

Romanian Lottery Looks For Lion's Share Of Online Play

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As Romania's state- owned lottery monopoly gears up to move online, local experts have warned that companies without a presence in Romania will struggle to win a licence in the new market.

Loteria Romana's monopoly over lotteries and mutual betting will be automatically extended into the online market under Romania's gambling legislation, which was [signed into law](#) by the president shortly before Christmas.

Licensing conditions tucked away in Romania's secondary legislation also leave it open for Loteria Romana to apply for internet casino, bingo, slot games and fixed- odds betting licences.

Through the notified Guidelines, Romania has made slight amendments to the principles set out in its primary gambling law, which received [formal objections from the European Commission](#) last year, but local lawyers claim these licensing conditions commit the same offence of skewing the market towards incumbent operators.

A spokesman for Loteria Romana confirmed that as well as its lotto and betting products, it was also looking to offer "all forms of play that, following market research, will prove effective".

The nationalised lottery said the launch date of its online offering would depend on which forms of gambling it chose to offer, but declined to comment on what it was looking for from a partner if it chose one to develop its online platform.

With a lucrative slice of the new online market guaranteed, Loteria Romana is the latest European land-based monopoly to be attracting the attention of established internet companies as it looks to move online.

Loteria Romana is understood to have held meetings with at least one large online operator so far this year. It has already tendered out its offline lottery systems, with Greek- owned Intralot holding the exclusive contract since 1992.

Article 87.1 (b) of Romania's secondary gambling legislation, which is under a three- month standstill at the European Commission until March, sets out that those wanting to offer online casino, slot games, betting or bingo need to directly hold a land- based licence or be a shareholder in one that does.

Casinos with at least 20 gaming tables, slot operators with 500 plus machines and betting operators with 100 or more outlets, which includes Loteria Romana, can all apply for the online licences.

The lottery monopoly will not need to apply for internet lotto or mutual betting permits.

Bogdan Mararu, gaming specialist at Romanian law firm Mararu & Mararu, noted that the restrictive condition could pass unnoticed in Brussels because of a "misleading" manner of drafting the article and by the mistranslation of the Romanian "associat" as "partner", rather than the more specific associate in a Romanian limited liability company.

"It is important that the Commission looks at this secondary legislation carefully," Mararu said. "If the train leaves the station now, it will be very difficult to turn it around."

Mararu, who is in contact with industry groups European Gaming and Betting Association and the Remote Gambling Association, added that there is no foundation for this licensing condition in the gambling law itself and that other parts of the secondary legislation are unclear.

"I would be curious what the Romanian Competition Council has to say about it," Mararu added.

Romania, which is still adjusting to European law since joining the European Union in 2007, has been hit before with legal challenges over its gambling legislation.

Last week the country's constitutional court ruled on whether a 2009 emergency ordinance, which increased the fiscal and regulatory [burden on slot machine operators](#), was constitutional.

The court cleared the government of this charge, but Christian Pascu, vice- president of the Romanian

Gaming Association of Organisers and Producers (AOPJNR), which brought the charge, said it was difficult to overturn a law once it was already passed.

The law, which has decimated Romania's gaming machine industry from 1,209 operators in 2009 to 381 last year, was passed before the government finished consulting with the industry.

AOPJNR also complained that the law was "undemocratic" because it was not sent to the European Commission at the time.

Pascu estimates that there are only 10 companies with over 500 slot machines in Romania, and that it will be too difficult for any operators aside from Novomatic and other established European giants to meet this requirement for an online licence.

Despite passing the online gambling bill last month, it is unclear whether the Romanian government has started taking steps yet towards issuing the first licences.

One provision in the secondary legislation sets out that gambling operators must sign a contract with a licensed monitoring and reporting operator before it can apply for a permit.

The monitoring and reporting operators will report to the Romanian regulator on the activity of illegal and legal companies, but so far no monitoring operators have been established.