



# Report on illegal gambling

One of the Danish Gambling Authority's tasks is to monitor the illegal gambling market in Denmark. That is one of the ways we contribute to an attractive market for those who offer gambling with a Danish licence.

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## Purpose and introduction

This report is a follow up on the report on illegal online gambling from 2017. The purpose is to introduce the Danish Gambling Authority's work regarding illegal gambling, and provide a short introduction to what the Danish Gambling Authority considers illegal gambling. The report will show the work the Danish Gambling Authority has done regarding illegal gambling since the liberalisation of the online gambling market in 2012. The report will focus on the later years.

One of the Danish Gambling Authority's tasks is to monitor the illegal gambling market and ensure an attractive market for those who offer gambling with a Danish licence. Our focus is on the gambling providers that target their gambling activities towards the Danish market without a Danish licence.

In the beginning of the report, the Danish regulation in this matter will be explained. It is important to understand the regulation, before we can focus on the tasks that the Danish Gambling Authority has done regarding illegal gambling.

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## Background information regarding illegal gambling

In the following sections, we will briefly explain the Danish regulation regarding illegal gambling.

### When is it illegal to provide a gambling activity?

A gambling activity is considered illegal if:

- The gambling activity is provided without the required licence from the Danish Gambling Authority and
- The gambling provider targets the Danish market with its gambling activities.

### Which gambling activities require a licence?

The Danish Gambling Authority monitors the Danish gambling market in order to ensure that gambling activities conflicting with the regulations of the Act on gambling are not provided.

A licence to provide gambling in Denmark is required when:

- The participant pays a stake (money or similar of an economic value),
- The participant has a chance of winning (all kinds of winnings of an economic value) through the payment of a stake, and
- The gambling activity has an element of chance.

### When is gambling provided in Denmark?

The Danish Gambling Authority's definition of when gambling is provided in Denmark has its legal basis in an answer from the Minister of Taxation to a question from the Danish interests organisation for providers of telecommunications, that was raised in connection with the drafting of the Danish Gambling Act from 2012. A supply of gambling products is considered targeting Denmark if one or more of the following elements are found on the website:

- It is possible to choose the Danish language,
- A Danish currency can be chosen,
- Payment methods can be used which would normally only work in Denmark, like e.g. Dankort,
- Danish customer service,
- Stream as login, or
- The composition of the supply of gambling products are directed towards the Danish market.

Also gambling activities may be considered provided in Denmark although none of the requirements above are met, if the gambling operator directs its marketing at Danish customers.

On 6 February 2018, the Danish court determined regarding skinbetting that a gambling activity provided through the internet, using stream as login is considered provided in Denmark. You can read more about this verdict on our website.

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## The Danish Gambling Authority's sanctions

When the Danish Gambling Authority becomes aware of a website with illegal gambling or with illegal marketing and promotion of gambling sites, we send the owners of the website a petition with notice of violation of the Danish Act on Gambling, and order to stop the illegal gambling or marketing.

In most cases, this is sufficient to end the violation.

If the violation does not cease, we do not receive a reaction to our letter, or if we cannot find contact information on the owners of the website, we can get the Danish telecommunication providers to block the website through the district courts.<sup>1</sup>

We may also submit a police report regarding the violation, after which the responsibility for the further process will pass on to the Danish police.

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<sup>1</sup>This is not the case for marketing of illegal gambling.

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## The work of the Danish Gambling Authority 2012-2017

In the following sections, tasks completed by the Danish Gambling Authority in regards to illegal gambling will be described.

### 2012

When the Danish gambling market was (partly) liberalised on 1 January 2012, the Danish Gambling Authority sent out petitions to several websites found through web searches and reports.

Most of the gambling providers stopped their violation of the Danish Act on Gambling. However, twice in 2012 the Danish Gambling Authority found it necessary to take matters to court to block 20 websites.

### 2013

In 2013, the Danish Gambling Authority had fewer petitions than in 2012. Most of the traditional gambling providers were aware of the Danish Act on Gambling and operated in compliance thereof. However, the Danish Gaming Authority had a series of cases that required a more in-depth assessment on whether or not a game required a licence and whether the game targeted the Danish market.

By the end of 2013, the Danish Gambling Authority reviewed all websites that had received a petition since we started in January 2012. We found that a number of websites did not target their activities towards Denmark anymore, and therefore we asked the telecommunication providers to raise the block on these websites. Unfortunately, we also found that some websites that voluntarily had changed their websites in accordance with our petition were violating the Danish Act on Gambling again.

### 2014

In 2014, in cooperation with the Danish Tax Agency's antifraud unit, the Danish Gambling Authority optimised the work with our automatic search processes for searching the web based on our experience from the previous years. Thus, the Danish Gambling Authority is able to conduct web searches that are more thorough.

