



2007 ANNUAL REPORT & ACCOUNTS



ALDERNEY
GAMBLING CONTROL COMMISSION



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ALDERNEY

GAMBLING CONTROL COMMISSION

27 May 2008

The Chairman
Policy and Finance Committee
States of Alderney
PO Box 1
Alderney
GY9 3AA

Dear Mr Willmott

I have pleasure in presenting the report of the Alderney Gambling Control Commission for the period 1 January to 31 December 2007.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Godfrey'.

John Godfrey
Chairman

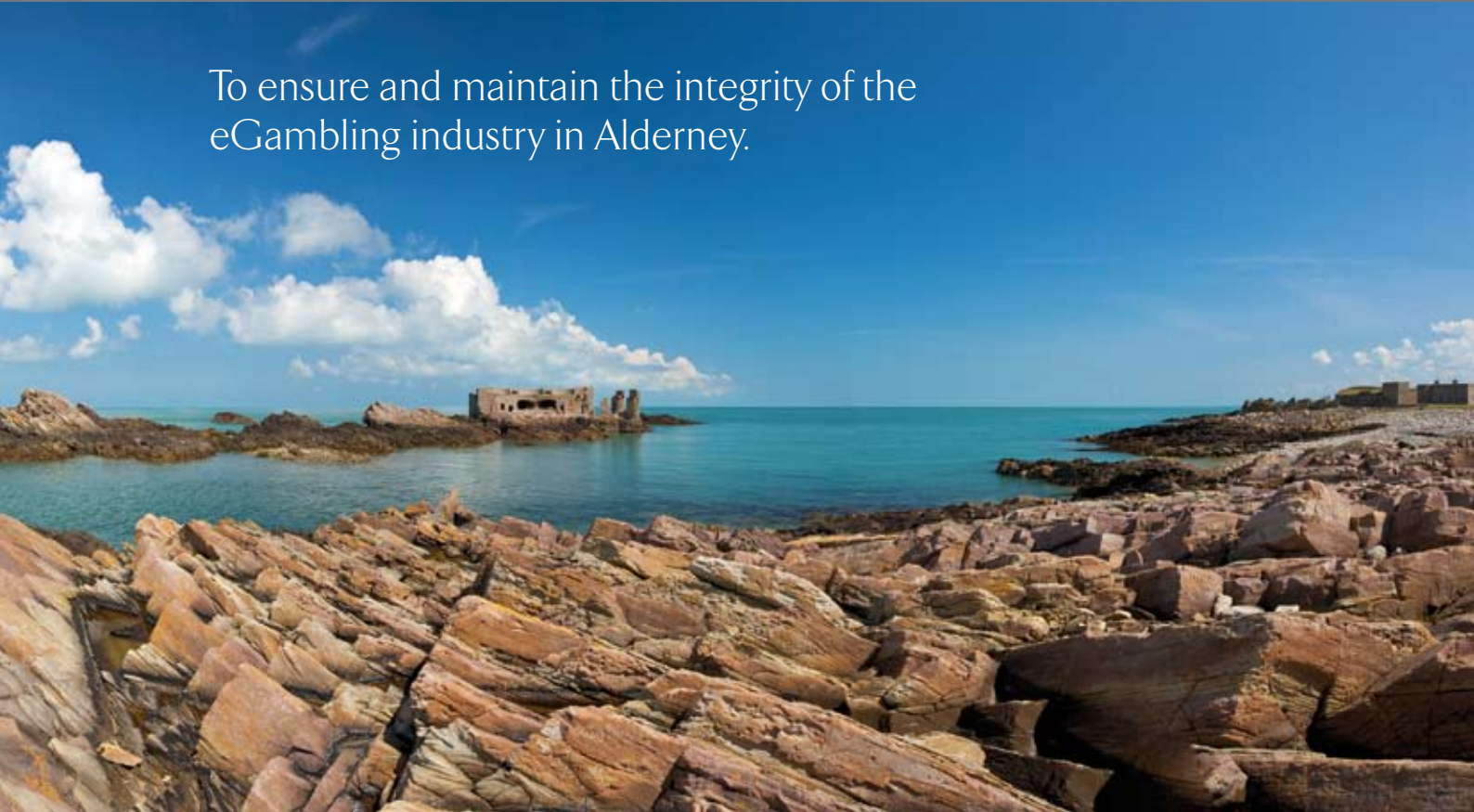


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MISSION STATEMENT

To ensure and maintain the integrity of the eGambling industry in Alderney.



OBJECTIVES

To protect the reputation of Alderney as a first tier jurisdiction by seeking to ensure that:

- all eGambling on Alderney is conducted honestly and fairly;
- the funding, management and operation of eGambling on Alderney remains free from criminal influence;
- eGambling is regulated and monitored so as to protect the interests of the public.

The most important single development during the year was the 'white listing' of Alderney by the UK government on 9th August. It was important for two reasons.

First, white listing enables our licence holders to advertise in the UK with the same freedom as operators from jurisdictions within the EU. The UK is the main market for many of the eGambling businesses based in Alderney and an inability to advertise there would have caused some of them to move to other jurisdictions.

Second, the successful completion of the rigorous processes leading to approval by the Secretary of State for Culture, Media and Sport is evidence of the high standards of regulation practised by the AGCC and this is a great credit to our staff and advisers.

We are particularly grateful to our Parliamentary advisers, John Greenway, MP and Lord Faulkner of Worcester for their considerable assistance, and to David Jeremiah, the CEO of the States of Alderney, who made the submission on behalf of Alderney.

Significant progress has been made in other areas.

The number of licences increased from 25 to 34, net of 5 licences lapsed or surrendered, meaning that fourteen licences were issued in the year. At the end of the year there were 21 active licensees to monitor. In order to control this significant extra workflow and to provide adequate resource for the planned levels of activity in 2008, it was necessary to increase our staff numbers. We have been fortunate to be able both to increase numbers and to widen and strengthen the range of technical ability within the Commission staff.

It became increasingly obvious during the previous year that our offices were inconvenient and too small for the increased numbers and we therefore entered into an arrangement with the States to renovate and occupy St Anne's House in Queen Elizabeth II Street. The renovations were completed in March 2008. This has given us the space we need and has enabled an attractive but run-down building to be brought back to first class condition.

We welcomed Isabel Picornell as a new Commissioner in March. She has made a vigorous and effective contribution to our work and has brought new experience to the Commission with her background as a former Justice of the Peace and as a certified fraud examiner.

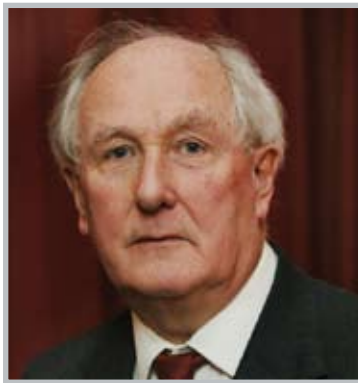
Finally, and most important, thanks are due to all my fellow Commissioners and the Commission staff who have dealt with a demanding year with energy, resourcefulness and good humour.

John Godfrey
Chairman



THE COMMISSION

The Commission is independent and non-political. It includes people with experience of gaming, regulation and licensing. The Commissioners are:



John Godfrey, Chairman of the Commission, is a specialist in gambling regulation. He was re-appointed as Chairman of the Commission for a second term of office in May 2004. He was consulting accountant to the Gaming Board for Great Britain for almost 30 years and an adviser to the Government of The Bahamas. For much of this period of time, John was also an expert witness for the Metropolitan Police. He chaired the eGambling working group of the International Association of Gaming Regulators until October 2007.



