

Nassau Tel.: (242) 397-9200 Fax: (242) 327-8864
Freeport Tel.: (242) 350-0025 Fax: (242) 352-6507
Bimini Tel.: (242) 347-3020



GAMING BOARD FOR THE BAHAMAS

P.O. Box N-4565
Nassau, Bahamas

P.O. Box F- 42313
Freeport, Bahamas

P.O. Box 24007
Bimini, Bahamas

MEDIA RELEASE

GAMING BOARD ASSERTS CONFIDENCE IN ITS ABILITY TO REGULATE DOMESTIC GAMING

Any suggestion that the Gaming Board for The Bahamas is not able to monitor player transactions or positioned to reasonably ensure that its Licensees comply with all applicable requirements relating to money laundering counter measures and FIU reporting is woefully misinformed.

Since the adoption of the new Legislation in November 2014, the Gaming Board has been proceeding along a continuum of tasks designed to fully and cost effectively implement a state of the art gaming regulatory scheme the elements of which received no non-compliance high in this past December's CFATF evaluations.

The first step, of course, involved the award in October 2015 of eight Gaming House Operator Licenses with general and specific conditions attached. Eligibility for these Licenses was determined through an RFP process that required the Minister and the Gaming Board to evaluate critical standards and benchmarks central to the current and prospective financial viability of each Applicant and, as a corollary, their capacity to operate in a regulated environment, to create and maintain employment and to generate tax revenue.

Concurrent with the License award process and extending subsequent thereto, the Gaming Board has been working with its Licensees to fully implement the highly technical operational requirements in the Gaming Act which include, but are not limited to:

- Testing and Certification of Gaming Devices, including all systems and software associated with the wagering transaction, by internationally recognized testing and certification laboratories;
- Implementation of geo-fencing requirements for The Bahamas that are fully consistent and equivalent to North American (NJ, Nevada) best practices in Internet gaming;
- Implementation of Gaming Board approved accounting and internal controls and security and surveillance protocols consistent with the new Legislation and international regulatory best practices; and
- Full scale Employee Licensing.

These operational considerations are all interdependent. Conversion to tested and certified systems, for example, must occur before internal controls are finalized for these systems or geo-fencing capability can be confirmed. It would have been costly and inefficient to process masses of license applications for employees of unsuccessful Applicants and it would have been equally unfair to require operations potentially subject to closure to incur the expense of bringing their surveillance systems up to the standards in the new Legislation. As a result, a great deal of dexterity was required on the Gaming Board's part as it is no small task to overlay a radically new and comprehensive regulatory scheme over an existing industry while still keeping its jobs in place and its taxable revenue stream intact.

The Gaming Board is well on its way to success. It expects to have all of its Licensees converted to fully tested and certified components and platforms within 90 days. The systems and games previously operated by Gaming Houses or acquired subsequent to licensure have been radically overhauled via the testing and certification process to ensure the integrity, accuracy and auditability demanded by the Gaming Act and subsidiary legislations will now incorporate the consumer protection, responsible gaming and geo-fencing functions that are the hallmark of top tier interactive gaming jurisdictions. Matched requirement by requirement the systems operated by Gaming House Operators comply with technical standards far exceeding any applied to other Bahamian financial institutions.

The Gaming Board is also making good progress toward fully compliant internal controls, security, surveillance and employee licensing. As noted above, all of these areas are interdependent and the Gaming Board has been tackling them in accordance with a timeline that is both efficient and cost effective for its Licensees.

In fact, The Gaming Board has established a high level of interim oversight over the Gaming Houses. As an experienced and well respected gaming regulatory agency it has been more than equal to the task of imposing risk based interim oversight procedures via its physical presence in the Gaming Houses and via remote access to the existing systems of its Licensees.

Well before the October 2015 award of licenses, by and through its Compliance and Enforcements Departments the Gaming Board has been fully engaged in compliance monitoring designed to ensure the sufficiency of core statutory requirements related to:

- Player Identification/Registration Process
- Player Accounting
- Integrity of the Player Account
- Age Verification; Sales to Minors
- Revenue Reporting
- Confidentiality of the Player Account
- Designation of a Senior Company official with Primary Responsibility for the Design, Implementation and On-Going Evaluation of the System of Internal Control
- Account Closure Procedures
- Employee Training -
- The AML Plan/Risk Assessment and Designation of a Compliance Officer and MLRO; and
- An independent audit function .

