

THE SPANISH GAMING ACT CANNOT BE DICTATED FROM GIBRALTAR

- **The CODERE Group is opposed to the opinions expressed with respect to the amendments to the draft legislation by companies based in Gibraltar, not subject to Spanish legislation and operating and advertising on-line games in our country illegally.**

Madrid, 04 April 2011. The CODERE Group, a Spanish benchmark multinational company in the private gaming sector, listed on the Madrid Stock Exchange, feels that it must make a public record of its position in the face of the opinions which have been appearing in the media with respect to the amendments presented by the various parliamentary groups.

“It is unacceptable that opinions are being aired which are supposedly in defence of users, when what they are actually defending are the interests of companies which, based in tax havens, have flagrantly violated Spanish legislation, which includes the European Union treaties, and defrauded the Public Treasury by not paying taxes in our country”.

The draft legislation being processed in Parliament must not uphold the thesis of those companies which, liable to the existing offence of contraband, operate on-line gaming activities illegally from their bases in Gibraltar, do not pay taxes in Spain, do not generate wealth or jobs and are not subject to any control whatsoever. The 100 million euros invested by the illegal on-line gaming operators in Spain in sponsorships and advertising should not grant any kind of legitimacy whatsoever, nor should such investment carry greater weight than the 1,700 million euros in gaming taxes which the private Gaming Sector pays each year and the 3,000 million collected by Loterías and Apuestas del Estado (LAE – Spanish State lottery) for the public purse.

The Gaming Sector in Spain overall defends the set of measures proposed in the various amendments put forward by the majority of the parliamentary groups (BNG, CiU, PP, PNV, IU, etc.). These amendments highlight the need for not adopting a “clean slate” approach with respect to those who have been benefiting from their illegal activities and unfairly creating a dominant position, by requiring them, if they wish to have access to the legal market which is commencing now:

- To refrain from their activities.
- To eliminate their databases.
- To establish their technological equipment and servers in Spain.
- To proceed immediately to regularise their tax situation.

The creation of a dominant position in the Spanish market based on tax evasion and illicit advertising can only be remedied by the temporary closure of their access to the market and the blocking of the use of their databases by the competent authority.



Spanish users cannot believe that their protection against fraud, the prevention of the laundering of illicit funds and the application of the controls necessary for avoiding the effects of gaming on vulnerable groups can be ensured with the legal standards existing in Gibraltar.

“We cannot accept a situation where the future on-line gaming operators in Spain can have their technological equipment and servers in Gibraltar, eluding any and all control and monitoring by the Spanish authorities. It is necessary for such equipment to be located in Spain, independently of whether the relevant company has its registered office in any other European Union country, and for the working domain to be a (.es)”.

Likewise, the scope of criminal law should not be ruled out for the offences connected with this activity, complementing the more severe administrative penalties, as established by France, Italy, and the United Kingdom, among others. This is the most appropriate channel for fighting against international delinquency and guaranteeing the control and the rigour advisable, above all, for the general interest of the citizens of Spain.

What is being debated in the processing of this draft legislation for the Regulation of Gaming in Spain is no more and no less than the business model we want for our country.

The tax contribution has been historically one of the sources of legitimacy of this industry and the equity of its distribution is a constitutional obligation. The cost structure of traditional gaming is much higher than that of on-line gaming and is not in keeping with higher taxation than that of the latter, but rather quite the contrary.

“Do we want to support and develop the companies which have been observing the legal requirements for more than thirty years, working in the Gaming Sector in a responsible manner, generating a volume of business each year worth more than 30,000 million euros and providing more than 100,000 jobs and which now have the opportunity to operate in the on-line channel?.... Or do we prefer to accommodate the new legislation to the interests of a handful of Gibraltar-based companies, without guarantees or control, but which do promise sponsorships and advertising investment?”

CODERE shares the same position as the rest of the Gaming Sector in Spain: We are looking at an historic opportunity for adequately regulating this important Sector of the Spanish economy, which accounts for more than 1% of the national GDP, and, for this purpose, we need a modern Law, which will prevent unfair competition and will endow our sector with higher levels of security and transparency.

The CODERE Group

CODERE is a leading Spanish multinational in the private gaming sector in Europe and Latin America, trading on the Spanish Stock Exchange and managing 53,500 gaming machines, 129 bingo halls, 597 sports betting locations and 13 casinos; likewise, it participates in the management of 3 horse racetracks in Argentina, Brazil, Colombia, Spain, Italy, Mexico, Panama and Uruguay, and develops Internet games in Italy, where it is validly licensed to do so.

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