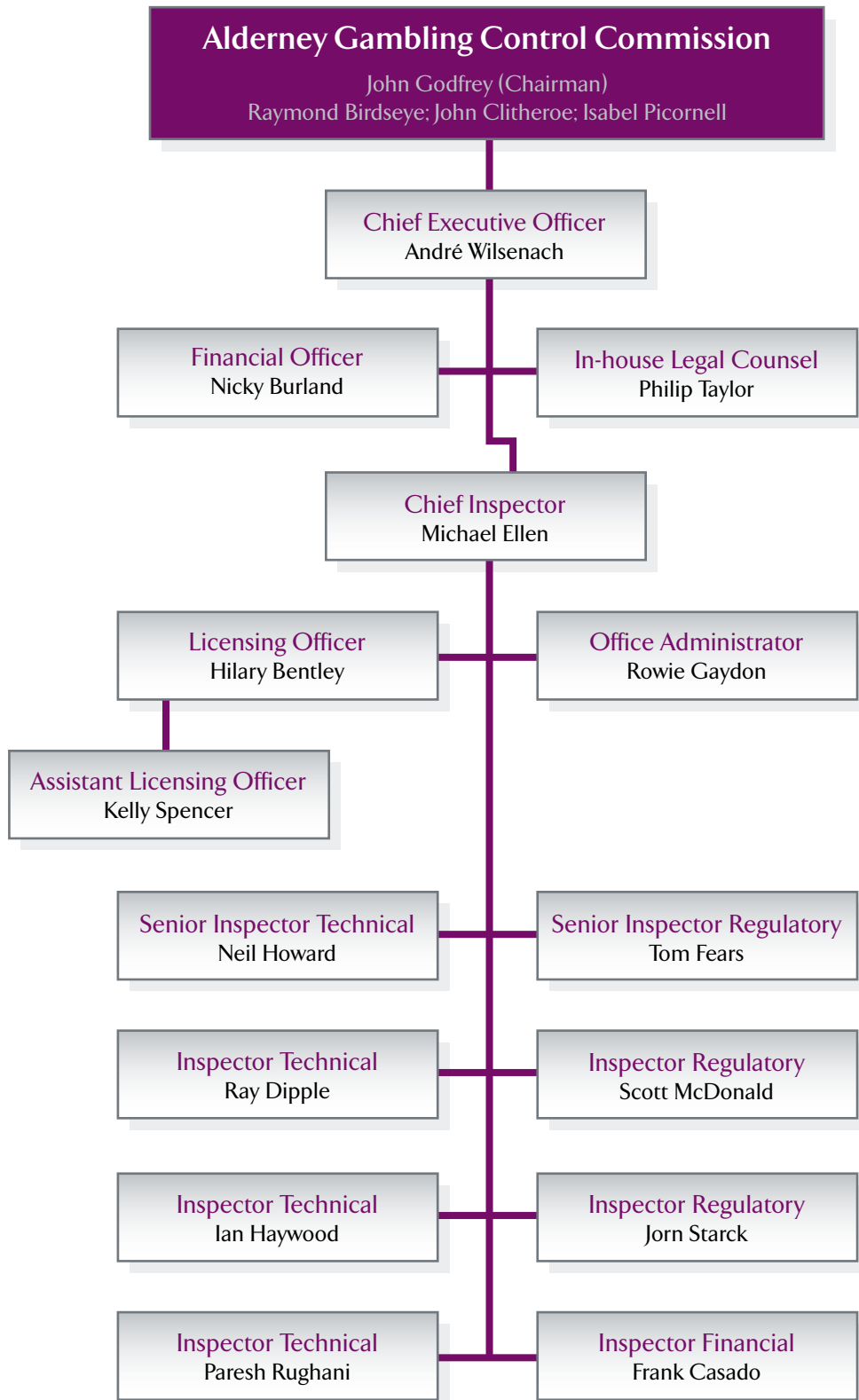
Raymond Birdseye held the position of President of Barclays Bank Corporate Division in North America for a number of years before joining the Board of the Civil Aviation Authority (CAA) as financial regulator for United Kingdom Airline Companies and Air Travel Organisers Licences. Additionally, he was Chairman of the CAA Audit Committee and several other committees.



John Clitheroe was a senior partner of Kingsley Napley, a prominent firm of London solicitors where, in addition to a distinguished career in litigation, he was an expert on licensing law. He has forty years experience of regulation in medical services and professional conduct. He is currently Vice-Chair of the Travel, Tourism, Hospitality and Gaming Section of the International Bar Association and an international consultant and lecturer on gambling. He has in recent years published several articles in the field of eGambling and was reappointed to the Commission during the year.



Isabel Picornell joined the Commission in March 2007. Prior to moving to the island, she worked in local government reviewing evidence for public enquiries and was a Justice of the Peace. Isabel is now one of a handful of highly regarded 'Certified Fraud Examiners' in the Channel Islands and an expert in forensic linguistics.





The Commission has a staff complement of fifteen people. The Executive consist of Andre Wilsenach (CEO) and Michael Ellen (Chief Inspector).



André Wilsenach, the Chief Executive Officer, has a long history in gambling regulation. He served on both the national and provincial gambling boards in South Africa. Subsequently, he became the first CEO of a South African company which was established to render electronic monitoring services to the National Gambling Board of South Africa. He is a member of the Steering Committee of the International Association of Gaming Regulators and a member of the International Masters of Gaming Law.



Michael Ellen, Chief Inspector, heads up the Commission's Inspectorate. He is a qualified chartered accountant with extensive experience in the financial services industry both in the UK and internationally. Michael joined the Commission in 2005 as a Senior Inspector and was promoted to Chief Inspector in 2006.

The Inspectorate comprises three sections:-

- **Registry**, which is staffed by the Licensing Officer, Hilary Bentley and Assistant Licensing Officer, Kelly Spencer;
- **Regulatory division**, under the Senior Regulatory Inspector, Thomas Fears, formerly Assistant Attorney General in the State of Colorado and with previous experience in regulation of terrestrial casinos. He is supported by:
 - Jorn Starck (Regulatory Inspector);
 - Scott McDonald (Regulatory Inspector);
 - Frank Casado, (Financial Inspector).
- **Technical division**, under the Senior Technical Inspector, Neil Howard, who has a background in eGambling software development and appraisal, systems and networks design. He is supported by:
 - Paresh Rughani (Technical Inspector);
 - Ray Dipple (Technical Inspector);
 - Ian Haywood (Technical Inspector).

In addition:

Corporate Services are rendered by:

- Philip Taylor (In-house Legal Counsel);
- Nicky Burland (Financial Officer);
- Rowie Gaydon (Office Administrator).



Front row from left to right: Ian Haywood, Rowie Caydon, Nicky Burland, Kelly Spencer, Hilary Bentley, Ray Dipple.
Back row from left to right: Paresh Rughani, Frank Casado, Tom Fears, Michael Ellen, André Wilsenach, Neil Howard,
Philip Taylor, Jorn Starck.

(absent: Scott McDonald)

“The Commission has been successful in strengthening the capacity of the organisation with well qualified and experienced staff.”



