



GOVERNMENT OF BERMUDA

The Ministry of Finance

Ministry of Finance Headquarters

Ministerial Statement

To the House of Assembly

By

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Minister of Finance

Update on the Work of the Bermuda Casino Gaming Commission

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Mr. Speaker, I am pleased to provide this Honourable House and the listening public with an update on the work of the Bermuda Casino Gaming Commission (“the Commission”) and also provide an update on the Government’s intentions for transferring the regulating of Bermuda’s betting industry to the Commission.

Mr. Speaker, questions continue to circle regarding the challenges faced by the Bermuda Casino Gaming Commission. I wish to inform the people of Bermuda that in my short tenure as the Minister responsible for this organisation, I would like to congratulate the tenacity and resilience of the team who continue to forge ahead in their efforts despite challenges faced due to the delays in progressing gaming.

Despite these challenges there are fundamental priorities which the Commission are focusing on at this juncture. The first of which is securing a correspondent bank.

Mr. Speaker, as a high priority, the Commission has engaged in discussions with three (3) local banks, namely the Bank of N. T. Butterfield (BNTB), Clarien Bank and the Bermuda Commercial Bank (BCB) to secure a local bank with a U.S. correspondent bank relationship that would accept the proceeds of the casino gaming operations. Further discussion will be carried out with the BMA as banking regulator and the U.S. correspondent banks.

Mr. Speaker, another critical priority for the Commission is the recruitment of an Executive Director. I would like to address the priority and provide an update on actions taken by the Commission in filling the vacant post of Executive Director.

It is widely known that the former Executive Director tendered his resignation and vacated the post in December 2017 and the Commission has subsequently undertaken an extensive recruitment process without an appointment to date.

The post was advertised both locally and overseas as follows:

- a. August 2017
- b. March 2018
- c. October 2018
- d. January 2019.

Mr. Speaker, it has been decided to engage the services of an Executive Recruiter to assist with securing a suitably qualified leader for the Commission's team as soon as possible.

Whilst this critical post is still being sourced and a casino not yet open, the Executives of the Commission have stepped up upon the recommendation of the Board to perform duties in an Acting capacity to provide leadership, governance and continued development of the regulatory framework in preparation for the next stages of regulation.

Staffing

Mr. Speaker, it is publicly known that the Commission has experienced a reduction in resource due to resignations and one redundancy. I would like to use this opportunity to provide some context. The Commission is a regulator and any organisation in its embryonic stage is required to be responsive to ensure it has the correct balance of skills to achieve its aims and objectives. This can be at times a moving target, however a small organisation such as this may need to change the shape and method of delivery by using external vendors to provide some expertise to respond quicker to demands.

Suitability

Mr. Speaker, whilst the above-mentioned priorities are progressing, the Commission is proceeding with the Suitability Investigation Stage of the casino licensing process. Mr Speaker, I will attempt to summarise and provide this

Honourable House with a sample of that process.

The first phase in the suitability investigation is a request for the applicant's corporate organizational chart. This should include the corporate structure; all ownership interests by percentage with associates and names of owners, including that of all entities below the parent company; as well as names and titles of all officers and directors of the parent company and any subsidiaries.

The Commission will then review this documentation and based upon the outcome it will determine whether any further information request will be made. Associated entities and those that are involved in financing or managing the Casino may also be required to submit information.

Mr. Speaker, the Commission will conduct a further review and identify the individuals or entities who are required to file application forms.

Subsequent to the application being considered complete, the file is assigned to an Inspector or third-party firm to begin an investigation phase. This phase will involve the use of public sources and other records checks regarding issues such as bankruptcy or insolvency proceedings, litigation history, credit reports, criminal history checks, name and company searches. In addition, a field investigation of a corporate entity will be undertaken. This requires the comprehensive review of all documents and information and can include items such as meeting minutes, financial reports, corporate finances, policies and procedures (such as AML), regulatory filings and corporate litigation.

Mr. Speaker, the results of the investigation will be assessed to determine any issues that could negatively affect suitability and identify whether additional interviews are deemed necessary.

