



# Connecting all the dotcoms in LATAM

There have been a number of significant developments of late regarding the online gaming market in Latin America. Colombia is leading the way in regulating online gaming while a number of jurisdictions look as if they could soon follow suit. Brazil looks to be closer than ever to permitting online gaming and is already considering liberalising sports betting over the internet while Peru is looking at ways to reap the additional tax gaming revenue a more closely regulated industry would bring. But while a number of jurisdictions seem to be making headway in adapting gaming rules to encompass the increasing popularity of gaming over the internet the majority of jurisdictions continue to lose out.

Delays in legislation are happening at a time when access to the internet especially via mobile phones is on the rise. Today Latin America is the third largest regional online market behind Asia and Europe and the second fastest growing mobile region. By 2019, the internet user penetration in Latin America is predicted to increase by as much as 60.9 per cent. According to a newly study published by GSMA, a trade body that represents the interests of mobile operators worldwide, the number of people across Latin America using their mobile devices to access the internet could increase by as much as 50 per cent by the end of the decade meaning 150 million new mobile internet subscribers will be added in the region by 2020 bringing the total to 450 million.

While access to the internet continues to rise especially via Smartphones there is an increasing demand for sports betting fuelled by a lack of a bricks and mortar solution in all territories. Sports betting is limited, out of date and in many cases restricted to government sponsored sports pools betting and horse racing which is becoming less and less popular. So how are governments adapting to the new online gaming landscape? Which jurisdictions are positioning themselves so that they may

regulate the industry more closely and which jurisdictions continue to lag behind today?

## Argentina

In Argentina online gaming has been permitted since 2006 but only on a province to province basis and there is no national law in place which regulates online gaming. A very small number of licences have been issued and only locally authorised online sites may offer their service in the province where they operate. Crucially, online betting is not licensed in the capital of Argentina nor in the province of Buenos Aires. In the past a small number of sites offering their services to players in Buenos Aires have been threatened with court action including Bwin and 888.com. As a result gaming via locally licensed betting sites is limited and those operators with a licence have had only very limited success and in many cases have been forced to close their operations shortly after going into operation.

The online industry faced another set back in December when a new 2 per cent tax was placed on all bets made online via any digital platform. The additional tax was part of a much larger gaming tax which affected gaming throughout Argentina and is aimed at raising an additional \$6bn pesos in revenue for state

coffers. According to its initial proposals the government planned to impose a fixed tax of \$40,000 pesos on the 80,000 slot machines operating in the country and charge 0.75 per cent on wagers via an indirect tax. The government agreed to scrap the direct tax on slot machines as the opposition considered it double taxation. The 0.75 per cent consumption tax on bets, however, remains while it continues to stand at 2 per cent for online gaming.

While the new online tax has yet to be put into practice the fact that the government has put a tax on online gaming has caused a number of industry insiders to speculate that it could be a sign that the government is considering opening up the market further. However so far the government has taken no steps in doing so and there is no official word of any plans in the pipeline which would create any type of online gambling bill. This is despite the fact that according to the Head of the National Lottery Tomás Elizalde online gaming makes up of 20 per cent of all bets in Argentina while around 90 per cent of all bets made online are illegal.

Demand is particularly high in Argentina due to the huge local passion for sports and also because of a lack of any attractive sport betting





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It's an exciting time to be involved in the Latin American market, with countries in the region regulating online gambling left, right and centre. Colombia has made great strides in adopting a robust framework, while other countries such as Brazil, Chile and Peru are set to follow suit.

However, there's a sense that some regulators still don't want to liberalise online gambling with the false belief that if there's nothing's broken, why fix it. Without adopting a proper regulated framework, the current system allows international operators to dry the liquidity of their land-based licensees, not pay any taxes and leave players unprotected.

Europe has shown the way as to which type of regulation works best, and the legality measures that are most effective, and so Latin America must learn from their international counterparts

It's crucial that regulators and operators take action against any illegal operation seriously. As we've seen to good effect across Europe, regulators must create black lists, IP blocking, as well as

coordinating with the local police, bank and tax authorities to stamp out any troublemakers as well as international dot.com operators.