APPROACH TO REGULATION

The main objective of the Commission is to provide a regulatory environment that meets world-class standards and thereby both protects the reputation of Alderney and attracts world-class operators. This is not what is typically offered elsewhere. The Commission continues to position itself to offer a regulatory environment likely to attract those operators who seek a comprehensive and tightly controlled regime. These are for the most part the major gambling operators who have brands that they wish to protect. In the longer term, it is these substantial and high quality companies that are likely to dominate the world-wide internet gambling business. They are also the companies likely to conduct their businesses in a way that is consistent with the standing of the Bailiwick of Guernsey - of which Alderney forms a part - as a financial centre.

Research indicates that gambling addictions and under-age gambling constitute an extremely small part of the total gambling market. The British Gambling Prevalence Survey, which was conducted during 2007, indicated that of the 68% of the population that gambled only 6% gambled online. It identified a rate of problem gambling in the adult population of about 0.6%, which is the same percentage of the population identified as problem gamblers in 1999. Notwithstanding these figures, the Commission takes the role of player protection seriously and continues to work with its licensees to develop further measures to minimise the risks associated with eGambling.

The Commission liaises on a regular basis with other international regulatory bodies such as the Nevada Gaming Control Board, the New Jersey Division of Gaming Enforcement, the UK Gambling Commission, the Isle of Man Gambling Supervision Commission, the Kahnawake Gaming Commission, the Directorate of Offshore Gaming in Antigua and several other gaming enforcement bodies in connection with probity, due diligence investigations and common international practices.

Apart from the Commission having close links with specific gambling regulatory bodies, the Commission plays an active role in international regulatory bodies such as the Gaming Regulators European Forum (GREF) and the International Association of Gaming Regulators (IAGR).

It is worth mentioning that the CEO of the AGCC serves on the Steering Committee of IAGR and the Chairman of the Commission chaired the eGambling Working Group of IAGR until October of this year when he retired as Chairman of the Working Group.

The Commission also maintains links with bodies such as the Guernsey Financial Services Commission, the Guernsey Financial Intelligence Service, the Guernsey Police and, most importantly, the Law Officers of the Crown.



Since its inception the Commission has enjoyed the support of the Law Officers of the Crown for legal advice and, in particular, that of Advocate Richard McMahon (pictured above), the legal draftsman and advisor to the States of Alderney. Richard attends the meetings of the Commission and provides both the Commission and the staff of the Commission with legal advice on an ongoing basis.

The Commission seeks to be responsive to the operational needs of the industry. In 2002, it promoted the establishment of the Alderney Gambling Licensees Forum. This is open to all licensees and associate certificate holders and meets on a regular basis to discuss matters of common interest, such as system testing, control systems and legislation. At the meeting, in December 2007 Andrew McIver, the CEO of Sportingbet, succeeded Charles Cohen of Probability Games as Chairman of the Forum.

It is important that prospective applicants for licences and certificates know what is required of them before they consider making an application. Accordingly, the legislation, guidelines and requirements applicable to the application process and operation of a licence are comprehensive and detailed. These documents are available on the Commission's website.

A more comprehensive statement of the objectives of the Commission and of its approach towards regulating eGambling is set out in Appendix A.



In August Alderney obtained white list status from the United Kingdom (UK) government. 'White listing' is a term loosely used by the industry to refer to the powers provided to the UK Secretary of State in Section 33(4) of the Gambling Act 2005 to specify a country or place to be treated as if it were an EEA state for purposes of advertising gambling services within the UK.

In January 2006, the Secretary of State published a guidance document describing the process and setting out the criteria which would be employed in considering whether to permit gambling operators based in jurisdictions outside the EEA to advertise their gambling activities in the UK. As the Bailiwick of Guernsey, of which Alderney forms part, is not part of the EEA and most of the licensees based in Alderney conduct their business in the UK, it was essential for Alderney to be white listed.

The States of Alderney, with support from the Commission and the Law Officers in Guernsey, made representations to the Secretary of State in July. In response, the States were required to address the following six issues:

- Keeping out crime;
- Ensuring that gambling is conducted in a fair and open way;
- Protection of children and the vulnerable;
- Maintaining an independent regulatory body with inspection and enforcement powers
- Licensing arrangements
- Fair tax criteria

The process of white listing has affirmed Alderney's rigorous approach towards the regulation of eGambling. Only minor changes to the regulatory regime were needed, specifically, in the areas of advertising and the funding of initiatives to combat problem gambling, both of which are discussed in the next section.

A summary of the representation made by the States of Alderney and specifically the role of the Commission in respect of the first five criteria is contained in Appendix B.

“... white listing has affirmed Alderney's rigorous approach towards the regulation of eGambling.”



REGULATORY FRAMEWORK

Because of the dynamic nature of the eGambling industry the Commission frequently reviews the provisions which regulate the industry and advises the Policy and Finance Committee of the States of Alderney on either the introduction of new legislation or the amendment of existing legislation. In contrast to 2006, when significant changes were made to the legislative framework, 2007 saw only minor amendments.

The year saw the introduction of two amendment regulations and an amendment ordinance, namely:

- The Alderney eGambling (Amendment) Regulations, 2007;
- The Alderney eGambling (Amendment)(No. 2) Regulations, 2007;
- The Alderney eGambling (Amendment) Ordinance, 2007.

The introduction of the Alderney eGambling (Amendment) Regulations, 2007 was an important step towards the eventual white listing of the jurisdiction by the United Kingdom. This amendment requires the Commission to take into account, when considering the ongoing suitability of an eGambling licensee to hold a licence, the contributions made towards research, education and treatment relating to problem gambling. The Internal Control System ("ICS") submitted by a licensee must now describe the nature of the charitable contributions made in this area.

The initial deadline for approval of a revision to any existing ICS to deal with this issue was 31st December 2007, although this was extended to 29th February, 2008 by the Alderney eGambling (Amendment)(No. 2) Regulations, 2007.

The Alderney eGambling (Amendment) Regulations, 2007 made provision for licensees to be given a time-limited conditional approval where it appears that their controls and equipment meet the required standards for approval. The purpose of this amendment is to enable an applicant with current eGambling operations in another jurisdiction and seeking to transfer operations to Alderney to continue to operate, pending further evaluation to establish that unconditional approval can be granted. The grant of a conditional approval will not be routine and it will be for the licensee to make such a request in exceptional circumstances.

The Alderney eGambling (Amendment) Ordinance, 2007, passed by the States of Alderney on 19th December, 2007 requires an eGambling licensee and, where appropriate, its associates, to take steps to comply with applicable international measures relating to money laundering and terrorist financing. Any person who contravenes a provision of the regulations made under this Ordinance which is specified as a "money laundering offence" will be guilty of a criminal offence. The amendment to the Ordinance was followed by a revision to those parts of the Alderney eGambling Regulations, 2006 relating to the combating of money laundering and terrorist financing and led to the Commission making The Alderney eGambling (Money Laundering Amendments) Regulations, 2008 on 17th March 2008.

INTRODUCTION

The operational responsibilities of the Commission give rise to two main types of activity namely, the investigation of new applicants to determine if they are 'fit and proper' to be issued with a licence or certificate, as the case may be, and compliance reviews of licence holders' regulated activities – this includes the approval of licensees' gambling equipment and ICS and the ongoing review of routine operational and financial reports as well as annual inspections of licensees' operations.

