

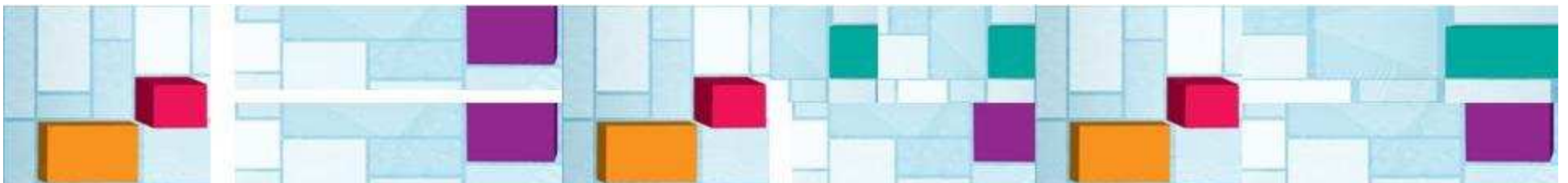


The Role of the Key Official Under a Maltese Remote Gaming Licence

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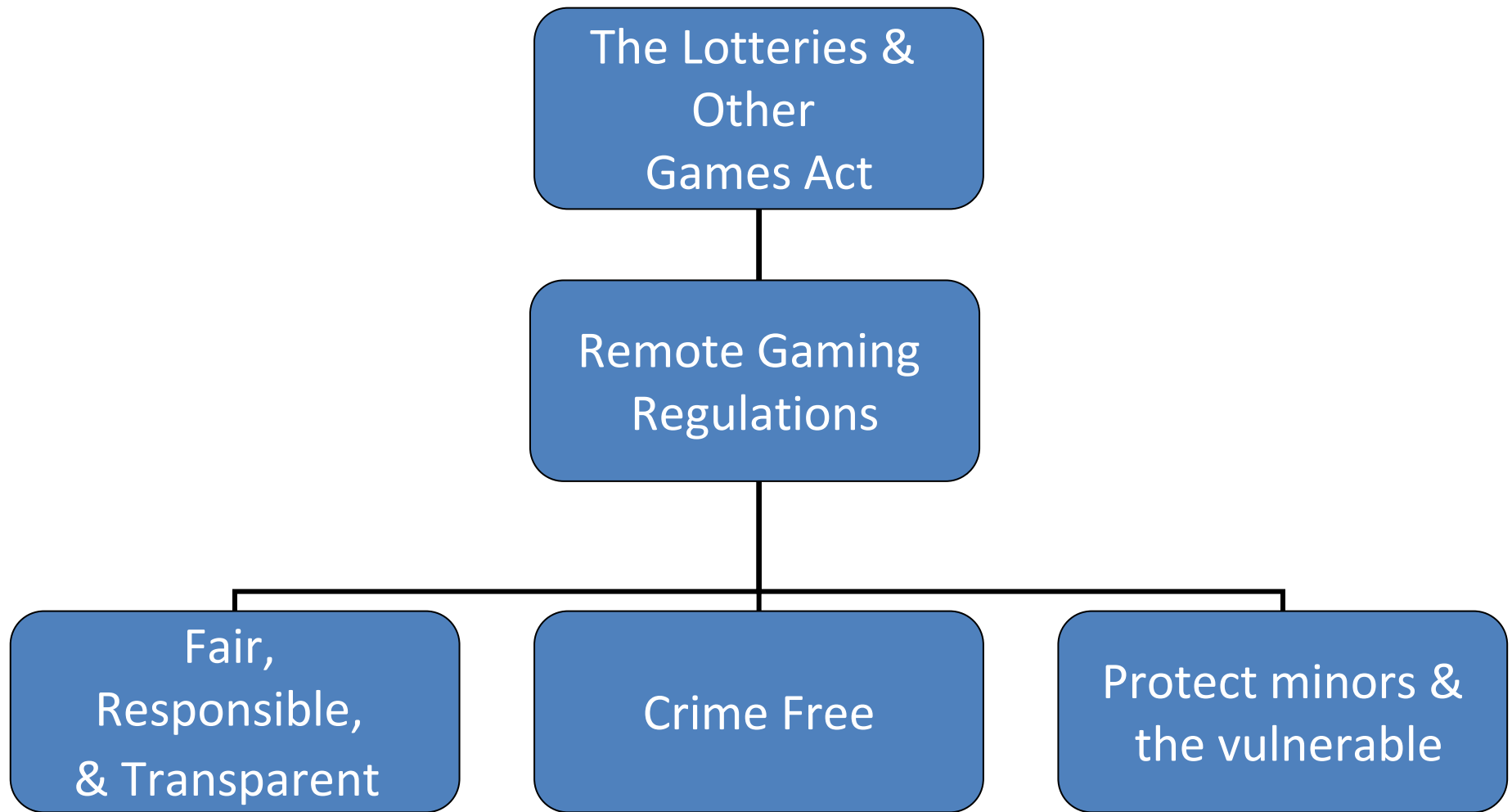
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The Legal Framework

- The Lotteries & Other Games Act
- The Remote Gaming Regulations (LN 176 of 2004)
- Companies Act, 1995
- Data Protection Act, 2001
- Electronic Commerce Act, 2001
- Electronic Communications (Regulation) Act, 1997
- Income Tax Act, 1948 & Income Tax Management Act, 1994
- Prevention of Money Laundering Act, 1994