The LatAm market has a strong land-based heritage and, in general, a cash-preferred culture, which would benefit significantly from the convergence aspect of online regulation. Similarly, land-based operators should look for partners and providers, such as GAMING1, that understand convergence and the challenges involved when moving to the online environment. This was the case with our Colombian partners VICCA Casinos.

Regulators should focus more on protecting the regulated land-based industry from dot.com and other illegal operators, by enforcing a framework which benefits the traditional casinos. It will be interesting to see how the LatAm industry reacts to the challenges coming from regulation. There are many countries that are still waiting to legislate, and perhaps it would be convenient for operators to take a more active role at this stage.

offer. Apart from horse racing the only other official sanctioned sports betting in Argentina is via a football pools game called Prode which has a very low turnover. There have been calls for many years to update the game and offer it online. In November in 2014 plans which would have seen a major re launch were officially abandoned after Santa Mónica, the company that would have been responsible for operating the revamped version of the game, claimed that the conditions were "not right."

However, rumours are now beginning to surface that a new version of the game could be launched online. According to some reports Daniel Angelici, President of Boca Juniors football club and personal friend of President Mauricio Macri, has put forward the idea of re launching the game online. The newly revamped game would operate as part of the new football league format called "Super League" (Superliga). This was after President Macri ended the Futbol para todos" (Football for Everyone) programme which had allowed free-to-air screening of local football matches under previous left wing President Christina Fernández de Kirchner. Government broadcasting of local football matches had seen falling viewing figures ever since its inception due to poor coverage and low production values.

In March, divisions of US media companies Twenty-First Century Fox Inc and Time Warner Inc won the joint contract to broadcast Argentine football matches for the next five years. The new plans to offer betting on local football matches also has the support of the some of the largest football clubs in Argentina and would not only provide a source of funding to football clubs, which are in debt, but would also legalise online gambling on football.

Meanwhile online gaming has sparked an increasingly bitter row between the The Provincial Institute of Lotteries and Casinos of Misiones (IPLYC) and The National Lottery. In June Buenos Aires prosecutor Martín Lapadú ordered that misionbet.com.ar, an online gaming site which is based in the province of Misiones, be closed arguing that it operated in contravention of local gaming laws. The site offered sports betting, online casino games and poker. However President of the The Provincial Institute of Lotteries and Casinos of Misiones (IPLYC) Eduardo Torres has questioned the National Lottery's decision. Talking to press in June Torres accused the National Lottery of failing to act in the face of the proliferation of online gaming. Torres warned that the IPLYC could denounce the National Lottery and make a criminal complaint as the National Lottery



does not have the right to interfere in the running of locally run provincial lotteries.

In addition according to Torres offshore gaming companies regularly offer their services to locals and even advertise in local media. Due to the increasingly bitter dispute The Association of Lotteries, Pools and Casinos of Argentina (ALEA) has issued a statement clarifying its stance on online gaming and called for more control over the industry.

In the past the ALEA has put forward a series of measures and actions when it comes to regulating online gaming and has met with the Central Bank in order to discuss the importance of tightening restrictions on illegal payment methods, the prevention of money laundering and capital flight. Meetings have also been held with the Financial Information Unit and the Ministry of Internal Commerce in order to draw up specific regulations when it comes to online gaming in the future. However despite these efforts online gaming in Argentina will in all likelihood remain fragmented and a matter for continued controversy as there is no national law in place which regulates the industry nor does there seem to be the political willingness to implement a comprehensive gaming law which would encompass the entire territory.

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### Bolivia

There have been some developments of late when it comes to online gaming in Bolivia but there is still a long way to go before the government passes any type of online gaming bill. The gaming industry in Bolivia is still largely unregulated with illegal gaming widespread.

While Congress finally managed to pass a new gaming act, which allows the central government to reap 70 per cent of the tax income generated by gaming and gives the government total control over the industry via the newly established gaming board, the first licence wasn't handed out until 2014.

However there have been moves to regulate the online space more closely. In October 2016 Bolivia's Authority of Taxation and Social Control over Gaming (AJ) announced that new rules to control online gaming were needed.