INVESTIGATIONS AND LICENSING

During the year under review, the Commission conducted investigations into the affairs of fourteen applicants and issued full eGambling licences to the following companies:

- Cecure Ltd;
- WagerWorks Alderney 7 Ltd;
- Arkin Sports & Leisure Ltd;
- Entergaming Ltd;
- WagerWorks Alderney 4 Ltd;
- SB Alderney Ltd;
- Virtue Fusion (Alderney) Ltd;
- Boylesports Alderney Ltd;
- Blue Stone Interactive Entertainment Ltd;
- Interlogic (Alderney) Ltd;
- Truva Gaming Ltd;
- Totesport Alderney Ltd;
- Two Way Gaming Ltd;
- Filco Ltd.

The Commission conducted investigations into one applicant for a restricted use eGambling licence and issued a licence to TSE Holdings Ltd, an associate of Betfair Limited.

The Commission conducted special investigations into:

- The alleged unauthorised activation of sites by two licensees.
- The alleged unauthorised activation of certain games by a licensee.
- The late submission of financial returns by seven licensees.
- A licensee's association with an individual under criminal investigation.

These matters were all resolved during the year.

The Commission also investigated an allegation of undisclosed litigation by a licensee. This matter was still under investigation at the end of the year:

An Associate Certificate was issued to Evolution Gaming Ltd which brings the total number of certificate holders to five. The following companies already held Associate Certificates:

- Chartwell Technology Inc;
- Orbis Technology Ltd;
- Playtech Software Ltd;
- Microgaming Software Systems Ltd.

These companies have been approved by the Commission and found suitable to be associated with any of the Commission's licensees. Certificate holders providing software to Alderney licensees are permitted to apply to the Commission for approval of their gambling equipment and, if approved, a description of the relevant equipment will be endorsed on the certificate.

During the year, the following five companies surrendered their licences:

- WagerLogic Alderney Ltd;
- Sportingbet (Alderney) Ltd;
- Cantor Casino (Alderney) Ltd;
- WagerWorks Alderney 6 Limited;
- Sportswinbet (CI) Ltd.

At the end of 2007, the Commission had 6 applications for eGambling licences and two applications for Associate Certificates in hand for consideration in 2008.

During the year a further 48 key individual certificates were issued bringing the total number of key individual certificates issued at the end of 2007 to 101. Of the 48 key individual certificates issued, 37 were issued to key staff of newly licensed companies, while 11 certificates were issued to key staff employed by companies that already held licences before 2007. Two key individual certificate holders have moved from one company to another as a result of staff movements within the industry.

Hosting certificates remained unchanged for the year with the providers, all of which are based in Guernsey, being:

- Cable and Wireless Guernsey Ltd;
- Newtel (Guernsey) Ltd; and
- ITEX (Guernsey) Ltd.



In certifying hosting providers, the Commission considers the applicant's character, business reputation, financial background and technical ability. The Commission also reviews against its minimum security requirements matters such as:

- the location, layout and security provisions of the premises, including access thereto;
- the facilities at the premises, including the arrangement in place in respect of power sources and business continuity.

During the Commission's investigations of applicants for licences and/or certificates, Commission staff conducted enquiries and liaised with various regulatory and law enforcement bodies, including the following:

- Guernsey Police;
- Guernsey Financial Services Commission;
- UK Gambling Commission;
- Nevada Gaming Control Board;
- Antigua Directorate of Gaming;
- Tasmania Gambling Commission;
- Kahnawake Gaming Commission.

Detailed reports were prepared on each of the applicants to assist the Commission in determining whether they were 'fit and proper' to be granted a licence or certificate. Consideration of the 'fit and proper' test is essentially a question of personal and corporate character. The issue is whether or not the applicant is likely to run a highly regulated business within both the spirit and the letter of the restrictions imposed upon it. An investigation of the business history and relevant experience of the applicant, associated principals and business associates involved is an essential feature of this aspect of the Commission's enquiries, together with an assessment of the comments and opinions of independent third parties who have had dealings with them.

These reports normally deal with the following matters:

- The history and general suitability of the applicant;
- The business proposition and likely financial stability of the applicant;
- The source and adequacy of funding for the Alderney project;

- The executive associate/s of the applicant, as to whether they are 'fit and proper' persons to be associated with the licensee's operations; and
- The key individuals, as to whether they are 'fit and proper' persons to act in their stated positions and to be granted key individual certificates.

A full list of licensees, their trading names and gambling software providers is set out in Appendix C.

COMPLIANCE

Launching of Casino Sites

During the year under review the following licensees launched their sites which bring the total number of operational licensees to twenty one:

- WagerWorks Alderney 4 Ltd;
- WagerWorks Alderney 7 Ltd;
- Virtue Fusion (Alderney) Ltd;
- Spin Leisure Ltd;
- Interlogic (Alderney) Ltd;
- Blue Stone Interactive Entertainment Ltd;
- Asia Pacific Gaming Ltd.

In addition, Bonne Terre Ltd, Blue Square Gaming (Alderney) Ltd and Gala (Alderney) Ltd launched significant additional business components to their established licensed operations.

Prior to the launching of a site the Commission is required to approve the following:

- An ICS, in which is detailed all internal controls and operating procedures associated with the business;
- The gambling equipment that the licensee proposes to use, including the games that will be made available for play by the operator.

During the year, the Commission approved the ICS of nine licensees, approved amendments to the ICS of another two licensees and conditionally approved the ICS of seven licensees.



The approval of an ICS has been delegated to the CEO. However, in the event that the CEO is not content to approve an ICS or a change to an ICS, the matter will go to the Commissioners for their consideration. A similar approach is provided for in respect of gambling equipment. In approving gambling equipment, including games, the Commission and its staff often rely on third party testing houses expert in the testing of gambling equipment. These testing houses typically provide the Commission with software certification reports in respect of the gaming equipment and games to be made available for play.

Changes to live eGambling Systems ("eGS")

The Regulations require licensees to obtain the approval of the Commission for changes to their live eGS (i.e. the core part of their approved gambling equipment), as part of their change control procedures. During 2007 the Commission processed a total of 2,250 such requests as against 1,066 in the previous year. These requests consisted of 51 requests for new games and 2,199 other changes. Only about 5% of all other changes have any significant impact on either the outcome of the games or the security of the systems used. Depending upon the complexity of the change, the Commission may:

- approve the change and allow the modification to be implemented; or
- request further information such as software supplier change proposals, specifications or test reports or the opinion of a third party expert, before making a decision; and/or
- in a relatively small number of cases, direct that the change be further evaluated before approval is granted.

In dealing with an application for the approval of changes, the procedure followed is specific to each operation and is dependent upon the software used. In all cases, however, the following items are required to be in place prior to the procedure being undertaken:

- The baseline certification of the eGS;
- The classification of the various components of the eGS according to the risk to game outcome and system security involving the Commission, a third party testing house, where relevant as well as the licensee and its software developer;

- The establishment and approval by the Commission of an auditable change management process as part of the licensee's approved internal control system;
- The availability of a facility to the Commission to verify check sums on demand.