The Legal Gaming Regime



The Key Official - Defined

Definition of a Key Official

(Reg. 2 Remote Gaming Regulations)

*‘a **person** nominated by the licensee who is a **director** of the licensee and **resident in Malta**’*

The Key Official – 4 Main Requirements

- ✓ **Person** – (Physical)
- ✓ **Director** – (body corporate holding the licence)
- ✓ **Residency** – (in terms of being readily available to fulfil all duties and legal requirements)
- ✓ **Fit & Proper**

Scope of Key Official Figure

- **Primary Point of Contact** with the Authority.
- **Responsible Key Person** having due representation on behalf of Licensee.
- **Guardian** of the Remote Gaming Licence
- **Readily available** to see to the Authority's requests and needs – (Residency).
- **Liable and Responsible** with the holder of the licence in terms of law

The Appointment of a Key Official

- Minimum requirement is **one Key Official** – (if more than 1 Key Official they shall be jointly & severally liable);
- Subject to the Authority's **Approval**;
- **Condition** of a Remote Gaming Licence;
- Within 21 days from issue of a Letter of Intent;
- Remote Gaming Licensee **cannot go live unless a key official shall have been appointed.**

KO Application Requirements

- Personal background information;
- Gaming Experience of key official;
- Information on pecuniary, equity and other interests;
- Financial information;
- Participation in legal activities;
- Criminal record information;
- Letter of Appointment
- Letter of No objection from other Licensees

Fit & Proper Test

- **Character** and **business** reputation of the person;
- **Gathering of information** at intelligence level;
- Current **financial position**, financial background and business reputation;
- **Untainted with illegality**;
- **Prevent money laundering and other suspicious transactions**;
- **Internal control structures** with the Licensee.



Key Official Licence

- **Term:**

Indefinite and so it subsists throughout the remote gaming licence term and beyond as may be directed by the Authority.

- **Surrender :**

May be surrendered by the holder subject to the Authority's written consent.

- **Cancellation:**

The Authority shall cancel a key official licence:

- Ceases to be readily available in Malta to fulfil his duties
- Ceases to be a director of the licensee
- Ceases to be, a fit and proper person

The Authority may cancel a KO licence on Conviction of an offence punishable with imprisonment.



Responsibilities of the Key Official

- The Regulations require the key official to personally supervise the operations of the licensee and to ensure full compliance by the licensee
- The above responsibilities are very onerous and the key official shall be accountable for any shortcomings by the licensee.
- The Key Official's duties subsist throughout the suspension of an operator's Remote Gaming Licence – as directed by the Authority in the interest of the Public.

Obligations of the Key Official

- Notify the Authority 21 days before **Go Live Date** and **1 week before** for **sealing arrangements**.
- Ensure smooth running of the licensee's **remote gaming system** and have **full access and control** thereto.
- Notify the Authority with all **Activity Reporting** as part of ongoing monitoring and forward requests to the Authority as required by the Regulations
- Effect **payments of tax on behalf of gaming operator** due to the Authority in a timely manner;
- Assist the Authority in the **certification, investigation and enforcement** processes;
- **Resolve complaints**;
- Follow **Anti money laundering procedures**

Obligations of Key Official (cont'd)



- Obtain prior consent from the Authority

- to effect any critical changes to the gaming infrastructure, core system modules and gaming operation;
- to change the Rules of the Games or Terms and Conditions;
- to introduce New Games

- Submission of:

- **Monthly Player Data and Gaming Data**
- **Monthly players' balances** in the gaming system and **players' Bank account statements**;
- Six monthly **financial** and **audited financial statements**
- **Decommission Forms** to obtain approval for removal of gaming equip;
- **Incident Reports** for uncontrolled incidents within 24 hours
- **Service Provider Authorisation Form and an Equipment Inventory Form** (should also be signed by both Key Official & Service Provider)



Offences & Penalties

- Any breach of the Key Official licence is an **offence** against LOGA and on conviction may incur:
 - a fine of not less than €6990 and not more than €233,000 or
 - to imprisonment of not more than 2 years or
 - to both such fine and imprisonment.
- The Authority may impose an **Administrative Fine** as an alternative to the proceedings in court (cannot exceed €233,000).
- Shall be **bound in solidum** for the payment of any fines
- **No Key Official = breach of the Remote Gaming Licence** –(suspension or cancellation of Remote Gaming licence + above penalties)

Examples of Potential Problems

- If Key Officials are not involved in the **day to day** running of the operation;
- If Operations are not being **personally** supervised by key officials;
- If Key Official has no **IT or gaming knowledge and nobody to rely on with such knowledge**;
- If Key Official has no **access to servers** at co-location centre;
- If Key Official has no knowledge on how to generate **ad hoc reports** from the back end systems;
- If Key Official has no **player test account**;
- If Key Official is not informed of changes to the **company structure**;
- If Key Official does not handle **player complaints promptly & appropriately**;
- If Key Official is not involved during the **certification process**.

Considerations

- Key official should have access to all financial records and very importantly have access and be aware of all bank accounts & player liabilities.
- Player Complaints should be handled promptly and results of inquiry should be communicated within 21 days from date of complaint.
- The Key Official may not resign without the Authority's prior consent.
- The licensee should be aware and acknowledge the importance of the Role and Function of the Key Official figure.
- The Key Official may impinge and prejudice the Remote Gaming Licence.





Thank you

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