According to the board, online gaming especially via social networking sites and via internet cafes is growing at a fast pace but the board does not have the legal or technological resources to regulate it. As a result the AJ is currently in talks with the national government over the need to create a new gaming law which would allow the gaming board to intervene in online gaming and take legal action against those found to be operating outside of the law.

In May the National Director of Bolivia's Authority of Taxation and Social Control over Gaming (AJ) Marco Sánchez Vaca, told local press that the organisation was working on legal regulations which would regulate online gaming. Sánchez Vaca said that there was no control over offshore operators offering their services locally and that rules could also be brought in which would also cover overseas lotteries which are targeting local players.

### Brazil

Although online gambling is currently banned in Brazil according to the most recent estimates released by the Brazilian Legal Gaming Institute (Instituto de Jogo Legal – IJL) gambling via the internet stands at at least R\$3bn a year and is rising sharply. Today around 10 million Brazilians regularly take part in online gaming. Due to the ever increasing number of Brazilians who are betting online there have been many attempts in the past to address the issue and reap the tax benefits that a regulated online industry would bring. Impetus has come from a number of bodies and institutions including The Ministry of Sports, Brazil's largest state owned bank and lottery operator – the Caixa Econômica Federal (CAIXA) as well as the Ministry of Finance all of which have at some point or other put forward reforms which would regulate online gaming more closely. Up until now the Brazilian Congress has been





## Brazil

Brazil is the largest market in the region, but faces a major challenge due to the inferior infrastructure it currently has in place to monitor gambling activity.

The market has been the hunting ground of many dot.com operators over the past 12 years, and so land-based operators looking into multi-million dollar investments should make sure they properly block these black-market operations from day one of the start of their own online site.

**Victor Araneda del Canto,**  
Director of Latin America for GAMING1

## Online regulations have only been eased slightly for horse racing. In January it was announced that two of the largest racetracks in Chile had started to offer online betting for their races. To bet users must first register with the [www.teletrak.cl](http://www.teletrak.cl) platform which has been designed especially for the game. Around US\$150m is bet on horse racing in Chile on the four racetracks

strongly opposed to any form of liberalisation and there have been several calls over the years to ban online gaming altogether. However due to the economic crisis now facing the country gaming is now being seen as a way to raise money and help weather the current recession.

New gaming legislation is being debated as part of "Brazil Agenda" a set of new rules put forward by then serving President of the Senate, Renan Calheiros in 2016 – a business-friendly agenda which is designed to provide a much needed boost to economic growth. This was after Brazil suffered its second year of deep recession in 2016, shrinking at a rate of more than 3 per cent.

Currently there are two bills being discussed in Congress which seek to green light gaming: one in the Senate and the other in the House of Deputies. Both laws vary significantly when it comes to online gaming.

Firstly in the House of Deputies in August last year a special commission approved Deputy Guilherme Mussi's substitute gaming bill and the final draft is now awaiting debate in a

plenary session. The bill in the House of Deputies seeks to allow for casinos within wider leisure complexes, and would allow for bingo and electronic bingo. However online gaming would not be permitted under the terms of the new bill.

The bill in the Senate, which is now awaiting further analysis to the House Committee on Constitution, Justice and Citizenship (CCJ), allows for 35 casinos, with at least one per state while some states would be permitted to have as many as three, depending on the population and the economic outlook in each state. Bingos would also be permitted.

Unlike the bill in the House of Deputies the Senate bill authorises online gaming. It does not, however, provide a new set of regulations to specifically cover the online industry. Rather it would require that online gambling companies offering their services in Brazil would be set up in accordance with Brazilian laws.

While Congress debates the issue there have been a number of developments regarding online sports betting which could well be

regulated as a separate issue altogether and online sports betting could possibly be given the green light before either the Chamber of Deputies or the Senate approves any new gaming legislation.

Sports betting remains banned under Brazil's gaming laws and the only legalised form of sports betting (apart from a small number of Codere horse race betting shops) is via lottery type games offered by CAIXA. This is nowhere near enough to meet demand and Brazilians have been tuning to offshore gambling sites in increasing numbers.

