

*International Masters of Gaming Law
Presents the*

Inaugural Lifetime Achievement Award & Annual Gaming Regulator of the Year Awards

BY SHARON HARRIS

The annual International Masters of Gaming Law (IMGL) “Regulator of the Year” awards reflect the organization’s mission of “advancing gaming law through education.” The commendation recognizes prominent international gaming regulators whose professional contributions significantly enhance their gaming jurisdiction’s regulatory environment. The IMGL honors each recipient for his integrity and outstanding service to the gaming community. The standards for selection include the overall body of work as a regulator, contributions to the gaming industry and noteworthy achievements in gaming regulation. In addition, each recipient provides a stable regulatory environment in his jurisdiction, is identified as a person of high integrity while demonstrating service in the community.

LIFETIME ACHIEVEMENT AWARD

PETER BERNHARD

Attorney Peter Bernhard’s career as chairman of the Nevada Gaming Commission so impressed the IMGL Regulator of the Year Americas committee that they created a Lifetime Achievement Award in his honor. According to Committee Chairman Frank L. Miller, “Peter is a pillar in the area of regulation. We unanimously voted to present this one-time special recognition that reflects his total body of work.”

Bernhard, a Las Vegas resident since 1952, has overseen many of gaming’s most significant events of the 21st century. These include the two largest mergers in Nevada gaming history—MGM/Mandalay Bay and Harrah’s/Park Place Entertainment, licensing for construction of numerous facilities, transfers of existing properties throughout Nevada, the advent of private equity financing and the challenges of the Internet.

In October 2001, former Nevada Governor Kenny Guinn appointed Bernhard, then chairman of the Nevada Commission on Ethics, to lead the Nevada Gaming Commission. After serving almost thirteen years as chair, Bernhard resigned this part-

time position, effective June 30, 2014. He has been and continues as of-counsel at Kaempfer Crowell, a Nevada law firm.

“The timing was right to transition to a new chair because the Nevada Legislature reconvenes in February 2015. I was pleased when Governor Sandoval appointed Dr. Tony Alamo as my successor to maintain continuity between now and next year’s legislative session,” says Bernhard.

Bernhard has always believed the Commission’s main role is to protect the public by ensuring the financial and operational integrity of gaming. “The Commission examines a licensee’s economic solvency and sources of capital. It looks at issues like anti-money laundering, which are so important to minimizing the challenges presented by the financing of terrorism, narcotics trafficking and other illegal activities. Regulators and companies are so globally interrelated that no one operates in a vacuum anymore, whether in established jurisdictions like the U.K. and Australia or newer areas such as Macau and Singapore. Nevada’s regulators also work closely with emerging gaming jurisdictions such as Korea, Japan and Taiwan, developing uniform and best regulatory practices for the industry worldwide,” comments Bernhard.

During his tenure, the Commission imposed Nevada’s largest-ever fines for regulatory violations, while also working with licensees to proactively identify and avoid potential problems. Bernhard states, “It is in the operators’ interests to protect themselves from, for example, slot cheats who take tampering to new levels... using best practices and self-reporting methods. One benefit of IMGL and other groups is their significant scholarly work, which facilitates networking among regulators on best practices.”

Looking ahead, Bernhard predicts that two key regulatory challenges will involve technology. On a par with other consumer industries, effective regulation is important. He states, “Licensees and regulators must be vigilant as technology presents opportunities for hackers to invade industry systems on the gaming floor and back-of-the-house. Licensees must be alert for things like electronic devices that assist card counters and manipulate random number generators in gaming devices.”

Regulators and licensees must also be flexible to remain relevant to new generations of customers such as the younger, under-35 millennials who grew up with advanced technology and skill-based entertainment.

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“Although gaming defines wagering as outcomes that are determined by chance, regulators must offer operators some room to build and market their entertainment offerings to include skill components as part of the gaming experience. ... Skill aspects generally will be limited to bonus options on a single-player basis, prohibiting head-to-head skill-based games against another player. This helps preserve the element of chance and protect the game’s integrity,” Bernhard claims.