Compliance Inspections

The Commission conducts annual compliance inspections in respect of each active licensee's operations to ensure that they comply with the controls and procedures contained in their approved ICS. During the year, thirteen licensees were inspected. The main focus of these inspections is as follows:

- Review of post "go-live" recommendations or temporary dispensations;
- Adherence to approved internal control system;
- Adherence to the provisions of the laws;
- Adherence to the conditions of the licence;
- Review of security policies and procedures;
- Review of audited accounts, quarterly financial reports, operational reports and on-going capital adequacy;
- Ensuring the deployment of approved games in accordance with the Commission's records;
- Identification of significant changes to business, operations and staff;
- Identification to the operator of control issues detected in the inspection;
- The behaviour of the live sites, including the registration, verification and payment processes as well as the games available for play;
- Resolution and revision of the approved ICS.

A complete checklist is normally prepared prior to the inspection which is based upon those areas of the approved control systems that are considered to present a risk.

Examples of areas that are typically reviewed during the compliance review are contained in Appendix D.

The compliance inspection programme is risk based. Therefore, the timing and focus of inspections will be based on the perceived risks associated with each operation and the compliance issues found during previous inspections.



Customer Complaints

During the year, the Commission dealt with 131 complaints from customers. Complaints arose in the following areas:

- 35 allegations of unfair or non-random games;
- 20 complaints related to customer accounts closed due to fraudulent activity and collusion;
- 19 allegations that the terms and conditions or in-house rules of licensees are unfair;
- 16 complaints related to delays in customers receiving funds that they had wished to withdraw;
- 9 allegations of software malfunctions;
- 7 complaints associated with delayed withdrawals as a result of anti-money laundering protocols requiring player re-verification;
- 6 complaints regarding alleged unfair bonus programmes;
- 1 complaint related to the exclusion of a customer from a licensee's site;
- 18 general complaints (e.g. refusals of certain credit cards, the extent of ID checks conducted by licensees, claims of collusion, exchange rates used by licensees).

The Regulations introduced in 2006 set out the procedures for dealing with complaints:

- In the first instance, an officer of the Commission contacts the relevant licensee or its associate and the complainant in an attempt to resolve the dispute by mediation.
- Where the above procedure is unsuccessful, the CEO will make a determination on the basis of a full investigation of the complaint carried out by an officer of the Commission. The parties are given written notice of the determination.
- Where both the customer and licensee accept the determination by the CEO, his determination shall be treated as final.
- Where one or both of the recipients of the CEO's determination does not accept it, the complaint is referred to the Commissioners for a hearing.

Almost all customer complaints received during the year were satisfactorily resolved by either the licensees or by a determination made by the CEO. Three complaints were carried over to 2008.

Assessment of quarterly reports

In addition to conducting annual compliance inspections, the Commission reviews the operational and financial

reports of all licensees on a regular basis to monitor the status of their business and that their conduct is in accordance with both the conditions of the licence and their ICS.

Licensees submit quarterly reports to the Commission. These are in a standard format providing for prior period comparisons and commentary on the operational performance of all live licensees and focus on the following areas:

- Prudential ratio compliance;
- Key operational data (changes, malfunctions, complaints);
- Key performance data (transactions, current customer numbers, gross gaming profits, cash, borrowings and reserves);
- Portfolio review of hold percentages, inspection and audit reconciliation profile.

Appendix E shows the items that are required from licensees in their quarterly reports.

COMMISSION AND EXECUTIVE ACTIVITIES

The Commission met on 13 occasions during 2007 to deal with licensing and compliance issues in addition to household and other matters such as:

- Reviews of the legislative framework;
- Staffing;
- Offices of the Commission;
- Telecommunication and hosting facilities;
- Budgets and funding of the Commission;
- The UK white listing process;
- International developments in the eGambling industry;
- Policy developments in both Guernsey and Alderney;
- Amendments to the Ordinance and eGambling Regulations.

The Commission met twice during the year with the Policy and Finance Committee of the States of Alderney; in May to table the 2006 Annual Report and in November to submit its budget forecasts for 2008. The Chairman and CEO of the Commission met twice during the year with the Chairman of the Policy and Finance Committee and once with the Finance Advisory Group of the States of Alderney. The CEO and Adv Richard McMahon met once during the year with the Employment Legislation Committee of the States of Alderney primarily to discuss the progress with regard to the white listing process and Alderney's representation to the Secretary of State responsible for gambling in the UK.



In addition, the Commissioners met with representatives of all active licensees during 2007. The Commission attaches particular importance to these meetings which provide valuable information about the practical issues of a rapidly developing and changing industry.

The Commission also attended the Alderney Gambling Licensees' Forum on three occasions during the year when the following items were discussed:

- The white listing of Alderney by the UK Government;
- Implementation of a licensees' notice board;
- The UK position on advertising and advertising standards;
- Industry support for social responsibility initiatives;
- Anti-money laundering law changes;
- Revised licensing structure;
- The revision of the Internal Control System guidelines;
- A new approach towards change control monitoring;
- The revised Commission structure;
- Amendments to the Alderney gambling legislation.

In order to understand the possible implications of developments within Europe for Alderney, the CEO, Adv McMahon and Robin Le Prevost (States of Alderney) met with Mr Jean Bergevin of the Directorate General for Internal Market and Services at the European Commission in September. The outcome of these discussions was tabled at a strategic workshop of the Commission during the same month.

Members of the Commission and staff have made presentations and/or participated in panel discussions at the following international conferences and meetings:

- Asian Casino Executive summit;
- European iGaming Conference;
- Global Gaming Exhibition;
- European Gaming Executive summit;
- Global Interactive Gaming summit and exhibition;
- International Association of Gaming Attorneys/Regulators;
- Legal Gaming in Europe summit;
- World Online Gambling Law Report summer conference;
- World Online Gambling Law Report: Regulatory Intensive Seminar;

In October John Godfrey retired as Chairman of the eGambling Working Group of the International Association of Gaming Regulators following a meeting attended by approximately 10 different eGambling jurisdictions. The Commission continues to provide secretarial support to the Working Group which is now chaired by the CEO of the UK Gambling Commission. During 2006 the Working Group appointed a Technical Sub-Committee led by the CEO of the AGCC to prepare a set of technical standards for the industry. This Committee had met twice during 2007 and submitted a final set of industry guidelines at the October meeting of the Working Group. It is hoped that the application of these standards will eventually lead to the adoption of common standards by all the major eGambling regulators.

In April, the CEO attended a meeting of the Steering Committee of the International Association of Gaming Regulators which coincided with the Asian Casino Executive summit which was held in Singapore.

Following the issuing of the criteria for white listing of non-EEA countries, the Commission met with many of the parties involved in order to clarify Alderney's position. In particular, the Chairman and CEO met with members of staff of the UK Department of Culture, Media and Sport and the UK Gambling Commission on several occasions during the year.

The Commission had previously engaged Lord Faulkner of Worcester and John Greenway MP, who were both members (John Greenway acted as Chairman) of the Joint Parliamentary Scrutiny Committee on the UK Gambling Bill, to advise the States of Alderney and the Commission on the most appropriate approach to follow in clarifying and furthering Alderney's position with regard to the 'white listing' process. They continued to provide valuable advice during the year.

During the course of 2007 John Clitheroe and Adv Richard McMahon jointly reviewed and revised the chapter on Alderney for the tenth edition of the Internet Gambling Report, which was published by the River City Group in December 2007.



STAFFING

The Commission has been successful in strengthening the capacity of the organisation with well qualified and experienced staff. Five appointments to the Inspectorate have been confirmed during the course of the year, namely Kelly Spencer (1st July); Neil Howard (20th July); Scott McDonald (24th September); Paresh Rughani (5th December); and Jorn Starck (5th December).