An important development came in April when it was announced that the government was planning on privatising instants, sports betting lotteries and online sports betting in order to double the revenue it collects in gaming tax revenue. This would raise tax revenue from R\$6bn to R\$12bn over the next few years. According to news reports Congress could soon begin debating a separate bill which would allow for sports betting lotteries, as well as online betting which would be known collectively as "Sportingbet."

The news follows the announcement in September last year that Lotex – the instant lottery ticket arm of Brazil's largest state owned bank and lottery operator CAIXA – would be auctioned off as part of the Brazil Agenda. Meanwhile CAIXA would continue to run and operate traditional lotteries such as its most popular lottery the Mega-Sena which is drawn twice weekly and CAIXA would be a minority partner in both Lotex and Sportingbet.

If approved by Congress, it is expected that the market could grow exponentially throughout the Brazil. However the new bill has already caused some concern due to the potential reduction in the number of customers at lottery outlets, since, currently, CAIXA games can only be made via the physical network. It is believed that a large portion of players would migrate to the online platform putting at risk the network of 13 thousand lottery outlets in Brazil which employ around 200 thousand people.

Either way the government looks increasingly likely to permit online sports betting soon and the government's increasingly liberal stance on gaming marks a major shift in government policy. If Brazil does open up the market it would undoubtedly have a huge impact on the region and could eventually lead to other jurisdictions in the region to follow suit.

## Chile

Online gaming is expressly banned under Chile's gaming laws of 2005 and there have been very few developments of late. While the exact size of the total online gaming market is unknown it is estimated that Chileans gamble

over US\$150m a year on online casinos alone.

In 2013 the government started at looking at possibly liberalising the market when two Senators put forward a law which would only have allowed land based operators already established in Chile to offer online games. In August 2015 head of the Chilean Gaming Control Board (SJC) Renato Hamel said in an interview that it was time that the board looked at regulating the online space and that he was "definitely" in favour of online regulation. Hamel also argued for the creation of a commonly shared international set of regulations for online gaming. But while Hamel came out in favour of regulating online gaming the new head of the board Vivien Villagrán Acuña, who assumed her post in February, has not spoken publically of how the board could address the issue in the future.

Indeed there has been no real impetus to regulate the online space from the gaming board for some time. This is largely because the board has been dealing with a number of more pressing issues such as the granting of the municipal licences and putting clearer rules in place in order to tackle illegal gambling. According to estimates released by the SJC, the new tender process for the municipal casino licences could help raise tax income generated for the state by the new casinos by as much as 46 per cent on average while gross gaming income will increase by 20 per cent. This will herald in a number of new large scale casinos as many of them are located in the most popular local tourists destinations in Chile. However the issue is becoming increasingly controversial as

operators are questioning the legality of the licensing process in the courts.

The board has also been focused on eliminating illegal gaming. The rapid growth of illegal gaming in so called "neighbourhood casinos" has been a persistent issue for the SJC and the board has been working closely with the Comptroller General's office to issue new rules after the SJC released the results of its first ever survey into gaming machines operating outside of casinos in July last year.

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Beyond this small advance there seems to be very little impetus coming from either the board or the government to liberalise the market and with the controversy growing over the licensing of the municipal casinos it is unlikely that the SJC will address the issue any time in the near future. Meanwhile Chileans will undoubtedly continue to gamble via offshore betting sites.

## Colombia

Colombia has made major progress of late when it comes to regulating online gaming and is now actively seeking to block unlicensed sites which





## Colombia

Colombia was the first Latin American country to introduce nationwide European-style online gambling regulation, establishing a robust framework and has set the standard for others to follow. Colombia has proven that if you regulate, the industry will try to accommodate and apply for licences.

The key challenge for the nation's gambling regulator Coljuegos is to now pursue those illegal operators and payment providers, while ensuring that companies applying for licences do fulfil the requirements set out.

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are offering their services to locals. Online gaming laws began to be tightened after legislation was passed in 2015 and 2016.

