

FIGHTING ILLEGAL LOTTERIES, GAMBLING & BETTING: URGENT TIME FOR GOVERNMENTAL ACTIONS

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Lotteries and their associations have been wrestling with the growing problem of illegal gambling for many years now. WLA and EL task forces continue to do an excellent job in collecting data, clarifying the challenges, and discussing strategies to defend the interests of lotteries. But we need more!

Illegal activities are flourishing more than ever throughout Europe, and now are expanding into the African continent and elsewhere. Illegal operators openly advertise their activities in jurisdictions throughout Africa and Europe, regardless of whether they have proper license to operate, and even entice retailers with higher commissions to promote their illegal games over the legal games. They openly violate the laws and are pleasantly surprised that governments do not take action to enforce the laws and stop them from operating. On the contrary, we see politicians, investment companies and media companies act as if there is nothing wrong with affiliating with enterprises that operate illegally. There seems to be no recognition on the part of policy-makers and regulators of the social costs and lost revenues that result from illegal gambling. In many countries, the illegals control more than half the market. Not only does this lead to loss of governmental income, but it also increases the level of health problems and criminality. Organized crime uses illegal gambling as a source of income and money-laundering. They manipulate sport competitions, betting and casino games, enter the lottery market through derivative products, and completely disrupt the games-of-chance market.

Many operators manage to procure legal license to operate in some jurisdictions while continuing to act illegally in others where they can't get a license to operate. These operators comply with laws where it is expedient, and illegally where it's not. Granting a license to operate legally

to companies that operate illegally in other jurisdictions is perpetuating this problem. By minimizing the consequences for breaking the laws and disregarding regulations, we are implicitly sanctioning and institutionalizing this double standard that perpetuates illegal iLottery and online gambling. **Companies which operate illegally in even one jurisdiction should be denied license to operate legally in any jurisdiction.** If all governments worked together to embrace this straightforward standard, illegal gambling would be significantly reduced.

Illegal operators use a similar strategy everywhere. They enter markets where governmental authorities have other bigger priorities than to enforce laws against illegal gambling. They build market-share with little regard for making a profit. Once they have a strong customer base of players, they petition the government for license to



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operate legally and turn the underground economy into taxable revenues. Governments should not accede to this blackmail as that simply reinforces the incentive to operate illegally.

It was more than twenty years ago that the European Court of Justice stated that a monopoly is a very good solution to address the gambling market, and is acceptable under EU law. The Court also stated that a regulatory framework can include a

Continued on page 49

Article 11 of the Macolin Convention:

Article 11 – The fight against illegal sports betting

With a view to combating the manipulation of sports competitions, each Party shall explore the most appropriate means to fight operators of illegal sports betting and shall consider adopting measures, in accordance with the applicable law of the relevant jurisdiction, such as:

- a) closure or direct and indirect restriction of access to illegal remote sports betting operators, and closure of illegal land-based sports betting operators in the Party's jurisdiction;*
- b) blocking of financial flows between illegal sports betting operators and consumers;*
- c) prohibition of advertising for illegal sports betting operators;*
- d) raising of consumers' awareness of the risks associated with illegal sports betting*

It is not a matter of if but a matter of when Augmented reality will completely transform the entertainment world, including the iGaming industry.

SCIENTIFIC GAMES SYSTEMS POWER RETAIL AND DIGITAL SALES FOR LOTTO BAYERN IN MUNICH



IGT Inks Long-Term Contract with Loterie Romande to Power Swiss iLottery System



Pollard Banknote Awarded Instant Scratch Ticket Contract By Norsk Tipping



IGT Achieves Sector-Leading ESG Score from Moody's ESG Solutions

IGT received an 'Advanced' environmental, social and governance ("ESG") score from Moody's ESG Solutions putting it in the number one position in the hotel, leisure goods and services of North America sector.

From loot boxes to gambling addiction: experts warn video games open door to betting and problem gambling

Video games in which players spend money on in-built games of chance can be a gateway to gambling because they acclimatise young people to habitual use and erode their sense of caution, a coalition of experts in screen addiction has warned.

EL/WLA Webinar: Lottery experts discuss how to tackle unexpected security issues

As the world continues to be a complex place of interdependent elements with black swans ever more common, lottery professionals from all corners of the world tuned in over the course of two days to hear testimonies and learnings on the topic in the EL WLA Security and Operational Risk Management webinar 2022 entitled "Expect the Unexpected: Black Swans in Security & Risk Management".

165 Belgians share \$150 million lottery jackpot

Christmas came early for 165 people from the small northern Belgian village of Olmen who won 142,897,164 euros (\$150.81 million) in the EuroMillions lottery this week, the biggest group win ever in Belgium. Each individual will get almost 900,000 euros tax-free, EuroMillions spokesperson Joke Vermoere told Reuters.

She said it was the first time in Belgium that such a big group had won this much. "It's a lovely story, really." The winners all chipped in 15 euros to a pot set up in a local store whose owners regularly organise a EuroMillions group buy, resulting in the occasional win but never a major jackpot. "Many winning customers were in disbelief at first," said storekeeper Wim Van Broekhoven who was as stunned as his wife when they heard the winning numbers.

Star Entertainment Group fined \$100 million over Queensland casino breaches

Attorney-General Shannon Fentiman: "Today we are sending a very clear message that unlawful and criminal behaviour will not be tolerated in Queensland casinos." Star has been given 12 months to pay the fines, which total \$100 million. Star Entertainment Group made \$1.53 billion in the 2021-22 financial year. ■

FIGHTING ILLEGAL LOTTERIES, GAMBLING & BETTING: URGENT TIME FOR GOVERNMENTAL ACTIONS continued from page 50

monopoly for certain games alongside a system of multiple licenses in other game categories. But the Court did not state or even imply that opening the online gambling market is the best solution.

A government can further address illegal gambling by monitoring the illegal market, improving legislation and introducing where necessary geoblocking and payment blocking, and by making ISP, financial institutions and media companies co-liable for cooperating with illegals, and by enhancing law enforcement.

Some will argue that such measures do not work well or are not legal. These falsehoods are propagated by the illegals because they do not want the authorities to actually have the power to prevent their illegal activities. Not only are such measures perfectly legal under EU law, they are necessary to minimize illegality and problem gambling. These measures in fact enable a thought-

ful, measured and strategic expansion of online gambling. The Court of Justice of the European Union calls this "controlled expansion", namely the managed process of modernizing rules for advertising and expansion of distribution channels.

Fighting illegal gambling is actually not a matter of choice – it is a legal obligation under EU law. Member states are required to maintain a consistent policy on gambling in accordance with the Court of Justice of the EU as well as the Council of Europe Macolin Convention against manipulation of sport events. Countries which signed up to the Macolin Convention, and luckily that number is growing, have a legal obligation under international law to implement serious measures and policies to fight illegal gambling.

Lotteries have been studying, collecting data, and preparing comprehensive material about this issue. That is important,

but we need to forge a pathway towards relevant political action. A comprehensive public affairs strategy should be set up and implemented on all continents, and in all concerned jurisdictions. There is no time to lose. Governments need to be convinced to recognize the harm that is being done by their inaction and the furtherance of regulatory loopholes that enable illegal gambling. And they need to be convinced to take action against operators of illegal gambling. The sustainability of a growing market for legal games-of-chance, including government lotteries as well as land-based operators, depends on effective enforcement of the laws that prohibit illegal gambling. The fight against illegal gambling is a legal and moral obligation necessary for the health of society, for the stability of the lottery sector, and for the preservation of Public Order. ■