



The potential of the market is, however, undeniable and governments are starting to

So what inroads are legislators making? Where is progress being made? Which jurisdictions look likely to continue to lag behind? What are the most important developments of late and what can we expect to see from the Latin American online gambling market going forward?

The partnership will be promoted in more than 6,000 retail locations in Uruguay, on Supermatch's and NBA's online platforms, including NBA.com, the NBA App and NBA Latin American social media platforms. As part of the partnership, Supermatch will use official NBA data and branding across its land-based and digital sports betting offerings throughout Uruguay.



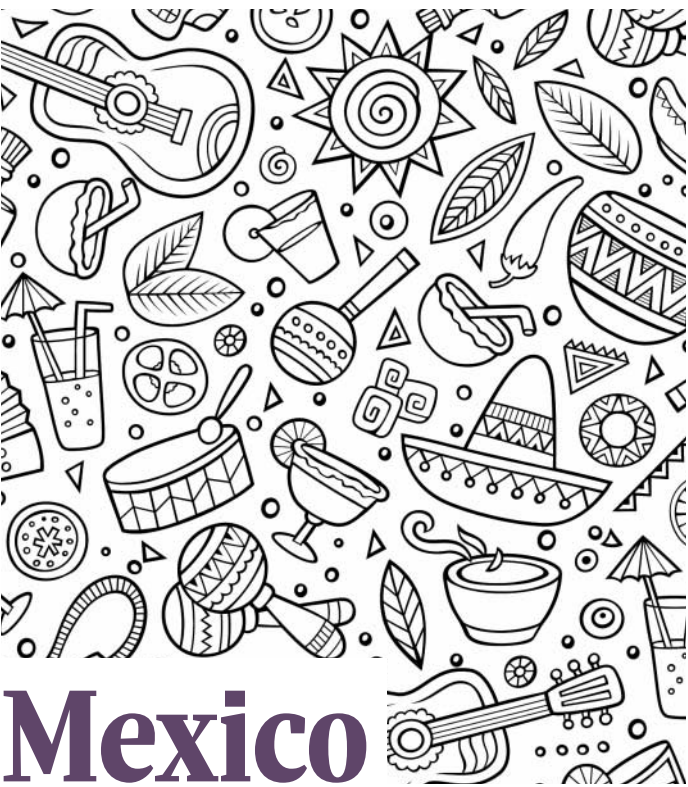
Colombia

Colombia was the first country to pass a comprehensive online gambling law. Since passing the law in 2016, the Colombian gaming regulator, Coljuegos, has now granted 17 online gaming licences. Both local and foreign companies currently offer their services online to Colombians, while the land-based sector will also see an expansion in this growing gaming space

The market has shown rapid growth reflecting the potential of a well regulated market in other jurisdictions and there are now over 1.9 million online registered players nationwide. In February 2019, Coljuegos reported a record collection of revenue from online gaming licensing and exploitation rights during 2018.

Operator rights for online gambling reached over \$37bn (US\$11.8m), as reported by the President of the organisation, Juan B. Pérez Hidalgo. Going hand-in-hand with licensing, the government has also cracked down on illegal online and land-based gambling leading to a much more strictly regulated market and a more even playing field for licensed operators.

In 2018, the board seized 2,813 illegal slot machines as well as a large haul of other illegal gambling equipment. It also blocked, with the help of other government bodies, as many as 2,616 unauthorised online betting sites and signed a number of pacts with regional governments in order to clampdown further and coordinate efforts on a national level.



Mexico

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. 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

Online gambling via licensed sites in Mexico currently accounts for a small proportion of casino revenue. Currently, the online operations generate minimal income for the land-based gaming and betting companies.

Overall, the gaming market is dominated by casinos, where slots account for 80 per cent of revenue, 15 per cent is generated by games such as bingo and table games, while online gaming is estimated to contribute just five per cent.

Offshore operators continue to target the market operating in a grey area as there are no specific rules in place on a federal level when it comes to online gambling.

According to the Mexican Gaming Association (AIEJA) the online gaming sector is up to three or five times bigger than the land-based sector, but the vast majority of the online market comes from offshore operators.