At the Corporate Services level, Philip Taylor was appointed In-house Legal Counsel to the Commission in October. Apart from rendering advice to the Inspectorate on legal matters he acts as secretary to the Commission and supports Richard McMahon in legal drafting.

Andy Mace (Regulatory Inspector) resigned in April and Margrit Schneider (Technical Inspector) resigned in November.

The benefits provided by the Commission include a defined contributions (money purchase) group pension scheme, life assurance cover, a private medical insurance scheme and a permanent health insurance scheme for all qualifying staff.

The Commission took external advice on staff remuneration during the year to ensure that levels of remuneration and benefits are market related. The regulation of a rapidly developing business with a technologically complex base calls for a range of expertise that is in short supply.

OFFICES

As a result of the growth in staff numbers it became necessary to find larger premises to accommodate the staff of the Commission. In early 2007 the States executed an agreement with the Commission, under which the Commission was given responsibility for renovating and refurbishing St Anne's House in Queen Elizabeth II Street with a view to leasing it from the States. Competitive tenders for the project were received in April and the successful bid was approved by the Building & Development Committee of the States in May. The Commission, which was responsible under the agreement for managing the project, signed a contract for the works with Main Contractors Limited in May and work commenced on 23rd May. At 31st December the project was substantially completed. It has been fully completed subsequent to the year-end and the building was occupied and operational on 17th March 2008, on time and within forecast costs.

Although the premises at Maison des Venelles have served the needs of the Commission well over the last seven years, the Commission will benefit significantly from its new offices, which have been designed to accommodate the specific requirements of the Commission staff. Of particular importance are the enhancements to communications systems made possible by the extensive interior remodelling, the availability of secure and efficient storage and archiving space as well the clear separation of the public area from staff offices.



FINANCES

Revenue Account

The retained surplus for the year fell to £958,731, compared with £1,102,330 for the previous year. Income amounted to £2,948,126 compared with £2,166,938. Costs have increased from £841,115 to £1,198,085, the main increases being in staff, premises, consultancy costs and travelling. Distributions to the States of Alderney increased to £791,310 from £223,493 in the previous year.

Assets and liabilities

Net assets at the year end stood at £4,126,815 compared with £3,168,084 at the end of the previous year. Assets included cash balances of £4,212,698 which have generated bank interest of £189,232, now a material item in the Income and Expenditure Account. Of these cash balances, £3,332,215 is held in the Guernsey Treasury account to take advantage of the enhanced rate of return on offer there.

Financial Statements

More detailed figures are set out in the Financial Statements of the Commission which are produced on pages 17 to 24.



Statement of the Commission's responsibilities

The Alderney Gambling Control Commission ('the Commission') acknowledges that it is responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the Commission and of the profit or loss of the Commission for that period. In preparing these financial statements the Commission is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the basis of a going concern unless it is inappropriate to presume that the Commission will continue in business.

The Commission is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission. The Commission is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and the detection of fraud and other irregularities.

The following persons served on the Commission during the year under review:

- Mr John Godfrey (Chairman);
- Mr Raymond Birdseye;
- Mr John Clitheroe;
- Ms Isabel Picornell.



We have audited the financial statements (the "financial statements") of the Alderney Gambling Control Commission ("the Commission") for the year ended 31 December 2007 which comprise Revenue Account, Balance Sheet and the related notes numbered 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the Commission and auditors

The Commissioners are responsible for preparing the Statement of the Commission's Responsibilities and the financial statements in accordance with UK accounting standards as set out in the Statement of the Commission's Responsibilities on page 17.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the accounting policies as set out on page 21. We also report to you if, in our opinion, the Commission has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Statement of the Commission's Responsibilities and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commission in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Accounting Standards, of the state of the Commission's affairs as at 31 December 2007 and of its surplus for the year then ended; and
- have been properly prepared in accordance with the accounting policies as set out in note 1.

KPMG Channel Islands Ltd
Chartered Accountants
Guernsey



	Note	2007 £	2006 £
Fixed assets			
Computer and office equipment	2	17,176	16,632
Property refurbishment costs		328,087	—
		<u>345,263</u>	<u>16,632</u>
Current assets			
Debtors		—	2,679
Cash at bank and in hand	3	4,212,698	3,369,913
Prepayments		2,550	—
		<u>4,215,248</u>	<u>3,372,592</u>
Creditors: amounts falling due within one year	4	(433,696)	(221,140)
Net current assets		<u>3,781,552</u>	<u>3,151,452</u>
Total assets less current liabilities		<u><u>4,126,815</u></u>	<u><u>3,168,084</u></u>
Capital and reserves			
Revenue Account		<u><u>4,126,815</u></u>	<u><u>3,168,084</u></u>

The financial statements on pages 19 to 24 were approved by the Alderney Gambling Control Commission on 03 April 2008 and signed on its behalf by:

John Godfrey
Chairman



REVENUE ACCOUNT YEAR ENDED 31 DECEMBER 2007

	Note	2007 £	2006 £
Income			
Licence fees		2,545,650	1,885,650
Fees charged to applicants		213,244	173,934
Bank interest		189,232	107,354
		<u>2,948,126</u>	<u>2,166,938</u>
Expenditure			
Staff costs	6	762,104	506,893
Commissioners' fees	5	87,481	73,144
Premises, furniture and equipment		70,260	41,227
Consultancy		119,546	92,284
Conferences and general travel		107,718	83,544
Postage, stationery and telephone		23,656	25,766
Audit and accountancy fees		3,173	3,000
Bank charges		1,133	910
Publications and subscriptions		12,019	5,070
Sundry supplies and services		3,182	2,517
Depreciation	2	7,813	6,760
		<u>1,198,085</u>	<u>841,115</u>
Distributions in year	7	791,310	223,493
Net surplus	9	<u><u>958,731</u></u>	<u><u>1,102,330</u></u>



I. Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Depreciation

Depreciation is calculated using the straight line method at the following rates:

- Office furniture 25% per annum
- Computers and related equipment 33% per annum

Licence fees

Following the approval of The Alderney eGambling Ordinance, 2006, licences granted by the Commission are valid for an indefinite period. Prior to this Ordinance, licences had a finite term of three years. A non refundable licence fee is payable on issue of the licence and in advance of each anniversary of the issue of the licence. The licence fees are recognised in the Revenue account in the period in which they are received.

Cash flow statement

Under Financial Reporting Standard no. 1 the entity is exempt from the requirements to prepare a cash flow statement on the grounds of its size.

Expenses

Expenses are accounted for on an accruals basis.

Leasehold improvements

Following the execution in 2007 of an agreement between the Commission and the States of Alderney to lease St Anne's House, Alderney, the Commission has undertaken a major refurbishment of the property, expected to cost £570,000. This programme has been completed after the year-end. Under the agreement to lease, the Commission expects to enter into a lease on the property over a ten year period, commencing in April 2008. Its leasehold improvement costs will be amortised over the same period.