In addition it is the first country in the region to pass regulation specifically designed to cover the online gaming industry. It is the latest in many changes as the Colombian Gaming Control Board (Coljuegos) has gradually begun to liberalise the market and has increased the number of products on offer in the territory including Pari-mutuel sports betting which went live for the first time in Colombia in 2014.

In December the gaming board published its new online gaming regulations. The new regulations states how and under what terms online gaming may be offered and is extremely comprehensive in scope. According to new regulations, operators granted a licence must adhere to a number of strict obligations and also meet the technical requirements as per the terms granted to it by the state. Operators must pay a licensing fee of \$600m pesos and must also meet with a number of other strict legal and financial requirements as well.

Operators must have a bank account in Colombia in which player balances and

accounts are located and players may only make deposits and withdrawals in local currency. Operators must pay 15 per cent of net income in addition to a yearly licence fee as well as a fee that covers administrative expenses. The operator must also provide a number of financial guarantees to the government as well. Advertising is allowed but with a number of restrictions and games online must return a minimum of 83 per cent back to the player. The new bill allows for a large array of games including online sports betting as well as slots and table games. It also puts in place a number of player protection measures.

Talking to press in December Head of Coljuegos Juan B. Pérez Hidalgo said that the new online gaming bill would ensure that operators "must process a licence, meet certain requirements, certify the systems they will use and pay an initial amount in order to operate the (online) games." Players will, he said, eventually be able to find a list of authorised operators via the Coljuegos web page, and online gaming platforms would be certified by specialised gaming laboratories in the future.

In March Coljuegos announced that it was waiting for the Ministry of Information

Technologies and Communications and local police to enforce the blocking of around 300 gaming websites which currently offer their services locally. Among the sites which the government plans to block are PokerStars, Bwin, Bet365, Playbet, Foxfoxbet, Betmotion and Casinobet365.

While a step in the right direction time will tell, however, if and how Coljuegos enforces the new act and if the blocking of offshore gaming sites proves to be effective. Either way a comprehensive gaming act which covers all aspects of the industry is an important milestone when it comes to online gaming regulation in the region.

## Mexico

Gambling via offshore betting sites continues to rise. In May 2016 it was revealed that over 2,500 unlicensed sites were offering their services to locals and it is expected that the number of online gamblers in Mexico will increase by 118 percent by 2018, with an estimated 18 million players.

According to the Mexican Gaming Association (AIEJA) unlicensed online gaming generate around US\$300m a year in Mexico with the

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head of the AIEJA saying that urgent measure were necessary to regulate online gaming "because it is growing exponentially" without any kind of control. This assessment was mirrored by the President of Mexican gaming organisation The Association of Licence Holders and Suppliers of Games and Sweepstakes (ASPJAC) Pérez Lizuar who this year warned that online gaming was spiralling out of control and unchecked leading to tax evasion and money laundering. A boom in online gaming was currently generating \$2bn pesos, he said, around the same amount currently being generated by the land based slot hall and casino industry combined.

Online gaming has been permitted via special license in Mexico since 2000, but only land based operators have been allowed to offer their

services locally. However, as land based operators may offer online services via a licence granted to them by the Interior Ministry (SEGOB) a number of foreign operators have signed agreements with local operators. This includes the largest gaming operator in Mexico Codere which has over fifty sports betting shops in Mexico. Codere now offers a wide range of NetEnt's games live via Codere's online casino network in Mexico after Codere signed an agreement with NetEnt in December 2016. Codere also offers Live Casino games having signed an agreement with Evolution Gaming in March.

Another major land based player is Televisa which offers gaming via its subsidiary Apuestas Internacionales. Televisa currently operates 17 casinos and has a licence to operate as many as

55 casinos in Mexico. In November it was announced that sportsbook solutions provider Kambi had signed an expanded agreement with Televisa for the launch of a multi-channel sports betting service for its PlayCity brand. PlayCity houses around 6,000 electronic gaming machines in its seventeen casinos.

While land based operators continue to expand into the online market via partnerships with online providers and other operators there is still a distinct air of uncertainty regarding Mexico's new gaming laws meaning that a number of land based operators are waiting to see if they should apply for a gaming licences under current rules or wait until the new act is passed.

