

INTERVIEW WITH EVGENIY KOVTUN

famous publicist in the area of gambling regulations and the author and co-author of a number of books devoted to the history of gambling and its legal regulation



On 26th of January during the "Gaming Awards 2009" ceremony in London presentation of your book "Legal Regulation of Gambling in Former USSR Countries" was held. How was the book written and was the presentation successful?

The actual history of creation of this book does not exist. I write a lot of articles and books, my works are also published in different Russian and foreign mass media. One of my latest books, which was published in Ukraine, is called "Legal

Regulation of Gambling in Ukraine and Adjoining States". It appeared to be very popular among the experts of gaming business in Russia as well. I was offered to change the concept of this book a little, add information about other former USSR countries and translate it into English. Of course I agreed without thinking. Believe me, it is such a pleasure when your work is estimated not only in your native country but also abroad. Moreover, foreign countries are very interested in our markets

but get the information about the development of gambling in Ukraine and Russia mostly from English translations of the articles taken from newspapers and magazines. It is even not worth mentioning, for example, Tazhikistan, about which "no one knows anything". I hope you understand that information possessed by our press hardly can be a good reference for someone.

Moreover, the matter of history is very important for me personally. I spend a lot of time studying the history of development of gaming in the world and I think that I have to share my knowledge about the development of gaming in our counties with those who are really interested in it. It often happens that without specialized literature journalists' fantasy is applied, which results in some negative consequences for the industry.

Presentation of the book during Gaming Awards and ICE-2009 exhibition (on the stand of Casino Life magazine) was very modest but successful, taking into account the fact that the books were just displayed but not sold. Everyone who showed his interest in the book is ordering it from Moscow via internet. As far as I know, buyers of the book represent more than ten states, which is of course pleasant: the USA, Great Britain, Turkey, Croatia, Venezuela, Australia, Poland, Spain, Germany, France, Czech Republic, Serbia, Japan — look what a geography! Moreover, one more book of mine was published this January titled "The History of Legal Regulation of Games of Chance in Russia". However, the book is in Russian and is likely to be popular mostly inside the country.

One of the publishers of the book is Responsible Gaming Fund. What is your personal attitude towards the notion of RESPONSIBLE GAMING? What national gaming law has the most reasonable regulation regarding protection of players?

Responsible gaming is very important if gaming is on the legal level in the country. However, as you understand? There are two types of RESPONSIBLE GAMING: when it is obligatory according to the law as in Denmark, Norway, Switzerland and when creation of different funds and hotlines is the company's initiative. In the latter case it is much more difficult to work...

If we talk about the quality of RESPONSIBLE GAMING — the estimations can be very contradictory, because the problem gaming is not studied properly in the world. Moreover, its study is on the initial level which does not allow developed counties manipulate this problem in order to form negative attitude towards games of chance in the society, which happens in our countries. This is the matter of civilized relations inside the population, relations between population and authorities. In Russia and Ukraine it is enough if the "leaders" say that gaming is bad and everybody thinks it is bad and begins to promote this idea. Thereby, everybody knows how to solve these problems and thinks that point of view is the most important. Do you remember how Sharikov reasons in Bulgakov's "Heart of a Dog"?

'What comment can you make on what you've read?'

Sharikov shrugged. 'I don't agree.'

'With whom — Engels or Kautsky?'

"With neither of 'em," replied Sharikov.

The same is in our countries, for the question "why is it bad" there is usually a stupid answer like "bad because it is bad" and standard suggestion "close everything and everybody forever". Sharikov, if you remember, also had a ingenious suggestion "take everything and divide it" — we are not far behind of him in this respect as well. Moreover, which is even more strange, all these oddities in the form of total losses exist only in our countries, despite the fact that 90% of all independent states have legalized gaming and treat it as any other field of industry. So why such a negative attitude towards gaming business exists only in our countries? Why operators are always afraid to lose their business for the reasons which do not depend on them? The answer is known but it does not make us feel better.

As for the Responsible Gaming Fund, I think its establishment is one of the unique phenomena in Russian gaming industry, which should make our businessmen feel proud. It is a very good, high standard work, real help for people in prejudice of own incomes and simply normal and civilized approach. Frankly speaking, apart from the issue of my book, I was really glad it was published under the sponsorship of this Fund.

What are the main obstacles for the development of gaming in the European Union? What could our officials learn from their European colleagues?