2. Tangible fixed assets	Computer equipment £	Office furniture £	Total £
Cost			
At 1 January 2007	30,178	14,577	44,755
Additions	7,721	636	8,357
At 31 December 2007	<u>37,899</u>	<u>15,213</u>	<u>53,112</u>
Depreciation			
At 1 January 2007	17,096	11,027	28,123
Charge for year	6,234	1,579	7,813
At 31 December 2007	<u>23,330</u>	<u>12,606</u>	<u>35,936</u>
Net book value			
At 31st December 2007	<u>14,569</u>	<u>2,607</u>	<u>17,176</u>
At 31st December 2006	<u>13,082</u>	<u>3,550</u>	<u>16,632</u>

During the year, the Commission incurred costs of £328,087 in refurbishing St Anne's House under an agreement for a lease, in contemplation of entering into a lease on the property which has been signed after the year end. These costs are presented as Property refurbishment costs in the balance sheet and will be written off over the term of the lease.



3. Cash at bank and in hand	2007	2006
	£	£
Cash at bank:		
Business reserve account	435,405	112,122
Applicant deposit account	365,445	204,643
Guernsey treasury account	3,332,215	3,014,694
Current account	79,265	38,079
Petty cash	368	375
	<hr/>	<hr/>
	4,212,698	3,369,913
	<hr/> <hr/>	<hr/> <hr/>
4. Creditors: amounts falling due within one year	2007	2006
	£	£
Refundable deposits	361,437	196,091
Creditors and accruals	72,259	25,049
	<hr/>	<hr/>
	433,696	221,140
	<hr/> <hr/>	<hr/> <hr/>

Refundable deposits cover the costs of investigating applicants and may be refundable in whole or in part.

5. Commissioners' fees

In accordance with the Gambling (Alderney) Law 1999, as amended, the States of Alderney ultimately meet the fees and expenses of the Commissioners, including the Chairman.

6. Pension scheme and life assurance

A defined contributions pension scheme, together with life assurance cover, is provided for employees. The scheme is administered by Anthony Le Blanc and Partners Limited in Alderney and was started in May 2002. The scheme requires employees to contribute 6% of gross salary to the scheme and the Commission contributes 7.5% of gross salary to the scheme on the employees' behalf. The combined annual contribution of £69,574 (2006 - £42,081) is included in staff costs. At the year end there were no prepaid or outstanding contributions (2006 - £nil).



7. Distributions to the States of Alderney

During 2007 the States of Alderney directed capital maintenance and expenses, on behalf of the States, to be distributed from the accumulated reserves of the AGCC in the amount of £791,310 (2006 - £223,493). The remaining reserves are held by the AGCC on behalf of the States of Alderney. The States of Alderney have indicated that they intend to commit a sum of £3.5million from these remaining reserves, to pay for development of the Island's Commercial Quay during 2008.

8. Guernsey Income Tax

The Commission is not subject to Guernsey Income Tax.

9. Retained surplus

	2007	2006
	£	£
Retained surplus brought forward	3,168,084	2,065,754
Net surplus for the year (after distributions)	958,731	1,102,330
Retained surplus carried forward	<u>4,126,815</u>	<u>3,168,084</u>

The main objectives of the Commission are to ensure that:

- all gaming and betting is conducted honestly and fairly;
- the funding, management and operation of online gambling on Alderney remains free from criminal influence; and
- gaming and betting activities are regulated and monitored so as to protect the interests of the public.

These objectives are reflected in the processes leading to approval for the conduct of gambling from Alderney, which are:

Licensing

Licensing is the first step. The main objective is to ensure that the applicant company is 'fit and proper'.

The owners, managers, system providers and sources of finance are all subjected to probity investigation. It is a rigorous process that involves the examination of financial records, including personal financial records, and the business history of the applicant company and its associates.

An applicant for a licence is required to take the following steps in connection with an application:

- Incorporate a local company on whose behalf the application will be made;
- Submit a formal application in the form approved by the Commission;
- Lodge the investigation deposit with the Commission; and
- Cause a notice, containing the particulars of the applicant and of their premises to be published in the Alderney Official Gazette and on the Commission's website.

If the Commission makes a finding of suitability, the applicant company will be awarded a licence conditional on approval of both their gambling equipment and their internal control systems. These further approvals are required before the licensee can commence operations.

Technical compliance

Alderney was one of the first - and is still one of only a few - eGambling jurisdictions to have developed a set of technical standards against which the gambling equipment of the prospective operator is tested. This enables the operator to know what is required in advance and ensures that the tests are comprehensive and objective.

Although the application for the approval of gambling equipment is made to the Commission, it may outsource the testing and certification of this to a third party testing house which will report thereon to the Commission for determination. Once a system has been approved by the Commission it can only be altered with the further approval of the Commission.

In approving changes to the system, the Commission is conscious of the commercial realities of an online business and aims to deal with any changes quickly and pragmatically.

Internal controls

The Commission also provides detailed written guidelines for the submission of a suitable internal control system.

The submission sets out the licensee's control procedures regarding such matters as:

- management structure and staffing;
- accounting systems;
- player accounts;
- the precise nature of the games offered; and
- computer controls.

Again, in approving the submission or any amendments to it, the Commission has regard to the risks and the commercial considerations of each eGambling licensee.



SUMMARY OF ALDERNEY'S RESPONSE TO CRITERIA FOR 'WHITE LISTING' IN THE UK

APPENDIX B

In responding to the six criteria for white listing of non - EEA jurisdictions for purposes of 'white listing', the States of Alderney's representation can be summarised as follows:

- **Keeping out crime**

Keeping crime out of eGambling has always been a central objective for the Alderney authorities. In this section, the States described the barriers to entry for operators and other entities as well as individuals intending to be involved in licensed eGambling operations: the investigative powers conferred on the Commission; the gateways to intelligence available to the Commission; the means used to prevent money laundering; gambling specific offences and the detection and prosecution of criminal activity.

- **Ensuring that gambling is conducted in a fair and open way**

Alderney's approach to ensuring the fairness and openness of eGambling rests heavily on the importance attached to full and comprehensive evaluation and approval of gambling equipment before such equipment is used operationally. It is also a fundamental part of the Commission's approval process to require that a licensee's internal operating controls must be fully authorised before the licensee can commence operations. Hosting certificates provide direct regulatory control of the premises where licensees host their gambling equipment and of the controllers of those premises. eGambling can only be conducted from premises approved by the Commission.

In addition, the States described:

- the terms under which customers may gamble;
- the importance of ensuring the financial probity and reliability of licensees and their associates;
- the need to provide protection of customer funds;
- the importance of establishing and maintaining clear procedures for transfers of monies and payments to customers;
- how the rules of the gambling offered are made accessible to customers;
- policies on credit extension; and
- procedures for dealing with customer complaints.

Once operational, licensees are required to provide regular reports on their operations and financial status. Through these reports, the Commission ensures that all licensees continue to be fit and proper entities, with the controls and resources to maintain full customer protection. Furthermore, the Commission conducts ongoing monitoring and carries out periodic inspections to ensure that gambling is being conducted fairly.

- **Protection of children and the vulnerable**

In order to protect children, licensees must operate suitably robust customer registration and verification procedures. The Commission also seeks to ensure that payment processing systems prevent children from accessing gambling sites. In order to protect the vulnerable, licensees' operations must be capable of identifying and supporting customers at risk and must provide information about the support and treatment available. In addition, players should be able to make informed choices about their gambling activities, for example, through the provision of information on their playing history. Regulations are available to address inappropriate advertising. Alderney licensees are expected to support initiatives aimed at treatment, research and education relating to problem gambling.

