

Where to locate a bookmaker's office

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On August 6, 2018, the general director and other employees of Rosbet LLC were detained on charges of having committed the crime envisioned by clause “a”, part 3, Art. 171.2 of the RF Criminal Code (illegal organization and conduct of gambling, committed by an organized criminal group).

Based on the information available in open sources, Rosbet LLC was engaged in illegal activity involving the organization of gambling outside of gambling zones through the use of gaming equipment disguised as Rosbet betting shops.¹

However, even prior to the opening of the criminal case, Rosbet LLC's bookmaker's license had been revoked² on the grounds that Rosbet LLC had violated the respective licensing requirements, inter alia, *requirements on the location of betting shops*, as established by RF Federal Law No. 244-FZ dated December 29, 2006 “On the state regulation of activity involving the organization and conduct of gambling and the amendment of certain legislative acts of the Russian Federation” (hereinafter – the “**Law on Gambling**”).

The licensing requirements had been violated due to the fact that the Rosbet LLC betting shop had been located in the same building/on the same land plot as a medical facility.

The Law on Gambling and other applicable bylaws contain a lengthy list of licensing requirements, including requirements on the types of premises where bookmaker's offices, betting terminals and betting shops (hereinafter – “**BO**”) can be located.

Complying with all of these requirements can be rather tricky. This difficulty is evidenced by the fact that, even with only a cursory check, we were able to find betting shops of different bookmakers (including in Moscow and St. Petersburg) whose location violates the requirements established by the Law on Gambling.

That said, checking the future location of a BO for compliance with the requirements of the Law on Gambling is very easy to do, as shown in the table below.

Please also note that it is highly recommended to check the status of the BO for compliance with the requirements of the Law on Gambling from time to time after opening, since these requirements can be violated by the licensee if the property where the BO is located changes its status or another tenant (e.g., a medical facility, a children's institution (kindergarten) or a religious center) moves into the same building.

¹ <https://sledcom.ru/news/item/1246562/>

<https://www.vedomosti.ru/politics/news/2018/08/06/777442-rukovodstvo>

² Ruling by the Moscow City State Commercial Court dated June 8, 2018, in Case No. A40-47982/18-121-482

PROPERTIES WHERE A BO SHOULD NOT BE LOCATED

HOW TO CHECK?

Residential / unfinished buildings

Request an extract from the Unified State Register of Immovable Property (hereinafter – the “EGRN”)³

EGRN extracts indicate whether a particular property is residential/non-residential/an unfinished building.

That said, please note that locating a BO in non-residential premises found on the ground floor of a residential building would also be considered a violation of the requirements of the Law on Gambling. The Russian gambling regulator would consider the BO to be located in a residential building in this case.⁴

Temporary structures, kiosks, canopied structures, etc.

Request information on the structure’s cadastral number from the property’s seller/landlord

Since temporary structures, kiosks and canopies are not subject to cadastral registration (with Rosreestr), they are not assigned a cadastral number.

That said, it is important to note that in the event of a dispute as to whether the property in which a BO is located qualifies as a “temporary” structure, the court can independently evaluate its status (assess whether it is temporary or not).⁵

Children’s, educational, medical or health-resort institutions

Conduct a visual inspection of the property, and also request an extract from the EGRN and Unified State Register of Legal Entities (hereinafter – the “EGRUL”)

EGRN extracts indicate the designated purpose of a particular property, and among other things may also indicate its status as a children’s, educational, medical or health-resort institution.

Moreover, insofar as the activity of the aforementioned institutions is licensed (with the exception of children’s and health-resort institutions), whether such an institution is found at the property intended to be used for the location of a BO can be checked, inter alia, by comparing the information obtained from the EGRN and EGRUL.

For example, if the EGRN extract indicates that the property is leased, then on the basis of information about the tenant (which is contained in the extract), it is possible to check its type of activity in the EGRUL, which, in turn, contains information on the licenses that have been issued to the legal entity in question.