Speaking openly, we should learn everything. Not only the things related to gambling. But unfortunately, our mentality, political system, economy, popular in these days pseudo patriotism don't let us achieve what there is abroad even in the nearest future. Even trying to make everything like it is in Europe is not only aimlessly but also destructively, because there never will be like in Europe in our country. Certainly, it is possible to build nice palace, new ship, make new shirt, but it is impossi-

ble to make people think and act in the other way. You can make a poll among your readers what is more important, either adoption of a gaming law, no matter what articles it contains, or good relations with the local policeman and tax officer. Such questions are impossible in Europe — the law is the same for everybody, if you observe it — you can continue your work, if you don't — sorry.



As far as the gaming legislation, even African states are in advance of us, because they regulate the right things and do not change the law yearly. But why it happens so? Because our state is not interested in normal prospective legislation — if there is an initiative of the business, lets study it and negotiate, if there is no initiative — nothing happens. It is difficult to answer what could we learn from Europe. We should borrow only good things, which are likely to be of benefit. But who can sort this out, if nobody from the legislative and executive bodies knows the difference between Russian poker and Texas Hold'em.

Beginning with July 1, 2009 all gambling establishments in the Russian Federation have to move to four special zones in different regions of the country? What will happen to gaming business in Russia? Is it possible that the law will be amended and the "removal" of casinos to the zones will be delayed?

As far as you understand, it is impossible, even hypothetically, to move to the place where there is nothing. Even when people went to the clearing in the 1950s they had some place to live and to work there, they were supported by the state. And with the gaming zones everything is

quite opposite, there is not only no help from the state, and it is also the industry which has to pay for the state. As for the geography of the gaming zones, with the same result it is possible to replace Altai Region in the Law № 244-ФЗ "On State Regulation of Gambling" by Franz Josef Land — nothing will rally change. Business can exist only in the place where there are conditions for doing business. If there is no electricity, water, gas, canalization, how can business be done? Is it possible to live in such conditions? Of course it is impossible, but still gaming business is often said to be guilty of impossibility of the move to the gambling zones, as if the industry had enough of time to build 100 km of road, power and purification plants. But we understand that it is nonsense. And, which is the saddest, everybody understands it...

That is why nobody moves anywhere. Everybody continues to operate and follow the country events hoping that once someone will look back and amend the law. Moreover, every legal businessman is at the crossroad: either to start another business or continue to operate illegally.

Meanwhile, the time is drawing on, and it is not clear how everything will come out.

You might have studied the text of the draft law on gaming business which was adopted in the first reading in last December. What are the main disadvantages of this document?

Of course, the text of the draft law which is adopted in the first reading always differs from the text adopted in the second reading. That is why there is no reason to analyze the initial text. It can be changed totally or adopted as it is. I am likely to believe in the former. Moreover, there are plenty of disadvantages in the draft law: and the main one is the "aim" of adoption of such a law, which can hardly be traced even during scamper. You see, any draft law can be adopted, which specifies anything. A big number of zeros can be assigned to the assets

sum; the areas of gambling establishments can be enlarged up to the absurd... However, it is not the contents of the law which is important, but its observance, namely the interrelation of both of these things. You already have one law, according to which a license issues by the Ministry of Finance is obligatory for the gaming activities organization. And tell me, how many businessmen got it? On the other hand, ignorance also leads to unfortunate results, because law enforcement goes the wrong way.

Which companies will manage to adjust to the new conditions on the market?

Again everything depends on the final contents of the law which will be adopted. Moreover, further enforcement of the law and general economic situation in the country are very important. Thus, if people have money for entertainments, if they gamble — there will be the industry, if not — there will be separate episodic business. Look what happens in Europe. Gambling establishments are closed because of the low incomes! Even lower taxes won't help with this situation, but still some authorities start thinking even about such solution in order to preserve the budget revenue.

What would you like to wish those who represent the entertainment industry in these hard days?

The first — patience, the second — knowledge, the third — honesty with the competitors and the fourth — stability. If all these things are present in the market, no natural and economic cataclysms are able to disturb and destroy the business. Common efforts overcome everything; common contention makes the situation worse.

Gaming business cannot be destroyed by legal measures, which is proved by the history. However it can change the atmosphere in the industry, divide financial flows. It can be seen since the 18th century...

So, trust in the better but rely on yourself...