- **Independent regulatory body with inspection and enforcement powers**

Alderney has had an independent regulatory body with inspection and enforcement powers since 2000. The response to this section therefore described:

- the role of the Commission;
- its duties and functions;
- the extent of its independence;
- its powers;
- its organisation and resources;
- its regulatory objectives and approach;
- how it ensures compliance with the relevant regulations;
- how it deals with perceived regulatory breaches;
- its relationships with other regulatory bodies and their importance;
- how it deals with suspected offences and the procedure followed when considering whether to impose sanctions against licensees; and
- the extent to which the Commission is publicly accountable for its decisions.



- **Licensing arrangements**

In this section the States described:

- full or restricted use eGambling licences (operating licences), containing standard licence conditions designed to maintain the highest standards of operation;
- key individual certificates (personal licences);
- hosting certificates (premises licences);
- associate certificates which recognise businesses or individuals as being suitable to be associated with licensed operations.

The licensing regime is intended to prevent crime, to have legal jurisdiction over the licensed operator and to acknowledge the international nature of eGambling systems as well as the cross-border nature of eGambling transactions. Key individual certificates are intended to ensure that management and all other persons concerned with the core elements of a licensee's gambling operations are suitable in terms of their skills and integrity.

Publicly accessible Commission registers are maintained containing details of all licences and certificates issued. Information on all Alderney's licensees is available via the Commission website.

- **Fair tax criteria**

The States of Alderney explained in their representation that the States of Guernsey are responsible for taxation matters in both Guernsey and Alderney and have not imposed any forms of gambling-specific tax. As administered by and on behalf of the States of Guernsey, Alderney's taxation regime operates openly and equally for all. The States of Alderney derives revenue from eGambling activities only through collecting uniformly applicable licence and certificate fees.

FULL eGAMBLING LICENSEES, TRADING NAMES AND GAMBLING EQUIPMENT PROVIDERS (AS AT 31 DECEMBER 2007)



APPENDIX C









LICENSEE LOGO	LICENSEE	SITE(S)
	RIL Ltd	www.clubonthepark.com
	Bonne Terre Ltd	www.skybetvegas.com www.skypoker.com www.skybingo.com
	Rank Interactive Gaming (Alderney) Ltd	www.grosvenorcasinos.com
	WagerWorks (Alderney) 2 Ltd	www.gamesextra.co.uk www.attheracescasino.com www.getminted.com www.foxyflutter.com www.mirrorcasino.com
	Blue Square Gaming (Alderney) Ltd	www.bluesqucasino.com www.bluesq.com www.bluesqpoker.com www.meccagames.com www.meccabingo.com
	WagerWorks (Alderney) 3 Ltd	
	Tombola (Alderney) Ltd	www.sunbingo.co.uk www.notwbingo.co.uk
	WagerWorks (Alderney) Ltd	www.paddypowercasino.com



LICENSEE LOGO	LICENSEE	SITE(S)
	Spin Leisure Limited	www.sportingindexpoker.co.uk
	Probability Games (Alderney) Ltd	www.ladylucks.co.uk
	PKR Limited	www.pkrcasino.com
	Cantor Gaming White Label One Ltd	
	Gala (Alderney) Ltd	www.galabingo.co.uk
	Samvo International Ltd	
	William Hill (Alderney) Ltd	
	SB Alderney Ltd	www.sportingbet.com www.sportingodds.com

FULL eGAMBLING LICENSEES, TRADING NAMES AND GAMBLING
EQUIPMENT PROVIDERS (AS AT 31 DECEMBER 2007) (CONTINUED)

APPENDIX C





LICENSEE LOGO	LICENSEE	SITE(S)
	ElectraWorks (Alderney) Ltd	www.gamebookers.com www.party poker.com www.partybets.com www.partycasino.com www.partybingo.com www.partygammon.com
	WPT Alderney Ltd	
	Asia Pacific Gaming Ltd	www.tilacasino.com www.tilapoker.com
	Cecure Ltd	
	WagerWorks Alderney 7 Ltd	www.kerchingcasino.com
	Arkin Sports & Leisure Ltd	
	Entergaming Ltd	
	WagerWorks Alderney 4 Ltd	www.24hpoker.com



LICENSEE LOGO	LICENSEE	SITE(S)
	Virtue Fusion (Alderney) Ltd	www.takeabreakbingo.co.uk www.buckinghambingo.co.uk www.carltonbingo.com www.fruitbingo.com www.capitolbingo.com www.riverbelle.co.uk www.crownbingo.com www.simplybingo.co.uk www.bingoloopy.com www.crazybingo.com www.ladbrokes.com www.meccagames.com www.meccabingo.com www.bluesq.com www.vernons.co.uk www.williamhill.com www.jackpotcity.com www.skybet.com www.321Bingo.com
	Boylesports Alderney Ltd	
	Blue Stone Interactive Entertainment Ltd	www.bingoliner.co.uk www.bingocafe.co.uk www.kingjackpot.co.uk
	Interlogic (Alderney) Ltd	www.play65.com www.play89.com
	Truva Gaming Ltd	

FULL eGAMBLING LICENSEES, TRADING NAMES AND GAMBLING EQUIPMENT PROVIDERS (AT 31 DECEMBER 2007) (CONTINUED)

APPENDIX C

LICENSEE LOGO	LICENSEE	SITE(S)
	Totesport Alderney Ltd	
	Two Way Gaming Ltd	
	Filco Ltd	
	Wagerworks (Alderney) 5 Limited	www.virgingames.com/casino
	Harrah's Online Poker Limited	

SOFTWARE PROVIDERS





COMPLIANCE CHECKLIST

APPENDIX D

Examples of areas typically reviewed in the course of compliance review are the following:

- Customer registration, including exclusion of minors;
- Payment methods and systems;
- Player verification at commencement of a gambling session;
- Other controls used to prevent money laundering;
- Contact details for problem or compulsive gambling counselling;
- Advice regarding return to customer and the rules of the games;
- Advice regarding session or account balances;
- Approvals for all significant system and game changes;
- Access controls to gaming equipment;
- Procedures followed during software maintenance and system changes;
- Verification of software changes;
- Resolution of customer complaints and disputes;
- Recording of all game transaction details;
- Account reconciliation procedures;
- Management chart of organisation, including reporting lines and position descriptions; and
- Maintenance of statutory registers.



QUARTERLY REPORTS

APPENDIX E



The format and content of licensees' monthly and quarterly reports are specified in the Regulations to include the following items:

- Management accounts;
- A log of suspicious transactions;
- Particulars of any system malfunctions, including the reason and remedial action taken;
- Particulars of any attempted or actual security breach and the action taken;
- Particulars of large wins or jackpots paid;
- Particulars of significant customer complaints and their resolution;
- Changes in management staff; and
- Other accounts or statements requested by the Commission.

In addition, the following system details are required:

- Current casino configuration;
- Return to customer reports;
- Customer exclusion reports;
- Unclaimed money reports;
- Particulars of top winners and losers;
- A list of voided transactions;
- Particulars of large funds transfers;
- Customer balance summary report;
- Particulars of all manual adjustments to player accounts;
- Particulars of other significant events, such as:
 - RNG initialisation and re-seeding
 - Changes to gaming parameters;
 - Games activated or inactivated from system;
 - System shutdowns/restarts; and
 - Gaming application shutdowns/restarts.

The Commission's guidelines regarding change control requires that a list of all changes be submitted to the Commission on a quarterly basis.



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