A good deal of the Gaming Board's efforts have involved the integrity of the player account and the "know your customer" requirements applicable to Operators. Its Licensees have likewise spent thousands of dollars and hours of time guiding Bahamian players through the new patron account requirements, notably those limiting them to one account, prohibiting the transfer of funds to any other patron account or person and prohibiting anonymous accounts or the use of fictitious names. Any allegation that minors are routinely

playing, that patron identification and verification are not materially improved or that these Gaming Houses are wantonly facilitating money laundering or terrorist financing within The Bahamas is baseless.

Any suggestion that the Gaming Board does not have the present ability to verify Taxable Revenue, confirm the propriety of tax payments or monitor gaming transactions is equally baseless. Even before the award of Gaming House Operator Licenses the Gaming Board established remote access over secure communication lines to the numbers, sport book and games platforms of each applicant for a license. This capability, which is under continuous refinement as new components come online, facilitates real time access to financial data relevant to the payment of taxes and the conduct of operations and has proven of significant assistance in connection with the audit of tax payments, which process is current and ongoing. In addition, to increase security for all, the Gaming Board is now using VMWare to create and manage a separate and unique virtual environment for each Operator within the Board's server infrastructure.

A significant byproduct of a testing and certification requirement is that it yields a uniform set of reports for each Operator. This means that in the near term the Gaming Board will have uniform:

- Operator Licensing data
- Employee data
- Licensed Supplier data
- Detailed Player data
- Daily transaction data
- Approved Games
- Game Signatures
- Tax/Financial Information
- Action Log (communications with the Gaming Board)

Finally, any suggestion that the Gaming Board has approved a "lottery" is misguided. When adopting the Legislation that is now transitioning Bahamian web shops into regulated Internet Gaming Operations, the Government made provision for the continuation of what had come to be a long standing Bahamian tradition: the "Numbers Game". In specific the Gaming Act, 2014 ("the Act"), which generally requires that all Bahamians wager via the Internet, carves out an exception which permits the Numbers Game to be played in an over the counter, cash based environment.

The definition for the "Numbers Game" incorporated into the Act was clearly designed to both accommodate the products traditionally offered by Bahamian web shop operators and to allow Bahamian players future access to more innovative Numbers offerings by licensed Gaming House Operators. The Three Ball Game recently authorized for Playtech Systems Limited d/b/a Island Luck ("Island Luck") is in every respect a Numbers Game. In permitting it the Gaming Board recognized that the location of the draw at Island Luck's South West Plaza location, rather than at a location outside of The Bahamas, did not change the legal categorization of this Three Ball offering as a Numbers Game.

Island Luck's Three Ball Game is wholly consistent with the provisions of the Act and in no way prohibits the Minister from considering the offering of a national lottery in the future. The Act is unequivocal that the Numbers Game, when offered by the holder of a Gaming House Operator License such as Island Luck, is lawful.

In short, the domestic gaming sector is leading the way forward and should be afforded the credit it is due for embracing such a monumental transformation. Allowed to continue unimpeded on its current implementation timeline there is every reasonable expectation that it will contribute to much improved financial transparency. Allowed to progress and innovate within the firm bounds of the Gaming Act it will flourish and yield the job growth and tax revenue intended.

The Gaming House Operator Licences mentioned were issued to the following eight Bahamian companies only:

Bahama Dreams Web Café Limited (t/a Bahama Dreams)

FML Group of Companies Ltd. (t/a Nassau Games)

GLK Limited (t/a A Sure Win)

Jarol Investments Limited (t/a Chances Internet Services)

Paradise Games Bahamas Limited (t/a Paradise Games)

Playtech Systems Limited (t/a Island Luck)

T.I.G. Investments Limited (t/a Percy's at The Island Game)

The Four Point Group Limited (t/a Asue Draw + Spin)

The public is reminded that as **BVC Holdings Limited (t/a Bet Vegas Casino)** is not licensed to conduct gaming transactions they should not engage in any gaming activities at any Bet Vegas locations. Bet Vegas Casino premises remain open in defiance of Orders from the Supreme Court.

The public is further requested to, in the event of any unresolved dispute or complaint in connection with Gaming in The Bahamas, to report the dispute or complaint in writing to the Board as follows:

- (i) mailed to: **The Secretary, Gaming Board for The Bahamas, P.O. Box N4565, Nassau, Bahamas**
- (ii) faxed to: **+1 (242) 327-8864**
- (iii) e-mailed to: info@bahamasgamingboard.com
- (iv) hand delivered to: **The Secretary, Gaming Board for The Bahamas, 4th Floor, Centreville House, 2nd Terrace West & Collins Ave, Nassau, Bahamas**