

# TV station finds back door into gambling arena

State-owned broadcaster TV2 has found a loophole in the national gaming laws that allows it to provide cash payouts to winners of its online computer games.

Although the courts have upheld national gaming agency Danske Spil's monopoly on the 11 billion kroner gambling industry, TV2's games are classified as games of skill – based on skill rather than on chance – and are not covered by national gaming laws.

‘We’ve looked into the legalities of this together with gaming officials,’ said Lars Bernt, director of TV2 Net. ‘They differentiate between games of chance, which are covered by the monopoly, and games of skill, which are not.’

After learning of the loophole, TV2 created a website offering 12 games such as backgammon, golf and pool. Once players create an account and deposit money, they are set to play and win – or lose.

The stakes – for TV2, Danske Spil, and the sports and culture organisations who receive most of the profits from gambling – are high. In 2007, Danske Spil's profits amounted to 1.6 billion kroner. Just over 1 million kroner of that was given to national culture and sports organisations. TV2, however, will be permitted to hang on to any profits it makes.

The state owns 80 percent of the shares in Danske Spil. The rest are held by two national sports organisations.

Tax authorities recognised that there was no specific definition of a game of chance, beyond whether payoffs were ‘primarily determined by chance’, but said that games were judged on a case by case basis.

They also refused to call the difference between the types of game a 'loophole'. Tax Minister Kristian Jensen said: 'TV2 isn't providing gambling. It is a competition, and that is regulated by gaming laws.'

TV2 expects that the discovery of the loophole will result in a flood of new game providers based in Denmark. One of those companies could be Ladbrokes, which has lost court cases against the Danish state seeking to loosen Danish gambling laws.

In addition, the European Commission is currently involved in legal action against the Danish monopoly, which it says violates common market regulations.

In England, all game operators are required to be licensed. Richard Funch, Ladbroke's country manager for Denmark, called it 'ironic' that restrictive laws on games such as poker and betting have kept his company out of Denmark, but allowed anyone to open up shop as an operator. (km)