We should also note that for the purposes of administrative prosecution, the institution does not need to hold a license for the type of activity. It would be enough for the institution to engage in such activity.⁶

³ Information from the EGRN is public. In other words, anyone is entitled to request an extract from the EGRN (including via the Internet). In order to obtain an extract from the EGRN, it is usually enough to provide the cadastral number assigned to the respective property.

⁴ Ruling No. 4a-285/2018 by the Orenburg Regional Court dated May 21, 2018.

⁵ Ruling No. F03-3326/2017 by the State Commercial Court for the Far Eastern District dated September 4, 2017, in Case No. A59-4925/2016; Volga-Vyatka District FAS Order dated November 28, 2006, in Case No. A79-4382/2006.

⁶ Ruling No. 4A-1342/2017 by the Chelyabinsk Regional Court dated November 10, 2017.

PROPERTIES WHERE A BO SHOULD NOT BE LOCATED

HOW TO CHECK?

Transport stations, ports, public-transit stops

Request an extract from the EGRN and conduct a visual inspection of the property

EGRN extracts indicate the designated purpose of a particular property, and among other things may also indicate whether the property is a bus station, railway station, riverboat station, river port, airport or public-transit stop.

Premises in which activity unrelated to the organization and conduct of gambling or the provision of gambling-related services is performed

Request an extract from the EGRN

Administrative prosecution for violation of this requirement is possible if activity unrelated to gambling (and not associated with gambling) is being performed in the **same premises** where the BO is located; for example, in cases where the property being leased for the location of the BO is only **partially** being used for the BO's location.

Since the EGRN extract contains information (inter alia, on specific premises) about the tenants of the respective property, this information can be used to come to a conclusion as to whether activity unrelated to the organization of gambling is being performed in the premises (for example, if services unrelated to gambling are being provided in the premises, including any sort of commercial activity whatsoever).⁷

State- or municipally-owned properties, or properties where government authorities are located

Request an extract from the EGRN and conduct a visual inspection of the property

EGRN extracts contain information on property owners. These extracts can be used to support a conclusion as to whether or not the property is state- or municipally-owned.

That said, case law points to the conclusion that this requirement of the Law on Gambling would only be violated if the **entire** property were publicly owned.⁸

In other words, if a part of the property (for example, building premises) where location of the BO is planned is not publicly owned, then this requirement of the Law on Gambling would not be violated.

Places of worship and religious organizations

Request extracts from the EGRN and EGRUL, and also conduct a visual inspection of the property

The main difficulty in complying with this particular requirement is that the property to be used for the location of a BO may also house a religious organization without clear outward signs of being located there.

Applicable legislation establishes that the name of a religious organization must specify its status as a religious organization. EGRUL data will contain this information.

⁷ We should also note that if title to the entire property (building) where the BO is to be located is acquired, the risk of violating this requirement of the Law on Gambling is minimal because the specific types of activity being performed would fall under the control of the property's owner.

⁸ Ruling No. F06-34674/2018 by the State Commercial Court for the Volga District dated July 9, 2018, in Case No. A72-16993/2016.

PROPERTIES WHERE A BO SHOULD NOT BE LOCATED

HOW TO CHECK?

Thus, having requested an extract from the EGRN, and upon receiving it, having requested information from the EGRUL concerning the property's owner/tenant(s), it is possible to check whether any religious organizations are located at the property.

Land plot on which the aforementioned properties are situated

Request extracts from the EGRN and EGRUL, and also conduct a visual inspection of the property

The land plot on which the BO is to be situated should be checked separately, insofar as the land plot may be used to site multiple properties (buildings), which in turn may be used to site one or more of the aforementioned properties (if any).

To do the check, an EGRN extract should be requested for the land plot on which the property is located: EGRN extracts on land plots contain information on the cadastral numbers of the buildings/structures located on them.

Consequently, if the land plot has multiple buildings/structures, first find their cadastral numbers, then request the EGRN extracts for them and, where necessary, check the information on their owners/tenants on the basis of EGRUL data to avoid violating the applicable requirements of the Law on Gambling.

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