Therefore, the Danish Gambling Authority found a number of websites that marketed illegal gambling websites, known as affiliate sites.

The Danish Gambling Authority contacted both the websites marketing the gambling provider without a Danish licence and the gambling providers themselves.

In 2014, the Danish Gambling Authority again asked the court to help block a number of websites which provided illegal gambling.

### 2015

In 2015, the Danish Gambling Authority focused on websites marketing and promoting illegal gambling websites. Like the years before we made an automatic web search for potential illegal websites.

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The result of the web search showed the same as the previous results; that fewer websites were found, which contained an illegal supply of gambling products directed at Denmark. It also showed that more websites with illegal marketing and promotion of gambling websites were found.

In 2015, the Danish Gambling Authority made a similar assessment of the websites on which we previously found violations. The assessment showed that the websites we had previously been in contact with via petitions, blockings, or dialogues etc. had not changed their statuses and thus, it was not necessary to take further measures.

## 2016

In March 2016, a new web search of potentially illegal websites was conducted in cooperation with the Danish Tax Agency's anti-fraud unit. The web search only resulted in two websites that contained a supply of gambling products targeting Denmark without a licence. Additionally, the Danish Gambling Authority assessed that a number of websites contained illegal marketing and promotion of gambling websites.

## 2017

Similar to the previous years, web searches of illegal websites were conducted in collaboration with the Danish Tax Agency's anti-fraud unit. The Danish Gambling Authority initiated a case regarding blocking of six skin betting websites. Moreover, in 2017, many resources were spent on examining new challenges such as skin betting and loot boxes.

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## The Danish Gambling Authority's work until December 2018

### Web searches of potentially illegal websites

In 2018, the Danish Gambling Authority continued its focus on illegal gambling.

In 2018, the Danish Gambling Authority completed three web searches of potentially illegal websites in collaboration with the Danish Tax Agency's anti-fraud unit.

Conducting web searches are an important tool within the Danish Gambling Authority's supervision of illegal gambling, since it offers unique search options and efficiently covers a large number of websites. At the same time, web searches are considered a practical tool of measuring how many operators direct their marketing at Denmark without a licence e.g. by offering a website in Danish.

The search robot used for the web searches is regularly improved upon in a collaboration between the Danish Gambling Authority and the Danish Tax Agency's anti-fraud unit.

The number of websites with an illegal supply of gambling products that are found through web searches is continuously low. This matches the Danish Gambling Authority's impression of the illegal market: that still fewer websites with gambling products directed at Denmark appear. However, websites with illegal marketing and promotion of gambling still pose a challenge.

The majority of websites with illegal marketing and promotion of gambling websites are so-called recommendation sites on which "the 10 best online casinos" are referred to.

### Facebook

The Danish Gambling Authority is aware of an increasing problem with illegal supply of gambling on Facebook. The problem is primarily a matter of Facebook groups in which illegal gambling is provided (often lotteries). Consequently, the Danish Gambling Authority has initiated a cooperation with Facebook on the problem. Thus, the Danish Gambling Authority has the opportunity to report illegal content on Facebook directly to the working group at Facebook, which work on illegal gambling. In this way, we have closed four Facebook groups in 2018 that provided illegal gambling.

### Skin betting

All types of games that involve skins are called skin betting.

Skin betting is covered by the Danish Gambling Authority's regulations on betting and casino and to provide skin betting in Denmark, a licence to provide betting and/or casino is required. As lotteries are monopolised, it is not possible to obtain a licence to provide skin lotteries. As yet, no providers have applied for a licence to provide any types of skin betting.

Almost all the illegal skin betting websites use the platform Steam as login. This poses a challenge since Steam is also used for legal games (without stakes), which contributes to involving especially young persons in skin betting.



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In February 2018, the court decided that six skin betting sites must be blocked. The court took the view that the games required a licence and that the websites' supply of gambling was targeting Denmark as they were using Steam as login.

Subsequently, the Danish Gambling Authority initiated an extensive web search of illegal skin betting sites. It quickly became evident that searching for skin betting sites requires more than searching for regular gambling sites. Accordingly, the Danish Gambling Authority programmed its own web crawler, which gave a satisfactory result.

The Danish Gambling Authority has thoroughly worked through some of the websites that were found, and it is expected that the next blocking session will include 20-25 skin betting sites, which the Danish Gambling Authority wishes to have blocked.

### From video gaming to gambling

Nationally, video gaming and gambling among children and young persons have received great political attention. In June 2018, a majority of the Danish parliament entered into an agreement on new initiatives against compulsive gambling. One of the initiatives agreed upon by the contracting parties was a research project on young persons' relation to and possible addiction to video gaming.