Along with challenges, Bernhard anticipates great opportunities.

“The gaming industry has matured into an accepted entertainment option. Regulation provides the controlled environment, allowing the people to spend their discretionary income while experiencing the fun and excitement of games of chance.”

“In the 1970s, public companies with access to Wall Street funding came in and made it impossible for the traditional ‘mob’ to compete. Debt and equity offerings in the public markets and through private equity investment changed the face of Nevada gaming. Without these financial resources, there would be no Las Vegas as we know it today, beyond a few scattered hotels with limited hotel facilities. I am very happy with modern Las Vegas and its expansion into a worldwide destination city,” Bernhard says.

GAMING REGULATOR OF THE YEAR: AMERICAS

STEPHEN MARTINO

During his four-year tenure, Maryland Lottery and Gaming Control Agency (MLGCA) Director Stephen Martino has increased the state’s successful lottery and casino gaming revenues by 67%, to the 2013 level of \$829.3 million. Regulator of the Year-Americas Committee Chair Frank L. Miller calls Martino’s job performance “remarkable.” He says, “Steve has an amazing ability to juggle competing interests for the people of Maryland. It was difficult to combine the groups into one agency, but Steve has done it.”

Martino has coordinated Maryland’s casino gaming regulation, plus staffed and designed the oversight structure that prioritizes safety, security and fair-play at Maryland’s five casinos, while also regulating bingo parlors in major counties, instant ticket lottery machines at western shore counties’ veterans’ organizations, amusement and electronic gaming equipment and enforcement of Internet cafe bans.

Martino served as the executive director of the Kansas Racing and Gaming Commission from 2005-2010. Prior to that job, Martino maintained a private legal practice, served as a special assistant attorney general for the State of Kansas, and worked as a newspaper editor in Louisville, Kentucky.



Kevin Mulalley, former executive director and deputy director for legal and legislative affairs for the neighboring Missouri Gaming Commission, states, “In Kansas, Steve created the first-ever regulatory structure for state-owned casinos in the U.S. Despite legislative obstacles in its implementation, Steve quickly formed an excellent staff. He developed an operational regulatory structure within a fraction of the time taken by other states. Facing one of the nation’s highest tax rates in Maryland, Steve is even more impressive. He and his competent staff have solved complex problems to create a robust industry.”

Martino, an advocate of responsible gaming, founded the Maryland Alliance for Responsible Gambling, similar to the Kansas Responsible Gambling Alliance. He also chairs the North American Association of State and Provincial Lotteries’ (NASPL) Responsible Gambling Committee.

GAMING REGULATOR OF THE YEAR: INDIAN COUNTRY

THOMAS RUSSELL

After seven years as a gaming regulator, Thomas Russell, Esq., assumed the chairmanship of the Pokagon Band of Potawatomi Indians Gaming Commission position in October 2013. A tribal member himself, Russell became one of their first gaming commissioners in August 2007, when the Four Winds Casino in Michigan opened.

Russell is respected as an effective leader and regulator. Commission Vice Chairman Bruce Molnar says, “Thomas has consistently brought his ‘A-game’ as a gaming regulator. He remains focused on doing his best, showing incredible discipline, during hearings and meetings. He gets the Commission’s other disciplined people to think and take disciplined action.”

Molnar claims Russell’s excellent research and writing skills expedite whatever issue he works on, including gaming amendments, technology advancements, audit oversight, e-gaming developments and the licensing of non-gaming vendors, casinos and employees.

Russell has actively served the Little Rock community, currently functioning as a weekly chaplain at the prison in Little Rock. He also provides pro-bono legal counsel for clients with special circumstances.

Gaming Regulator of the Year-Indian Country Committee Chair Kevin Quigley praises Russell, saying, “Tom Russell embodies the best gaming regulator qualities—integrity, wisdom and fairness. His selection reflects IMGL’s recognition of his long term work in instilling a strong sense of professionalism in the Pokagon Band regulatory agency, considered one of Indian Country’s premier gaming commissions. Tom will competently handle the future challenge of staying ahead of the regulatory curve with fast-evolving Class II and Class III gaming technology platforms.”