According to some reports the online sports betting market could be growing by as much as 50 per cent per year. According to a report

commissioned by local operator, Caliente, the value of the online betting business in Mexico could be worth as much as US\$2bn. Of this, however, 90 per cent of the US\$1,800m is generated via illegal sites.

A new gaming law which would replace Mexico's Raffles and Gambling Act, and which covered online gambling, was passed in the Chamber of Deputies in December 2014. However, it looks increasingly less likely that the law will be enacted as it has been stalled in the Senate for years.

Online gambling regulation could well come under the scope of new rules and regulations now being considered by senators belonging to the left wing party the National Regeneration Movement (MORENA).

Lawmakers have put forward an initiative to increase taxes on gambling and change online gambling rules. The new law also seeks to give the central government more say when it comes to establishing tax rates over the industry.

Paraguay

The opening up of the online market has been slow and very little progress has been made when it comes to regulating the market. The National Gaming Commission (CONAJZAR), has also been beset by a number of scandals over the last few years

The CONAJZAR scandals include a failed tender for a large scale casino and hotel in Ciudad del Este and subsequent allegations of corruption involving city officials over accusations that they had unlawfully paved the way for the use of government land valued at around US\$185m for the construction of the hotel and casino.

In February, the newly appointed President of CONAJZAR, José Ortiz, said that the regulator was aiming to update gaming laws. Law 1.016 / 97, which covers the gambling industry in the country, does not

include any new games, so new laws will be put forward in order to cover online gaming.

Ortiz said that the bill should be put forward in the first half of this year. A similar project was put forward two years ago in Congress, but did not gather enough momentum to receive approval.

Ortiz has been looking at the previous bill and at other gaming laws in other jurisdictions as a basis for the new law. The new law also includes new ways to strengthen online control and monitoring and the strengthening



Peru

The government has issued a small number of licences to operators, with those licensed operators reporting high returns. As a result, a number of operators are already present while a number of other sites are positioning themselves more strongly in the market

Unlicensed offshore operators still target the market meaning that the government continues to lose significant amounts of tax revenue. The regulatory body, the Foreign Trade and Tourism Ministry (MINCETUR), has been looking at regulating the industry for some time 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.

While Peru was one of the first jurisdictions to officially allow for online gaming in the region and allows a number of online sites to offer their services locally, the government wants stricter rules in place to prevent offshore operators from offering their services in Peru.

With only 5.6 per cent of the population having access to a land-line connection, the meager telephone network has resulted in rapid growth in mobile phone use. Paraguay has the lowest fixed-line telephone density in South America, with 5.6 lines per 100 residents, compared with 8.7 per 100 in Bolivia, 21.9 in Brazil, and 24.9 in Argentina.

Peru enjoys a remarkably high dial-up Internet penetration rate, but broadband Internet penetration is more than two-thirds below the average for Latin America and Caribbean countries. Barriers include widespread poverty, limited literacy, limited computer ownership and access, rugged topography and, perhaps most significant, a lack of meaningful competition which has made broadband Internet access in Peru one of the slowest and most expensive in the region.

New regulations are needed as sports betting via offshore sites stands at around US\$450m per year.

There are currently around 24 sports betting companies that operate in the country in accordance with local gaming laws including Intralot, Betsson, Bwin, Inkabet and Total Bet. Of the 24, 17 offer both online and retail sports betting.

Most of the bookmakers are foreign operators, with some only offering online sports betting as part of their product portfolio.

New rules covering online gaming have been in development for two years and will 'probably' be addressed by Congress this year. In October 2018, the General Directorate of Casino Games and Slot Machines (which in turn comes under the supervision of MINCETUR) explained that the legal team had completed the final draft of a new online gambling law. According to Manuel San Román,

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of ties with municipalities for more control over the industry, as well as more oversight when it comes to the fees that local governments should receive from gaming.

For now the online gambling offer is extremely limited. CasinoAmambay.com, which has been in operation since December 17, 2017, was the first licensed operator to offer online casino games.

The site is operated by Maxxi Media, a company with headquarters in the Netherlands Antilles.

the head of the directorate, there are a number of international operators that are interested in operating in Peru once the market is regulated further.