Similarly, the Danish Gambling Authority is interested in the sometimes blurred lines between video gaming and gambling. Consequently, in 2018, the Danish Gambling Authority participated in several national and international panel debates on loot boxes and the option to use the contents of these as stakes in gambling activities among other things.

Moreover, we participate in an international collaboration that focuses on the blurred lines between video gaming and gambling. 17 primarily European countries have signed a declaration on further examination of the blurred lines that appear when elements such as loot boxes or skin betting from gambling are incorporated in video gaming. The video games in question are often played by young persons under 18, which the participating countries agree is especially alarming.

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## Land-based gambling

### Land-based illegal gambling (gaming machines and betting terminals)

As the Danish Gambling Authority does not have authority to supervise gambling premises that do not have a licence, the number of cases of illegal gambling depends on the Danish police's resources. In case the Danish Gambling Authority becomes aware of installment and running of poker and gaming machines or betting terminals, the matter is reported to the police. We are happy to assist the police if the police should request it.

In 2018, the Danish Gambling Authority has been involved in cases that include six gambling premises where poker or gaming machines were installed without a licence. On request from the police, the Danish Gambling Authority has produced statements on violations of the gambling legislation to the police.

### Poker without a licence

To provide poker without a licence is a violation of the criminal law sections 203 and 204 – and not the Danish Act on Gambling. The police have the authority to inspect gambling premises without a licence, however, the Danish Gambling Authority can offer to assist on inspections. If the Danish Gambling Authority becomes aware of illegal poker clubs, we will inform the police.

### Charity lotteries

In 2018, the Danish Gambling Authority has examined the extent of illegal gambling in bingo halls.

Preliminary studies showed that up to 75 premises exist, in which illegal bingo games are provided more than once a week. Frequent games are considered illegal.

In preparation for a quantification of the web searches, the Danish Tax Agency's anti-fraud unit has helped with the production of a pre-analysis in which they have focused on obligations to report and specifications of gambling duties that apply to the bingo halls that hold bingo games more than once a week.

The studies are meant to contribute to the the preparation of a plan of action to ensure a more efficient supervision of bingo halls as well as providing a basis for elucidating the need for changes to the legal framework with the purpose of ensuring better compliance with the regulations including payment of gambling duties.

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## Summary

Since the liberalisation in 2012, the Danish Gambling Authority has observed a fall in the number of websites that target Denmark with an illegal supply of gambling products. However, the Danish Gambling Authority still faces challenges with websites containing illegal marketing and promotion of gambling sites. In addition, new challenges with skin betting and illegal gambling on Facebook arise.

The Danish Gambling Authority assesses that the falling number of illegal gambling websites indicate a limited illegal gambling market in Denmark.

Aside from this observation, the Danish Gambling Authority assesses that other factors also indicate a limited illegal gambling market in Denmark. Based on reports from licence holders among other things, the Danish Gambling Authority sees an overall increase in the gross gaming revenue of the regulated gambling market (see appendix 2). We also see a stable number of licence holders, among those most of the large international providers. Furthermore, the Danish Gambling Authority regularly receives new applications for licences to provide online gambling in Denmark.

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## The future

The Danish Gambling Authority will continue to cooperate with the Danish Tax Agency's anti-fraud unit to improve the web searches, as this is a very good tool. At the same time, we will continue to develop our own systems to examine the more unusual types of illegal gambling.

In the beginning of 2019, the Danish Gambling Authority expects to take the necessary measures to block more sites where the owners do not comply with the rules after receiving a petition from the Danish Gambling Authority.

In accordance with the political agreement, the Danish Gambling Authority will allocate resources for skin betting and loot boxes in 2019.

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## Appendix

### Appendix 1:

Overview of the number of reports and petitions since the online gambling market was liberalised in 2012:

	<b>Number of websites found through a web- search</b>	<b>Reports</b>	<b>Number of pe- titions</b>	<b>Blockings of sites</b>
<b>2012</b>	180	71	46	20 (12 & 8)
<b>2013</b>	7	73	23	0
<b>2014</b>	280	122	12	5
<b>2015</b>	0	74	40	0
<b>2016</b>	246	29	21	0
<b>2017</b>	328	25	31	0
<b>2018</b>	742*	10	22	18
<b>I total</b>	<b>1783</b>	<b>391</b>	<b>195</b>	<b>43</b>

\* In 2018, the web search was broader than usual to ensure that previously legal sites have not changed their contents. The processing of the web search is not completed at the time of publishing of this report.

### Skin betting

Overview of the number of reports and petitions for skin betting sites:

	<b>Number of websites as- sessed</b>	<b>Reports</b>	<b>Number of pe- titions</b>	<b>Blocking of sites</b>
<b>2018</b>	95	9	17	6
<b>I alt</b>	<b>95</b>	<b>9</b>	<b>17</b>	<b>6</b>

Appendix 2: The development of the GGR of betting and online casino