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GAMING REGULATOR OF THE YEAR: EUROPE

CARLOS HERNÁNDEZ RIVERA

Carlos Hernández Rivera, general director of the General Directorate for Gambling Regulation (DGOJ), holds the highest qualification in Spanish law as a state attorney. He advocates collaboration and continually works on key areas of common interest among various EU jurisdictions, including the exchange of important information, international liquidity and responsible gaming. Hernández Rivera also communicates with Latin American regulators, who use the Spanish regulatory system as a model.



Hernández Rivera has successfully developed Spain's regulations for the two most critical online gaming sector products—slots and exchange betting. These two directives, already approved, balance the operators' interests with responsible gaming needs. Following the 2012 program, these regulations will assist Hernández Rivera and the DGOJ when they launch a new Spanish licensing process later this year. All gaming lawyers should read these memos—particularly the slots analysis writings—for their comprehensive explanations.

To ensure integrity that protects the public trust and interests of the licensed legal operators, Hernández Rivera has opened dozens of sanctioning proceedings against unlicensed operators.

Looking ahead, Hernández Rivera is developing two additional regulations. Gambling advertising poses difficulties, as equal authority was transferred to the regions in the 1980s and 1990s. The Spanish government oversees advertising for online gaming but could cross paths with regional local promotions.

Hernández Rivera is also concerned with responsible gaming issues that were a key provision of the Spanish Gaming Act in 2011. He must develop a solid policy that balances consumer protection with the business of operating new products in the marketplace.

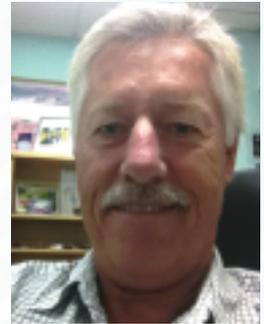
"Carlos is very brave to enter these challenging areas. I will be anxious to see how he develops these regulations," says Justin Franssen, chairman of the Regulator of the Year Committee-Europe.

Hernández Rivera has made the DGOJ office very accessible. According to Franssen, "Carlos is always open to speak with anyone in the gambling industry. He is a charming gentleman with an excellent sense of humor."

GAMING REGULATOR OF THE YEAR: ASIA / AUSTRALASIA

MALCOLM RICHARDSON

As the senior online gaming regulator in Australia's Northern Territory, Malcolm Richardson has participated in the regulation of Northern Territory gaming since 1984. Richardson was involved in the 1989 establishment and subsequent management of the Racing and Gaming Commission.



Before 1992, Australian law only recognized and awarded bookmaking licenses to individuals. In 1992, amendments to the Northern Territory regulations enacted legislation that enabled corporate bookmakers to receive a license.

Addison Law Partner Jamie Nettleton says, "Malcolm was instrumental in the development of the regulatory regime for corporate bookmakers. He established the licensing conditions and applicable regulatory system."

Because the Internet opened new opportunities, Richardson was approached early on to enable the awarding of online bookmaking licenses. Accordingly, regulatory changes were made to the Northern Territory Racing and Betting Act.

Since that time, Richardson has been the key regulator to deal with corporate bookmakers' applications and their licensing. He also oversees compliance issues and approval requests for changes of control and ownership transfers.

Since its inception, online bookmaking has proven very profitable for the Northern Territory under Richardson's management as a sports bookmaking regulator. His leadership has helped increase revenues from zero to approximately \$8 billion in 2013-14.

"Without Malcolm's involvement, the Northern Territory would not be the leading regulator of online sports bookmaking in Australia. His practical approach welcomes comments from the bookmaking sector. He wants to ensure that regulatory issues not only maintain the integrity of the Northern Territory licensing regime but also reflect those specific needs of the online bookmaking sector," Nettleton states.