It is believed that the new Federal Betting and





**Chile**

Despite having what are probably the best conditions to set up a regulatory framework similar to that of Belgium, there's been an oversight to the online industry in Chile. The well-regulated land-based operators should act and request a regulation that allows them to start their online operations.

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Director of Latin America for GAMING1

**Online sports betting could eventually replace games currently on the market such as sports pools betting. Indeed sports betting in Paraguay is extremely limited and land based sports betting is currently limited to a single location attached to the racetrack in the capital Asunción**

Raffles Law now being debated in the Senate, although focused primarily on the land based sector, will further seek to limit online gambling to local land based operators. In theory the new law aims to regulate the gaming industry more efficiently, safeguard the rights of players and make the licensing process more transparent. The Lower House approved the new law in December 2014. However, after it was sent to the Senate it quickly became stalled in the committee stage. This is despite a number of calls for the bill to be pushed forward.

But whether the new act will be passed at all is a matter for considerable speculation. In February Mr Ochoa Sanchez told press that the new bill will probably not be passed during the remainder of the six-year Presidential term. General elections are not scheduled to be held in Mexico in July 2018. In addition he said that legislation has been pushed aside as more pressing matters have been forced upon the Senate. And while the bill does address the issue of online gaming it does not offer an in depth

analysis on how online gaming should be regulated. Instead it provides suggestions on how online gaming should be regulated into the future and highlights the dangers which are often associated with online gaming.

While vague overall when it comes to online gaming the bill is though specific when it comes to a few specific points. It rules that web sites established by the license holder must be defined with domain name com.mx. In addition the licence holder must offer its services in Mexico from Mexico and must install a computer system that backs up entirely and in real time the information that is required by new laws in Mexico. This information would be provided to the regulatory body whenever they requested it. Live gaming as well as other types of gaming would also be allowed, according to the new law.

With increasing uncertainty over whether the act will ever be passed the government has done very little when it comes to regulating the

industry further. For now at least it is likely that the situation will continue much as it has in the past: land based operators already established in Mexico will form key alliances with online gaming companies and will legally offer their services to locals. Meanwhile offshore operators will continue to operate in a grey area.

**Paraguay**

The Paraguayan Gaming Board (CONAJZAR) has been urging for online gaming reform for some time and is also opening up the land based market to offshore operators albeit slowly. CONAJZAR is looking at a number of proposals and is looking at how online gaming is currently being regulated in other jurisdictions and aims to work closely with operators and the gaming industry in order to develop new online gaming laws.

In January 2015 President of CONAJZAR Javier Balbuena said that Paraguay was close to regulating online gambling with proposals on the table which could be approved before the

end of the year. However while this did not happen there is still a growing impetus to regulate the industry and a number of proposals on the table. This impetus comes in the wider context of gaming law reform and a gradual opening up of the market. Gaming tax revenue is on the rise and the board since 2014 has been pushing for a bill that would make it an entirely autonomous body.

One of the primary purposes of the bill is to give CONAJZAR its own legal status, its own budget and full autonomy so that it will no longer be part of the Ministry of Finance. Under Paraguay's gaming laws the board may licence a game on a game by game basis. One proposal currently under consideration is allowing land based casinos the right to offer online casinos games. Land based casinos would also be permitted to offer their online gaming licences to another party.

The gaming board is also looking at ways to open up both the land based and online sports betting market. In 2016 the board granted a small number of provisional land based sports betting licences in order to first become familiar with the market and see what challenges the sports industry brought with it. In 2016 the board announced that it was also preparing to allow a foreign operator the opportunity to offer sports betting locally. Only one operator will be permitted to offer sports betting in the country

according to current plans. It is believed that online betting could also be approved as well as part of the opening of the sports betting market.

Online sports betting could eventually replace games currently on the market such as sports pools betting which is becoming less popular due to the increasing number of players turning to online sports betting platforms. Indeed sports betting in Paraguay is extremely limited and land based sports betting is currently limited to a single location attached to the racetrack in the capital Asunción, and there is no other bricks and mortar sports betting option.

