

PayPal edges into US online gaming market

Four online gaming operators in the US have started accepting PayPal following PayPal's recent reentry into the US market. In 2003, PayPal stopped processing online gambling payments in the US after a federal prosecutor initiated proceedings on potential violations of the 'Patriot Act'. However, as of September, the company has launched a pilot programme, which could be aimed at the growing daily fantasy sports ('DFS') market.

Jeff Ifrah, Founding Member of Ifrah Law, is unimpressed with this 'shift' and explains "PayPal has been sending mixed messages about its willingness and desire to participate in real money gaming or the DFS market in the US." According to Ifrah, their selective strategy has not gone down well as "several operators have complained that the company has given them the 'cold shoulder' suggesting a lack of a uniform approach regarding the digital online entertainment market."

If PayPal's intentions are confirmed, it could boost the expansion of US online gaming by facilitating transactions and put pressure on state legislatures reviewing the legality of DFS.

Updated Irish ad code beefs up gambling requirements

The Advertising Standards Authority for Ireland ('ASAI'), an independent self-regulatory body, published on 17 September the seventh edition of its Code of Standards for Advertising and Marketing, of which Section 10 now specifically covers gambling; the latest Code is due to take effect on 1 March 2016.

"In addition to Ireland's Betting (Amendment) Act 2015, it is envisaged that in the coming years there will be a wider legislative reform of the gambling industry in Ireland in the form of the, as of yet, unpublished Gambling Control Bill which, amongst other objectives, aims to protect vulnerable persons from risks to their well-being arising from gambling," said Joe Kelly, Partner at A&L Goodbody. "It is proposed that the advertising of gambling will be addressed within this new framework and

the provisions in the new Code are a first step in this direction."

Section 10 refers to any marketing communication that 'promotes any gambling service or product; or promotes the name, familiarity or reputation of gambling companies whether or not a gambling product is shown or referred to.' Among the requirements for operators are that marketing communications must contain a message to encourage responsible gambling, while the Code contains a list of unacceptable content for ads - for example, the suggestion of peer pressure to gamble is unacceptable.

There are rules on marketing communications and children; marketing communications about gambling should not, for instance, directly contain fictitious characters with the potential for particular appeal to children.

"The provisions will be

reasonably onerous in the sense that this type of advertising has only been relatively lightly regulated in Ireland in the past," said Chris Bollard, Associate at Arthur Cox. "Responsible operators will not be overly surprised by the content of the Code and will see in it echoes of the UK's CAP Code."

"A new provision has been included in the General Rules section of the Code to the effect that the ASAI will adjudicate on the basis of the likely effect of a marketing communication on consumers, when taken as a whole or in context, and not on the advertiser's intention," adds Kelly. "This is important as it means that operators will have to consider the likely effect of their marketing communication on consumers as they will not be able to rely on the fact that they intended that their marketing communication would comply with the Code."

AML settlement instigates GB Gambling Commission warning

The GB Gambling Commission ('GC') called on operators to "critically review the effectiveness of their policies and procedures to prevent gambling being used to support crime" on 7 September, following two investigations into an operator's AML and social responsibility failures.

The GC reached a voluntary settlement with Rank Group, which agreed *inter alia* to a third party audit of its revised AML arrangements. The GC found that, in relation to its dealings with a customer, Mr Ding,

Rank Group's Grosvenor Casinos failed to sufficiently identify the source of the customer's funds, among other failings, in an investigation following Mr Ding's conviction for money laundering. Separately, the GC found Rank Digital's meccabingo.com did not undertake 'sufficient AML checks or...adequate monitoring from a social responsibility perspective' on a customer who gambled a six-figure sum.

"Lessons here include ensuring that levels of a customer's spend are commensurate with their wealth, which means establishing and verifying where a customer's money is coming from, even in the case of a long-established customer," said David Clifton, Director at Clifton Davies Consultancy Ltd. "Also, taking appropriate actions when it is suspected that a customer may be committing money laundering offences, including making the appropriate disclosure to law enforcement agencies and, at the same time, reviewing whether to continue a business relationship with the customer in question."

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