Manuel San Román said that there will be no ceiling on the number of companies wishing to take part, while the board will initiate a crackdown on unlicensed operators.

The bill puts in place criminal penalties for those found to be operating online games illegally. In addition Internet service providers that allow unauthorised platforms to operate will be fined.

The initiative includes a series of other measures to combat illegal gambling such as the prohibition of any type of sponsorship and an advertisement ban on unlicensed betting companies. Although the exact details of the new act remain vague for now it is believed that online sports operators will have to pay a monthly tax of 12 per cent on net income.

By 2011 Argentina had the highest coverage of networked telecomms infrastructure among Latin American powers: about 67 per cent of its population had internet access and 137.2 per cent, mobile phone subscriptions. There were around 12 million PCs registered in Argentina in 2011. The number of residential and business internet networks totaled around 5.7 million in 2011, of which around 5.5 million were broadband connections, mainly ADSL. The number of dial-up users has decreased drastically since 2005 in favour of broadband Internet access. This latter service grew from under 800,000 networks in late 2005, to nearly 2.6 million by December 2007, and to over five million by late 2010 (82 per cent of which were residential and 81 per cent of which connected at a speed of at least 512 kbit/s).

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 that regulates online gaming. Nor is it likely that a nationwide policy will be enacted anytime soon. Instead, provinces will continue to decide on the future of online gambling in each jurisdiction. At present, seven Argentine provinces are looking at new regulations, while Chaco, Misiones, San Luis, Tucumán, Neuquén, Río Negro, Entre Ríos and the province of Buenos Aires currently allow online gaming

The governments of Misiones, San Luis and Tucumán run their own online gambling sites (MisionBet, Jugadón and Pálpitos24). Meanwhile Neuquén and Río Negro allow their land based casinos to run online casinos Magic and Del Río). Meanwhile, online gambling is limited in Entre Ríos as the province only allows online gambling via an online version of quiniela. In addition, almost all government sanctioned sites only offer online casino and not sports betting. The only exception is Pálpitos, in the province of Tucumán, which offers a wide variety of sports betting options from all over the world and allows betting on domestic football matches as well.

Generally speaking, private operators trying to offer their services have not met with much success. For example, in Formosa, Formoapuesta went online in March 2006. Initially a joint venture between Argentine investors and UK-listed company BetonSports, Formoapuestas obtained the licence in the province of Formosa through a government agency called the

In 2018, in the province Buenos Aires, prosecutors secured a three-year prison sentence for the person responsible for the organisation and running of the online betting websites Miljugadas.com, Miljugadas2.com and Miljugadas55.com. In addition, the government of the province has obtained more than 130 court orders to block illegal sports betting sites. It has also achieved the blocking of credit cards, virtual wallets and bank accounts.

Institute for Social Assistance in Formosa (IAS). However the IAS revoked its licence shortly afterwards.

Provinces in the future will probably opt to run online gaming services themselves via provincial lotteries or via a third-party.

CONTROVERSY CONTINUES

Online gaming continues to be a controversial issue. In 2017, the Buenos Aires prosecutor's office ordered that the online gambling site in Misiones be closed, arguing that it operated in contravention of local gaming laws. Authorities had requested the closure after a bet had reportedly been made via the site within the city limits of Buenos Aires, whereby a total of \$460m pesos was embargoed in the bank accounts belonging to those responsible for the site.

In December 2017, a court in Buenos Aires unblocked the website as experts were able to prove that the site blocked bets made outside of the province and was able to locate precisely where in the country, or in the world, the bet was being made and block it.

when appropriate. Specifically, the judge also found that there were sufficient player identification measures in place to identify that the player was not making bets from within the city limits of Buenos Aires. The site is now open, but may only be accessed via computers located in the province.

In addition, local authorities have been cracking down on online operators operating without a licence. In 2018, in the province Buenos Aires, prosecutors secured a three-year prison sentence for the person responsible for the organisation and running of the online betting websites Miljugadas.com, Miljugadas2.com and Miljugadas55.com. In addition, the government of the province has obtained more than 130 court orders to block illegal sports betting sites. It has also achieved the blocking of credit cards, virtual wallets and bank accounts.