Talking to local press in 2016 Balbuena said that the board was also looking at launching the tender process for a company that would be charged with regulating online sports betting. The contract would be granted for five years. The newly contracted company would be responsible for regulating payments made via local banks as well as coordinating the efforts of government entities which would be charged with monitoring online transactions in order to block unlicensed operators. According to Balbuena the state would be able to generate between US\$100,000 and US\$200,000 a month if the online space was regulated more closely and in this way.

**Peru**

Peru was one of the first jurisdictions to allow

for online gaming in the region. While there is no specific legislation in place which outlines how offshore companies may offer their services to locals offshore companies may offer their services as long as they adhere to Peruvian law. The board has issued a small number of licences to online operators and licensed operators have reported high returns. According to local experts there is also still room for growth and online gaming may be offered either from within or from outside of Peru.

The gaming control board, which comes under the Foreign Trade and Tourism Ministry (MINCETUR), is looking at regulating the industry further in order to generate additional gaming revenue and ensure that online gaming sites meet with money laundering requirements as well as player protection measures especially when it comes to the protection of minors. However, there has been no official word on how the government wishes to regulate the issue since June 2015 although it is believed that the board is nearing the completion of new set of regulations aimed at covering the online space.

According to proposals now under consideration, the tax for online gambling operators would stand at between fifteen to twenty per cent of gross gaming revenues. This would be significantly higher than that for land based operators which currently pay 12 per cent.



# Reports

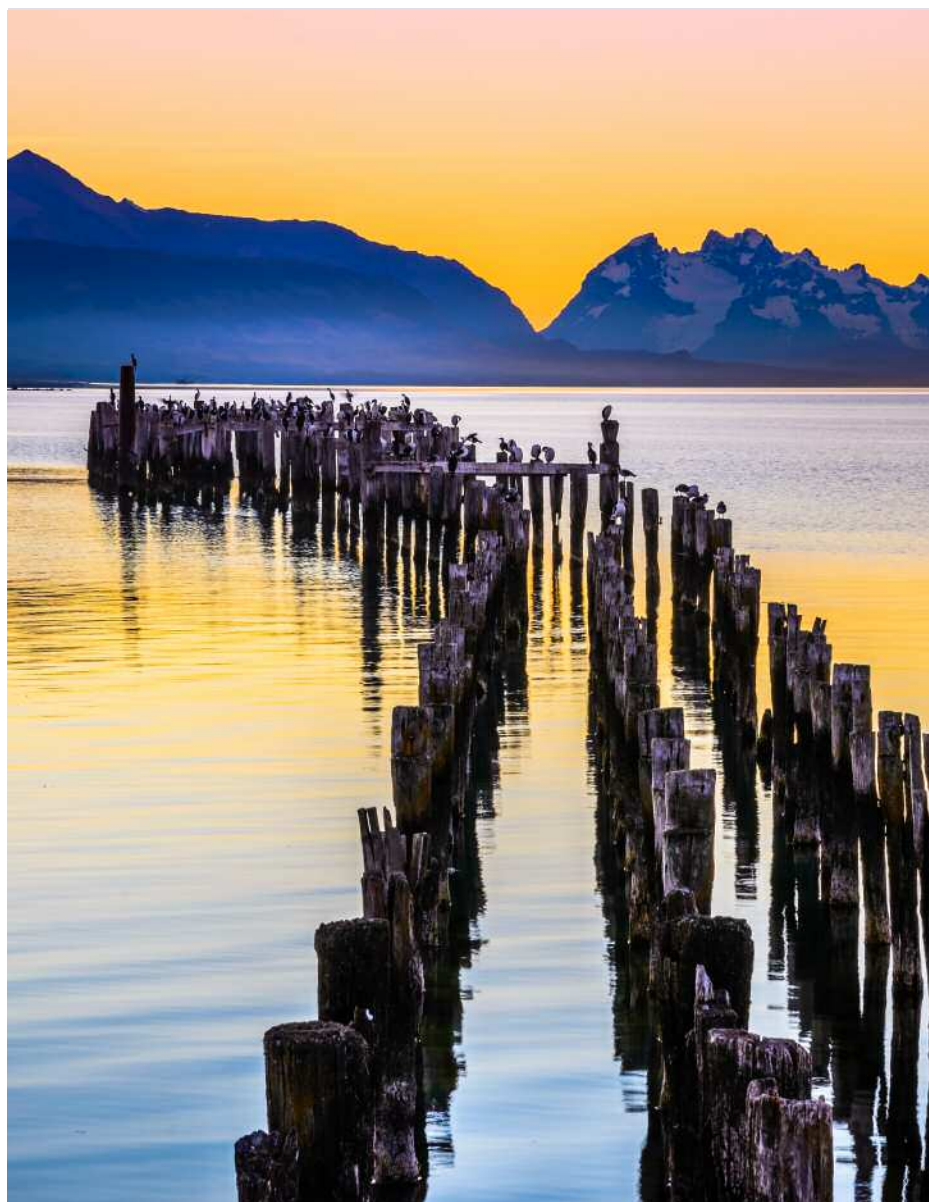
## LATIN AMERICA FOCUS ONLINE GAMING UPDATE



