



HEADQUARTERS

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WLA Position Paper Concerning Illegal Gaming

27 April 2017

Summary position

- Illegal gaming undermines authorized lotteries' efforts to contribute to public good.
- Illegal gaming has little regard for the safety and security of players.
- Illegal gaming unlawfully infringes on licensed operators' intellectual property and territorial markets.
- When not properly regulated where the customer is located, illegal gaming can be a source of funds for organized crime and a platform for money laundering.

In contrast, WLA member lotteries, which operate within strict laws that transparently benefit national governments, communities, and good causes, protect the population by offering safe games in a healthy and legal environment. They also respect the underlying sovereignty of national governments to legislate on gaming in their respective jurisdictions, particularly about what is best for their citizens.

To counter the detrimental effects of illegal gaming, WLA members uphold and defend the core values, principles, and industry standards that for many years have safeguarded consumers and built the trust of beneficiaries while growing funds for good causes.

The 2016 Global Lottery Data Compendium reports that WLA member lotteries raised over USD 76.1 billion for good causes worldwide, a majority of which goes directly to education, sport, culture and other social causes, while the rest goes directly to State treasuries in the form of taxes paid by WLA members.

Illegal gaming operators cannot be allowed to evade taxes in jurisdictions where their products are used by players.

We believe that illegal gaming operators must cease altogether or be compelled to seek duly authorized licenses from the jurisdictions in which their games are effectively being offered, and must adhere to all the same high standards of safe, secure, and dependable gaming that is the hallmark of WLA membership criteria.

Why the WLA opposes illegal gaming

Operating across borders, over the Internet, with little to no regard for national laws and tax-paying obligations, the development of illegal gaming undermines authorized lottery providers in many respects.



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The Council of Europe, in its Convention on the Manipulation of Sports Competitions, in articles 3.5. and 3.5.a., offers a relevant precedent for WLA's position concerning what is 'illegal':

"... any wagering of a stake of monetary value in the expectation of a prize of monetary value, subject to a future and uncertain occurrence ... whose type or operator is not allowed under the applicable law of the jurisdiction where the consumer is located."

As such, illegal gaming operators that propose bets on the outcome of authorized lottery and sports competition outcomes, for which they have received no approval and in territories where they are not allowed under the applicable law of the jurisdiction where the consumer is located, not only mislead the consumer to believe they are playing lawfully regulated games, but offer no guarantee that players will be paid. When consumers are lured into playing unlawful games, in some cases the proceeds may fund criminal organizations that are also presented with opportunities to conduct money laundering.

Piggybacking on the efforts of the authorized lotteries, without their approval, illegal gaming is offered in total disregard for the investments into games made by authorized lotteries, while returning nothing in the order of magnitude to society that authorized lotteries do.

The unfair competition created by illegal gaming is creating growing concern among authorized lotteries about the impact that illegal gaming has on the sizeable funds raised for society – over USD 76.1 billion worldwide – since players may be attracted to place bets on the outcome of lotteries rather than playing the lotteries themselves. This could result in lower participation of players who purchase genuine lottery tickets, affecting jackpots and the attractiveness of the original games, of course, but also reducing the amounts raised for society.

WLA core values, principles, and industry standards safeguard consumers and build trust for beneficiaries of good causes

Our values are based on a commitment to the highest standards of corporate responsibility, including the WLA Responsible Gaming Principles and Framework, and respect for the duly authorized legal systems which determine where, and in what form, gaming products can be provided to the citizens of a particular geographical or national territory.

This effort and commitment ensures not only that our public is protected but also that revenues are sustained for the public good.

The security of WLA member lotteries' gaming platforms plays a critical role in maintaining the confidence and trust of the public. It is vital, therefore, that gaming operators develop and maintain a visible and documented security environment in order to achieve and sustain public confidence in operations. The WLA Security Control Standard is the lottery sector's only internationally recognized security standard. It specifies required practices for effective security management structure by which a lottery may maintain the integrity, availability, and confidentiality of information vital to its secure operation.



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Reference table: The dangers of illegal gaming; the benefits of authorized lotteries	
<i>Dangers of illegal gaming</i>	<i>Benefits of WLA members having close understanding and proximity to their national communities</i>
<ul style="list-style-type: none"> - offered online, across unregulated borders - avoid taxes - may be used to facilitate crime such as money laundering 	<ul style="list-style-type: none"> - respecting the boundaries of the law - WLA members ensure that the natural demand for games of chance is primarily channeled through legal and supervised lottery retail networks
<ul style="list-style-type: none"> - spend on misleading marketing - little regard for protection of minors - little regard for at-risk consumers 	<ul style="list-style-type: none"> - highest standards of integrity, consumer protection and security - WLA Best Practice Marketing and Communications Guidelines - WLA Responsible Gaming Framework protects lottery players
<ul style="list-style-type: none"> - no transparent measures taken to ensure security and integrity of illegal gaming 	<ul style="list-style-type: none"> - WLA security standards play a critical role in maintaining the confidence and trust of the public
<ul style="list-style-type: none"> - unlawful competition from illegal gaming threatens to damage the USD 76.1 billion being transferred to good causes through authorized gaming. 	<ul style="list-style-type: none"> - focus on long-term shared value with society at large - profits of authorized gaming are used to support good causes

About the WLA:

The WLA is an international, member-based organization of state-authorized lotteries and suppliers to the global lottery sector. The core purpose of lotteries is to raise funds for society (good causes and/or the Ministry of Finance/Treasury) through providing games for public amusement within a well-regulated environment whereby the protection of the consumer and public order is the primary objective.

In 2015 WLA members raised over USD 76.1 billion for society.

Reference web-links:

- [WLA mission;](#)
- [2016 Global Lottery Data Compendium;](#)
- [Responsible Gaming principles;](#)
- [WLA Security Control Standard:2016 \(WLA-SCS:2016\);](#)
- [WLA Best Practice Marketing and Communications Guidelines;](#)
- [Council of Europe Convention on the Manipulation of Sports Competitions \(Details of Treaty No.215\);](#)
- [Council of Europe Convention on the Manipulation of Sports Competitions \(PDF of Treaty\).](#)