

**BRAZIL**

# Slowly but surely



**Metric Gaming's SVP Legal Affairs, Douglas Mishkin, comments on Brazil's slow march towards regulation.**

**N**ot unlike the U.S., when it comes to gambling (and in particular, sports betting), Brazil presents an almost unfathomable disconnect between popular culture and the law.

Marked by a checkered history of sweeping anti-gambling decrees, vague carve-out legislation, conflicting judicial opinions and inconsistent (or non-existent) enforcement, coupled with an estimated eight million residents gambling illegally online, Brazil's gaming regulatory landscape has been long overdue for comprehensive reform.

The country's fundamental gambling prohibition stems from its Criminal Contravention Act of 1941, a law that generally criminalizes offering "games of chance" (defined to include (i) games in which the outcome depends exclusively or principally on luck, (ii) bets on horses outside of authorized parlours or racetracks, and (iii) bets on any sport competition). As the Criminal Contravention Act remains valid law in Brazil – and the licensing regimes that carved out casinos were annulled by the Brazilian government in 1946 – sportsbooks and casinos are banned wholesale within the country's borders. While Brazil's anti-gambling statutes pre-date the internet – and therefore make no specific reference to gambling online – the government has repeatedly confirmed its position that existing gambling prohibitions are sufficiently broad to cover wagering over the internet as well.

Nevertheless, the government's repeated

efforts to curb online gambling within its borders have largely failed. As a result, while no online casinos or sportsbooks are located in Brazil, many foreign operators outside the country's jurisdiction continue to actively target the massive Brazilian market – yielding no revenue for the nation's coffers.

From this backdrop of instability has arisen an apparent sense of urgency, motivated in large part by Brazil's current economic troubles. The country is now facing one of its worst recessions in decades, sparking renewed legislative efforts to boost the nation's economy by broadly legalizing and regulating gambling – efforts that have thus far met considerable headwinds. Last year, for example, Brazil's Senate passed Bill No. 671/2015, which would have legalized a fixed-odds betting product, intended to increase funding for Brazil's football teams while effectively legalizing sports betting for the first time in the nation's history. When President Rousseff signed that bill into law, however, she did so only after vetoing the betting provisions, noting that such a scheme would require "more comprehensive regulation."

Today, it would appear that Brazil's best chance for a nationwide, gambling regulatory framework lies in Senate Bill No. 186/2014, which was passed in December 2015 by the Special Committee on National Development (a Senate committee tasked with advancing

legislative proposals to improve Brazil's economy). That bill speaks to the regulation of online and land-based bingo and casino games, while also setting parameters for gambling-related payouts and taxes. When it comes to sports betting, however, the bill is silent.

Also conspicuously absent from the bill is any proposed framework for a consolidated gaming regulatory authority – presumably the first step in any serious effort to legalize gambling on a nationwide scale. When considering that this bill would first need to be debated and approved by the full Senate, followed likely by the Chamber of Deputies' gambling committee, followed by the full Chamber of Deputies, and then on to the President (who retains veto power over all provisions), the sense that Brazil is still some way from implementing a regulated gambling framework – especially one that includes sports betting – is inescapable.

But the wheels are nevertheless in motion, made even more promising by the ongoing public hearings currently being held by the Chamber of Deputies' gambling committee. Senior executives from Nevada's Las Vegas Sands Corp., among others, have already attended to share their views on a host of topics relating to gambling regulation and supervision, which efforts at least confirm a commitment to an ultimate objective that much of Brazil, as well as the global gambling industry at large, eagerly awaits.



Douglas Mishkin

