social games which they provide are not random.

In Europe, a draft decree was suggested to reform the Belgian legislation and expressly cover social gaming. Norway, Sweden and Spain are also said to be seriously considering the issue. Further to this issue, legal experts in Nevada expressed that social gaming activities do not constitute "gambling." However, concerns about consumer protection and harm to children could see regulation being introduced faster than expected.

A few words to conclude

It is a fact that social gaming ventures need ongoing legal advice from experts in gaming law, as they might not be immune from regulatory compliance in the long run. The higher the profitability and growth of social gaming operators, the higher their profile will become, and the more likely they are to be subject to regulatory scrutiny. Overall, social games where free play is the primary method of entry and where no tangible money's worth prize is awarded possess strong legal arguments. However social games that award cash or merchandise face a more difficult analysis and need to be careful with legal and regulatory requirements. ♣