



Ukraine steps closer to introducing a new Gaming Act while at the same time teeters close to the edge of a complete games ban

Ukraine has a draft gaming law going through its first reading in Parliament. Predictably, it's been returned once already and is heading through for yet another 'first' reading. Over the past six years Ukraine's almost mythical gaming law has travelled as far as the President's desk, waiting to be signed, but failing at the last hurdle. The latest 'new' law would restrict the location of gaming machines in the country, stipulating that they must be at least 1,000 metres from municipal buildings, metro stations and churches. But in a city such as Kiev, in which there are more churches than streetlights, that's effectively a city-wide ban. It's a policy in keeping with the mayor of Kiev's view that gaming should be banned in the capital and one that's increasingly likely unless a gaming law can be passed to protect operators and their businesses.

Currently, every region in Ukraine has its own laws governing the gaming industry. Machine taxation is an arbitrary sum fixed by local governments, there are no specifics for machine stakes and prizes and no homologation of the games on the market. According to Antonin Slavik of the Ukraine operating company and Synot subsidiary, Royal,

for this business. Some cities wish to stop slot machines altogether, while at the same time Russian companies are trying to flood the market with all manner of products for which they have no use thanks to Russian legislation. Large Russian companies have the money to pay for the law that fits their purpose; a law that solely benefits the one company that pays the government the most money. It is a situation that is not good for the rest of the sector, but the Ukraine government is strong and will always find the money to make their way through any difficulty."

The new mayor of Kiev is totally against the gaming business, and is said to hate the very idea of gaming, a fact that he's not keeping to himself. Plans to implement a mini-Las Vegas north of the capital have been suggested, although this would be illegal under present legislation.

However, the Mayor has already shown that he is willing to do anything to rid his city of slots. In recent months police have confiscated slots, removing and warehousing them. Operators must seek the intervention of the courts to have their property returned, while having had to pay for the cost of warehousing at 30Gr per day, per machine. Machines are also destroyed in transit as they're loaded onto trucks and thrown around en route to the warehouses. These are 10,000 euro machines that have not been securely fastened or removed with due care and attention, such is the contempt for the machines and their operators.

"The question being asked is: is there a real need to remove the machines – or is the Russian lobby behind a move to eliminate the Ukrainian domestic market?" asked Mr. Slavik. "The gaming business in Ukraine is legal and its members have a need to see the gaming act enacted. We need to see order brought to the gaming business in Ukraine. However, this is now a battle within Parliament of whose interests will win out

(Above) Kiev, Vladimirsky cathedral. (Inset) Synot's David Mixa, Pavel Michalcio and Antonin Slavik of Synot subsidiary, Royal.



#### Ukraine market sustains both video and reels

Reel-based gaming machines started to decline in the Ukraine market over three years ago. The ability of video slots to quickly change their stakes and prizes in a market without such regulations, proved to be a winning formula. One of the few companies continuing to support mechanical reels in Ukraine is Synot, through its distributor Royal. At the Entertainment and Gaming exhibition in September, Synot showed Troubadour, a reel spinner from JPM International that the company believes will stimulate latent market interest from a player-base that's been over-saturated with video slots. "We are using Czech software, the same level of stakes and prizes and payout percentages as our Czech games," explained Synot Sales Director, Pavel Michalcio. The problem in Ukraine is that anything goes in terms of stakes and prizes, and therefore pitching a new game at the right level can be something of a hit-and-miss affair. Royal, much like other distribution companies in Ukraine, is an operator first and a distributor second, and is looking to find the best machines for its own locations. "You can operate anything you want in this market," said Royal's Antonin Slavik. "We seek to operate what is the best in a market where you can have a pub machine able to pay 3,000 euros as a jackpot. Such extremes have seen the PCB-based games become the most popular type of games in the market as different win values are changed to meet the demands of the player on a near daily basis. To cover all aspects of the Ukraine market, Synot also showed its work-in-progress project with Boss Media, which is a new multi-game multi-video product exclusive for the Ukraine, alongside JPM's new Cyclone games compendium, which Synot believes will be highly competitive in this market. Synot also revealed at the show that the company has become the exclusive distributor of Croatia-based roulette multi-player supplier, Osmica. Synot is to distribute Osmica's 5-8 player machine, with Royal set to begin installations in the near future.

in the end. We are seeking to make the business transparent, to apply rules for everything and everyone, technical specifications, and to ask companies to pay large deposits to hold a licence to operate." A new licensing law was enforced April 2006, in which operators had to pay a five year licence of 30,000 euros for each year of the licence. "Legal operators paid 150,000 euros for the licence and then continue to pay their taxes, while illegal operators ignore the licence fee, disregard the taxes but pay officials to protect their interests within the government," said Mr. Slavik. "Domestic companies simply do not have enough money to compete with the Russians in their own market. It is hard to say what will happen in a country in which everything can be bought and

where six months after the general election the government has still to be installed in office." Mr. Slavik believes that pressure is mounting for a new law, but that the counter argument within government is equally as strong. "There are 150,000 legally operated machines in Ukraine and 150,000 illegally operated ones. Whose interests will be championed by the government depends on the amount of money either side is willing to pay," said Mr. Slavik. "We have seen the same thing happening in other countries in which the lobby was too great on the side of the illegal elements. Illegal operators continue to remove legitimate businesses from the market. If governments want revenue from the gaming business, it's up to them whether they want a legal business or not."

## Not in my parish

the Ukraine central government has been prevaricating when it comes to the implementation of an over-arching gaming act, preferring to select different parts of existing laws to justify its actions. Those actions have included the raiding of locations by police and the confiscating of machines from legitimately operated gaming businesses. Many feel that these actions have not been to protect the public from gaming, as championed by the politicians, but as direct influence from illegal gaming operators who have greater sway with policy-makers than Ukraine's 'white' gaming sector. "It will be at least a year before a true gaming law comes into force," said Mr. Slavik. "As much as this will enforce curbs to the expansion of gaming, it will also offer protection for both players and operators. Right now in the Ukraine market, regional cities are inventing their own conditions