### Mexico & Peru

Along with Peru, Mexico should move forward with updating their current regulatory frameworks. While both countries are vastly different, both are currently a wasted opportunity for increased tax revenue and income for operators.

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Licences would only be awarded on a national basis and not by local governments. Although the exact details of the new bill are unknown it is believed that any operator offering their services locally would also need to have a domain name ending in .pe but servers would not necessarily have to be locally based. The board would also implement a system whereby it will be able to be able monitor online transactions locally and in real time.

Despite these plans Peru could well continue as it is for now. Online operators are welcome to operate in Peru as long as they adhere to local laws and as long as they present a legal plan so that all the activities involved in the provision of internet games to Peruvian residents are carried out according to Peruvian law. Consequently a number of operators are already present while a number of other sites are positioning themselves more strongly in the market.

### Uruguay

According to the most recent studies around 91,000 Uruguayans gamble online. There are currently no regulations in place that establish a legal framework for online gaming nor are there any penalties in place for players gambling via offshore websites. However a new bill now under consideration would change the way gaming is managed and would also allow for online gambling. The law aims to provide a

comprehensive framework which would see a major restructure when it comes to the way gaming is controlled by the state.

According to the draft of the new law, the government is seeking to create a new governing body called the National Management of State Gambling and Casinos which would exercise state control over all types of gambling. The new proposals also seek to create a new Betting and Gaming National Comptroller's Office which would be responsible for the supervision of the quality of accounting and financial reporting of State Lotteries. This body would replace the Uruguayan Board of Lotteries and Pools Betting.

While this bill does not directly regulate the conditions under which it will offer online gambling in Uruguay, it is the first step as the government seeks to become the only authorised provider of online gaming. Crucially, it would give the government rather than parliament control over gambling and give the state the monopoly over interactive and phone betting.

Possible changes to Uruguay's gaming laws especially when it comes to online gaming have already caused some controversy. In May last year workers from the state casinos went on strike in protest of the new gaming act and in June the same year the National Federation of

Uruguayan Gaming (FENAJU) warned that the new gaming law would mean that offshore operators would "earn millions of dollars without being regulated and strictly controlled by the economic authorities." Union leaders believe that changes to gaming legislation mean that parliament is giving power to a government controlled entity which would seek to privatise the online space. This means that the process of granting of licences would be less democratic while state sanctioned online gaming if given the go ahead could lead to job losses in the land based sector.

A number of lawmakers are also opposed to the new act as it shifts gaming control away from parliament to a new gaming control board which would be empowered with giving the green light to new games which is a function which has traditionally come under the remit of parliament. Concern is also growing over fears of gambling addiction due to the high number of casinos and slot machines which are already in the country and it is believed that online gaming could make this situation worse unless the government acts with great caution.

This in turn is leading to growing opposition to the new act. According to a report commissioned by parliament last year in Uruguay there could be as many as 20,000 people addicted to gambling by 2020.



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