In addition to his role in regulating online bookmaking, Richardson has participated in the oversight of the Northern Territory casinos since the 1990s. His regulatory domain has also included lotteries, online mail order lotteries, community gaming, clubs and slot machines.

The proud father and grandfather actively supports the outdoor lifestyle in the Northern Territory with his keen interest in racing, fishing and golf.

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Finally, each award recipient was asked to respond to the following question:

“As gaming continuously evolves and technology changes, each jurisdiction must confront its own unique situation. Over the next three years, what issues do you predict will face your agency? How will you position yourself and your staff to solve any challenges and maximize any opportunities?”

Carlos Hernández Rivera



The DGOJ recognizes the need for patience and thoughtfulness when implementing the appropriate legal framework for online gambling. We understand its multiple societal implications and impacts on the land-based industry, subject to specific regulation.

In 2012, the online gambling market in Spain began operating under the new legal framework, and we are still adjusting to the essential elements of that market. We still want to ensure a safe, responsible business that protects all citizens while equally responding to the market's constant technological evolution.

The DGOJ is currently focusing on these areas:

- A regulatory framework for online gambling advertising.
- The mechanisms that allow us to introduce international liquidity in our regulation, needed for better business development.
- The current and future development of social games. Although they do not fully fall under gambling, we worry about potential characteristics that may require protection for vulnerable groups.

Expanding cooperative efforts with other states in order to define similar legal frameworks will help internationalize online gambling and control illegal gambling outside our borders.

Malcolm Richardson



We must keep abreast of issues such as 'cloud' deployments, the global distribution of operators and mutual recognition with Tier 1 jurisdictions. The appropriate resources must be allocated to moni-

tor the evolution and also maintain those parameters related to player protection. I believe our regulation processes will continually encourage those private businesses subject to that regulation.

Our competent, dedicated veteran staff is in place to address future challenges. We understand the dynamics of the online gambling industry and are considering establishing MOUs with Tier 1 jurisdictions. Our department has increased the use of Approved Testing Facilities. We will continue our involvement with the IMGL and IAGR forums.

Thomas Russell



Our Commission is an organism, a group of mutually interdependent, cooperative parts uniting to create one unit who welcomes these future challenges:

- MICS, TICS, AND SICS. Our Tribal-State Compact with the State of Michigan mandates that all Class III technical standards comply with those of Nevada or New Jersey. Our Tribal Minimum Internal Controls Standards presently reflect the NIGC Minimum Control Standards. Implementing control standards to conform with revised 25 CFR 542, 543 and 547 will be challenging in the short term.
- Online poker, casino games and virtual currency social gaming. Once our tribal leadership opts for a product expansion, we must provide a regulatory framework.
- Possibly adding a fourth gaming facility if the tribal leadership enters into a compact for Class III gaming, or alternatively offers Class II gaming in Indiana, the 29th state with tribal gaming. Six northern Indiana counties federally recognize the Pokagon Band of Potawatomi.

The Commission is committed to individual and collective growth. John Roberts, a 20-year gaming veteran with experience primarily in Indian Country, is our new executive director. A new deputy executive director position fits our strategic and succession planning.

The Commission, whose core values maximize individual and collective achievement and success, is actively recruiting, training and promoting tribal citizens to management opportunities. Additionally, the Commission utilizes professional casino-industry consultants, IT specialists and industry auditors.

Stephen Martino



Maryland is experiencing dynamic gaming growth. We opened our fifth casino licensee in Baltimore in August. Our final casino license, across the Potomac River from Washington, DC, has a scheduled summer 2016 opening. Our agency will transition over the next three years as the state's gaming market stabilizes and Maryland becomes a mature operating jurisdiction.

The rapid evolution of global gaming matches Maryland's intense activity. Changing customer habits and technology delivering different gaming experiences are resulting in a wave of industry consolidation.

The Maryland Lottery and Gaming Control Agency will work with our regulated community to embrace challenges or questions as they occur. This will help the Maryland gaming industry deliver on its promise to create jobs, grow economic development and generate revenue for the state. ♣