BUENOS AIRES

Significant process is being made in the Argentine in both the province of Buenos Aires and the capital with online gambling likely to go live very soon.



The government has historically been opposed to opening up the online gaming industry, but needs to raise additional income in the face of another economic crisis. Argentina's currency crisis is worsening, despite action by policymakers and a \$50bn financial package from the International Monetary Fund (IMF). The peso has devaluated over 100 per cent in the last year and in November, Argentina's Senate approved an austerity budget that slashed social spending and raised debt payments to meet the demands of the IMF bailout.

In order to raise money, the governor of the Province of Buenos Aires, María Eugenia Vidal, and Horacio Rodríguez Larreta, the mayor of City, have both pushed through online gaming laws in their respective jurisdictions.

In December, the legislature of the Autonomous City of Buenos Aires authorised online gambling.

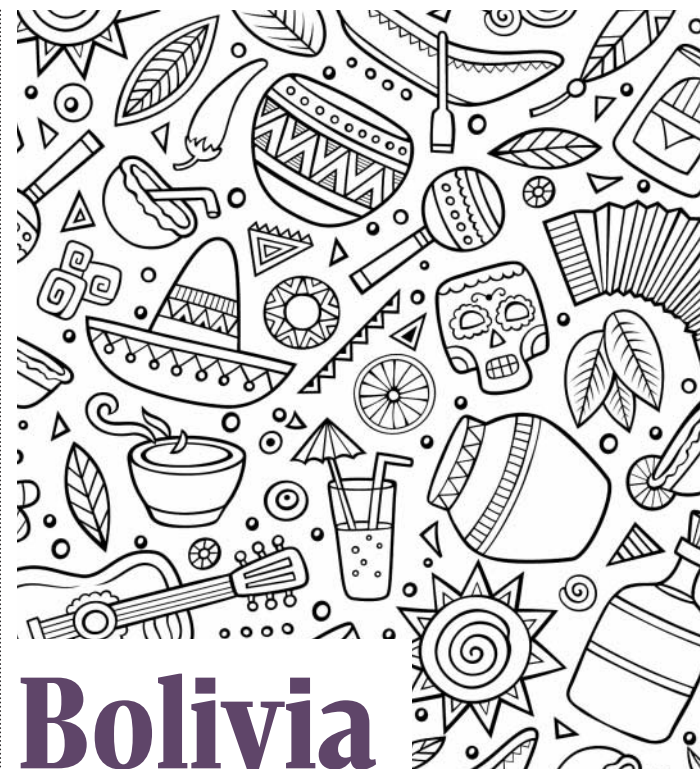
The local government expects to raise \$500m through the new initiative. The law was passed by 34 votes in favour and 22 against. The new bill allows for online sports betting and online casino. In the same month the Legislature of the province of Buenos Aires approved laws that permit online gaming throughout the province. The initiative was included in the 2019 Budget and the Tax Law put before the Legislature by Governor Vidal. It also creates two new taxes on gambling: one for online gambling and another two per cent tax on prizes awarded by slot machines.

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The province of Buenos Aires was the first to officially put new rules in place. According to the Official Gazette of the province of Buenos Aires, the province will grant up to seven licenses in all. Only one licence will be granted per operator. The operator may be either based in the province of Buenos Aires or be a foreign legal entity (legally registered to operate in the province) and will be permitted to advertise its offer (with certain restrictions in place).

The government will set up a commission that will be responsible for granting the licences and will take into account 20 minimum requirements, including the financial background, technical know-how as well as data security measures, and the number of events and sports the potential licensee plans to offer. The player must be located in the province while making a bet online according to the new law.

The companies that operate online gaming in the province must pay 15 per cent of gross income, eight per cent in the form of a specific tax on online gaming as well as a two per cent fee. The newly regulated industry will be run by the provincial Executive Power, through the Provincial Institute of Lottery and Casinos (IPLYC). A similar model is expected to be put into place in Buenos Aires.