Transfer of Betting Regulation

Mr Speaker it is the intent of Government to transfer the regulatory responsibility of Betting Shops from the Betting Licensing Authority to the Commission. In order to ensure this sector is regulated thoroughly and to a level or standard equivalent to mature regulatory jurisdictions, the current legislative framework will need to be revised. The Commission is poised to complete the legislative framework including AML/ATF controls for licensing and supervision of betting and other non-casino gaming activities in 2019. At present the betting operators are licensed by the Betting Licensing Authority pursuant to the Betting Act 1975.

Consultation with the betting operators regarding the legislative changes and the pending compliance requirements is ongoing. This consultation has involved educating them on the introduction of a new AML/ATF regime and the subsequent impact this may have on resources and their operations. The Commission will assist them in understanding the importance of adopting policies that create robust internal controls that will meet the new legislative requirements.

Mr. Speaker, the Commission is also drafting a Licensing Conditions and Code of Practice document which will be introduced in tandem with the legislation governing the betting sector

Regulations

Mr. Speaker, the Casino Gaming Regulations, which have been drafted, cover a wide range of topics which will govern the oversight of the regulatory process for gaming operations. A dedicated draftsman from the Attorney Generals Chambers has worked alongside the Commission's former General Counsel to create regulations which will assist Casino operators to comply with the supervisory regime.

This Honourable House and members of the listening public should also be advised that the Commission has consulted with established gaming jurisdictions, well-known and respected testing laboratories and experts to assist in the development of these regulations.

Protection of the Vulnerable

Mr. Speaker, in keeping with its' vision "To be recognized as a progressive, innovative and socially responsible regulatory body," the Bermuda Casino Gaming Commission continues to develop and implement a comprehensive problem and responsible gaming program. The Commission has been a member of the National Council of Problem Gaming (NCPG) since 2017. The Commission, through its Problem and Responsible Gaming Council aims to "Educate, Equip, and Empower" the people of Bermuda to make healthy choices regarding gaming, and to train support services in caring for individuals and families who may be experiencing challenges associated with gaming.

Mr Speaker, I would like to take this opportunity to advise member of the public that the month of March has been designated by the Commission as Problem Gaming Awareness month.

The Commission is viewed as a beacon by the NCPG to its other members for prioritizing its Problem and Responsible Gaming programme.

To date, the following has been accomplished:

- Sixty-two (62) counselors have received over 40 hours of clinical training in treating problem gamblers. Our next training is scheduled for April 26-27.
- The Commission has facilitated an agreement between the Bermuda Addiction Certification Board (BACB) and the International Gambling Counselors Certification Board (IGCCB) for local counselors to be internationally certified and registered with the Bermuda Allied Health Council under the BACB. It is planned to have counselors ready to sit the certification exam in October of this year.
- To date, the Commission has provided over 30 hours of clinical training to more than 30 faith-based ministers/pastors and lay leaders.

Trainings have focused on equipping them to triage individuals and families who seek their support to address problem gambling issues.

- The Commission has given presentations to all counselors employed by the Department of Education, some of the private school counselors, and PTA's. Additional presentations and workshops are planned to take place.
- The Commission has selected an overseas helpline provider to provide this service to Bermuda. Negotiations to finalize this deal are ongoing.
- The Commission has commenced consultation with the betting operators to provide an introduction on Problem and Responsible Gaming, with the aim of equipping them to implement responsible gaming best practices as an integral part of their operations.

To ensure Bermuda's clinicians and faith-based community remain up-to-date with the latest treatment and prevention techniques, the Commission's training programme will be ongoing. Additionally, the Commission has committed to underwrite a prevalence study on the gaming habits of Bermudians. This study will provide important empirical data that will inform its approach in how it continues to Educate, Equip and Empower" the people of Bermuda.

Mr. Speaker, the Commission remains committed to engaging with the community of Bermuda to promote socially responsible gaming practices.

Fiscal Affairs

Mr. Speaker, since inception the operational costs of the Commission have been funded through a mix of Government grants and loans from financial institutions. However, what needs to be echoed to the public and this Honourable House is the extreme fiscal prudence within which the Commission operates. Mr. Speaker, I can report that for each year of operation the Commission has been prudent and responsible with the public purse and have come in under their original budget estimates. I publicly wish to thank the Commission team for such diligence.

In the 2019/20 fiscal year the Government will provide a \$500,000 grant to cover some of the operational cost of the Commission. The Commission will seek external financing from local financial institutions to cover their other operational costs. Mr. Speaker it is the Commission's desire to eventually become self-funding.

Thank you, Mr. Speaker.