

EU ruling opens door for online betting crackdown

September 8 2009, by Roddy Thomson



Casino Lisboa in Lisbon. Online bookmakers such as the one behind the multi-million sponsorship of Real Madrid can be banned by individual EU states, Europe's top court said Tuesday in a landmark ruling set to hit the industry. The ruling stemmed from a case in Portugal pitting the industry's biggest player, Bwin, against Lisbon's national gaming monopoly.

Online bookmakers such as the one behind the multi-million sponsorship of Real Madrid can be banned by individual EU states, Europe's top court said Tuesday in a landmark ruling set to hit the industry.

The decision by the European Court of Justice said that online betting could be blocked in countries that opt to run state gambling monopolies

such as Finland, Greece, Hungary, the Netherlands and Sweden.

Bookmakers will need licences in countries with more open gambling markets.

"The prohibition imposed on operators... of offering games of chance via the Internet may be regarded as justified by the objective of combating fraud and crime," the Luxembourg-based court said in a statement.

The court said betting carries a high risk of fraud and that online betting carries an even greater risk of criminal activity, adding that bookmakers who sponsor competitions could "influence the outcome" of events.

Online betting is estimated to generate as much as eight billion euros (11.6 billion dollars) a year.

The ruling stemmed from a case in Portugal pitting the industry's biggest player, Bwin, which has pumped millions of euros into teams including Spain's Real Madrid and Italy's AC Milan, against Lisbon's national gaming monopoly.

"You have to have a licence in a country to operate.... For me it is the beginning of a new era in the Internet gaming sector," said Friedrich Stickler, head of the European Lotteries association of state gaming organisations.

Stickler said there was now "room for legal action" against online bookmakers registered in Gibraltar, Malta, the Channel Islands and certain Caribbean territories that he accused of dodging taxes.

"Member states should investigate because little tax is being paid in these tax havens and all these operators are avoiding paying gaming taxes in

jurisdictions where the (gamblers) live," he said.

For the European Gaming and Betting Association's legal expert Siegbert Alber however, the ruling was "not fair" because it lumped Bwin as "a serious provider" together with "unscrupulous providers."

Alber said the industry wanted harmonised EU online betting legislation and the ruling "doesn't solve the problem."

"We need controls, but do we need monopoly to guarantee controls?"

Bwin director Karin Klein said online betting is "a market reality -- prohibition won't work," warning that member states that refuse to allow online betting companies in "will end up with a huge black market."

Tuesday's ruling arose from a sponsorship deal between Bwin's Gibraltar entity and the Portuguese football federation, which breached national laws and resulted in fines of around 75,000 euros (110,000 dollars) each.

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