Bolivia

Bolivia still continues to lag behind both in the land-based gaming space as well as online. The gaming industry in Bolivia is still largely unregulated with illegal gaming widespread. There are currently no laws in place when it comes to online gambling

In October 2016, Bolivia's Authority of Taxation and Social Control over Gaming (AJ), announced that new rules to control online gaming were needed, but no action was taken.

In July 2018, an investigation carried out by the AJ revealed that players in Bolivia use at least seven online casinos operated by web pages hosted outside the country. According to the study, between 2013 and 2017, \$b2.6m was gambled via offshore betting sites. The report advises “establishing a responsible legal framework” to regulate online activity in Bolivia, so that it more closely reflected the current gambling landscape.

According to the study the most visited online casino websites are Casino Estrella, Slots Magic, Bet 365, Exbet, BWIN, and Fortuna Juegos. All of these are illegal, since there is no legislation for online gaming in place. By analysing the transactions of the credit cards used, the regulator

concluded that online gambling has been steadily increasing between 2013 and 2017.

From 2011 to August 2017, 1,413 government interventions were carried out on illegal gambling websites in Bolivia. In addition, the report found it important to note the high number of Internet searches “related to online gambling, which shows that the Bolivian population is interested in pages that allow them to bet and play virtually, whether via online casinos or through sports betting.”

The study recommended the “establishment of a responsible legal framework” to regulate online gambling in order to more accurately reflect the gambling landscape in Bolivia “especially after the development the sector has experienced since 2011 with the growth of unlicensed companies which offer (casino) games and also online bets.” However it is unlikely that any real change to the online gambling market will happen anytime soon.

The Internet in Brazil was launched in 1988. In 2011 Brazil ranked fifth in the world with nearly 89 million Internet users, 45 per cent of the population. In 2010, Brazil had 13,266,310 fixed broadband subscriptions, 6.8 per 100 residents; broadband Internet access was available in 88 per cent of Brazilian cities, surpassing all expectations for its expansion. By 2017 this value had risen to 64.7 per cent. In 2016 and 2017, major internet providers announced their interest in introducing data caps, a decision that was met with major backlash. Many technologies are used to bring broadband Internet to consumers, with DSL and cable being the most common (respectively, about 13 million and nine million connections), and 3G technologies. 4G technologies were introduced in April 2013 and presently are available in over 90 per cent of the country.



Brazil

Under Brazilian law any game involving a bet is a crime according to the Criminal Contravention Act of 1941. As this law still stands, any type of gaming activity that does not have its own regulations is considered to fall under the Act. Consequently, sports betting and online gambling remains banned for now. In fact, sports betting is still only allowed via horse races at official racetracks and via a number off-track betting shops. Major changes, however, are on the way with the impetus coming from the newly elected government

With no bricks and mortar betting solution on offer the online market in Brazil has grown considerably and it is now estimated that Brazilians gamble as much as US\$600m a year via offshore sports betting sites.

Two major gaming bills – one in the Senate and the other in the Chamber of Deputies – both cover online gambling to a limited degree, but the Brazilian government now looks set to allow online gaming and sports betting via another legislative route.

PROVISIONAL MEASURE 846/18

Rising crime and security played an important role in shaping the outcome of the recent Presidential election. One of the newly elected Jair Bolsonaro's flagship campaign issues had been to increase security for Brazilian citizens. Increased lottery income is expected to foot part of the bill. In a move that took many by surprise the National Congress of Brazil approved new gaming legislation that will allow for both online and land-based sports betting.

The bill, Provisional Measure 846/18, deals mainly with how lottery funds are distributed giving priority to National Security. A much larger proportion of resources operated by Brazil's largest state-owned bank and lottery operator – the Caixa Econômica Federal (CAIXA) will be earmarked for public security, while the bill seeks to raise additional income for the government by green lighting sports betting and gives the Ministry of Finance initially, just two years to get sports betting up and running. However, this can be extended for another two years.

As far back as 2012, CAIXA, along with the Ministry of Finance, has been looking at ways to offer sports betting in a limited way online and via sports betting shops, while lawmakers, as well as a number of other government departments, including the Sports Ministry, had unsuccessfully pushed for changes to Brazil's gambling laws. Not only did the bill find overwhelming support, but it also passed through both chambers in record time.

The bill was originally published in

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betting. For the rapporteur of the bill, Senator Flexa Ribeiro, the value of the online sports betting market is estimated to stand at around R\$4.3bn (US\$1.1bn) per year. The new government, which came into power on January 1, is firmly behind the new distribution of lottery funds and the new act.

In March, the head of the Secretariat for Fiscal Monitoring, Energy and Lottery (SAFEL), Alexandre Manoel Angelo da Silva, said that new sports betting rules should be in place within the next two years.

The government plans to decide upon the most viable mode for sports betting in the first half of this year with the government looking at both online and land-based sports betting. The law stipulates that sports betting must be operated on a competitive basis. Once the definition stage of the competition model has been completed, the government will design the minimum institutional structure in order to implement regulation.

Alexandre Manoel emphasised that the main objectives of the federal government, when it comes to sports betting regulation, will be to expand the participation of private initiatives in the Brazilian market, facilitating the generation of jobs, and ensuring the integrity of sports. He also said that the government hopes to count on the support of international associations that already act in foreign leagues when it comes to regulation and protecting sports integrity. The



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government is already looking at countries in Europe such as Portugal, England and Italy, which already offer sports betting.

New laws would also be put in place that would allow law enforcement to crackdown on offshore operators offering their services in Brazil. Alexandre Manoel also said that the sell-off of the instant lottery arm (Lotex), should help the enactment of new sports betting laws.

CHANGES TO THE LOTTERY

The opening up of the market comes in the wider context of changes to Brazilian lotteries. In September 2016 CAIXA announced that its instant lottery ticket arm would be auctioned off as part of a 25-point plan designed to kick-start the economy. In addition, the new government now plans to sell

off other parts of the lottery. In February President of the CAIXA Pedro Guimarães, announced that the bank intends to sell all of the assets that are not part of the bank's main activity. According to Guimarães, four subsidiaries of the bank will be sold in the areas of lotteries, insurance, cards and asset management. He said at least two assets will be sold later this year, with the first one being the lottery.

PRESENCE IN MEDIA GROWING

While new changes are being enacted, online sports betting is already present to a large degree in local media, especially via the Internet and now offshore operators are openly advertising their services via sports sponsorship deals. Internet gambling companies targeting the Brazilian market also use affiliate sites such as specialist football magazines and websites to advertise their products and via local tournament sponsorships.

In a highly significant development in January, Brazilian football club Fortaleza Esporte Clube (Fortaleza) signed a shirt sponsorship deal with leading European operator NetBet. The new deal is the first of its kind since the government sanctioned sports betting on the Internet and for land-based sports betting as well. In April, Betmotion also inked a sponsorship deal with two Brazilian volleyball players: Carol Solberg and Maria Elisa. The deal is a further sign that online operators are increasing their presence in local media now that online sports betting looks set to get the green light.

Chile

Online gaming is expressly banned under Chile's gaming laws of 2005 and there have been very few developments in the online space. In addition there seems to be very little impetus coming from either the gaming board or the government to liberalise the market

Any Chilean can place bets on international online betting sites, as long as these are not based in the country, and may do so without being sanctioned by law. In April 2018 Head of the Chilean Gaming control Board (SJC) Vivien Villagrán said that there was no plans to legalise online gambling in Chile. Online betting is only permitted on horseracing via www.teletrak.cl, an online horse racing platform offering live broadcasts from horse tracks in Chile and internationally in teletrax horse race betting shops.

For now, other types of sports betting continue to be offered via Polla Chilena, a state-owned company that has been present for over 80 years and operates and administers national lottery games including Lotto, numbers draws and instants, as well as sport betting games. The lottery began offering games online in 2003. Its fixed odds sports betting game, Xperto, can be played via mobile devices.

Sports betting shops are not permitted under Chilean law and this means that sports betting games, such as Xperto, face fierce competition from offshore operators present in the market and popular with Chileans, although illegal. Xperto is specifically aimed at offering locals an alternative to the online market and seeks to capture the local audience. While there are an increased number of sporting events and sports now available to bet upon via the game, including swimming, rugby and volleyball, the site is underwhelming when compared to the offer available via offshore betting sites.