

LATIN AMERICAN GAMING & GAMBLING REPORT 2011

LATIN AMERICAN GAMING AND GAMBLING REPORT - 2011

3rd edition
Published by Divine Works Ltd

Q1 2011

Summary

MECN's partner company Divine Works Ltd, the Latin American gambling consultancy, released a highly successful report in 2007 titled "Latin American Gaming and Gambling report 2007". Due to the continuing demand for accurate and reliable information in this ever changing market, Divine Works now published the 3rd edition of the report.

This report covers detailed information relevant to the gaming and gambling opportunities offered by the largest or most important gaming and gambling countries found in Latin America which include Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, Peru and Venezuela. It also covers highlights of smaller gaming and gambling markets found in Nicaragua, Paraguay, and Uruguay.

This report was published in Q1 2011 and offers a comprehensive country-by-country account, including:

- **Country Overview** - With information on location, population, the economy, and the political environment.
- **The Gambling Market** - With an overview of each country's gambling market, size, and specific gambling activities as well as opportunities broken down into casinos, lotteries, bingo, betting, and online gaming.
- **Gambling Legal Framework** - With a detailed explanation of the current legislations in the industry, its key regulating bodies and associations as well as the gaming taxes imposed.
- **Gambling Advertising** - With a comprehensive study of all advertising regulations affecting the gaming and gambling industry in each country.
- **Supporting Infrastructure** - With information on relevant infrastructures for the gaming and gambling industry such as tourism, communications, foreign investments, and payments.

In total, the report has more than **218 pages**.

Why Latin America?

With all the changes around the world restricting gambling, Latin America presents growing opportunities for investors, operators, equipment, and technology suppliers and many more within the gambling industry:

- The Latin American region has 33 countries with a total population of circa 570 million which dedicates a large proportion of their income to gambling.
- Land-based gaming and gambling activities have traditionally been closely linked to the tourism industry and Latin America is a region which continues to successfully attract tourists every year.
- The existing telecoms infrastructure and Internet and mobile penetration levels in Latin America, provide interesting opportunities for mobile, Internet and Interactive TV gambling applications.
- Internet penetration in Latin America by 2009 was over 30%, reaching over 180 million people with a growth rate increase of 30% from the previous year. Mobile phone penetration in Latin America by 2009 was at 80% reaching over 469 million people.
- Despite the recent global crisis, Latin American countries are on a fast track to full economic recovery with the region benefiting from a 4% growth in 2010.

The gambling market

It is believed that if both the legal and illegal gambling activities were combined in Latin America it is likely that the region would generate over USD 150 billion a year. The nine main countries included in the report generate combined revenues of over USD 33 billion.

Costa Rica, Brazil, Mexico, Argentina, Chile, Colombia, Peru, and Venezuela are considered to be the most prolific gambling countries in the region where slot machines, casinos, horse-racing, lotteries, bingo, Internet gambling entertain millions of people each day.

Sample pages of report

ARGENTINA: This combined with the fact that Mexicans love to gamble and don't have access to land based casinos, FUNDS internet offering an online dice to satisfy GAMER'S needs.

COUNTRY	INTERNET GAMES (M. LYONS)	INTERNET POKER/TENNIS	MOBILE GAMES	MOBILE POKER/TENNIS	TELEPHONE GAMES
ARGENTINA	28	40.8%	46.5	100.0%	8.6
BRAZIL	72.00	30.8%	150.8	75.8%	49.1
CHILE	8.50	50.4%	14.8	30.8%	3.6
COLOMBIA	28.7	47.4%	49.2	30.8%	14.8
COSTA RICA	1.5	30.2%	1.88	30.8%	0.6
MEXICO	27.0	24.8%	78.4	30.8%	14.8
NICARAGUA	8.6	10.2%	9.1	30.8%	3.6
PANAMA	0.50	27.8%	0.95	30.8%	0.6
PARAGUAY	8.9	14.8%	5.9	30.8%	3.6
PERU	7.64	25.8%	28.95	30.8%	3.6
URUGUAY	1.54	30.2%	3.5	30.8%	0.6
VENEZUELA	8.84	20.8%	22	30.8%	3.6

During 2008, FDJ with US\$12.151 million was materialized in Chile, representing an increase of 54% on 2007. Of this total, US\$8.243 million was channelled through the DL 800 Foreign Investment Statute and US\$3.914 million through Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations (CFPE).

TAX RATES

TYPE OF ENTITY	TAX RATES
Corporate tax	17% of the taxable income
Profit Tax	35% additional tax when profits are withdrawn distributed or reinvested abroad
Reinvestment of Profits	Are not taxable
Interest on Foreign Credit	Interest on loans obtained abroad is subject to 35%. However, interest paid to foreign bank institutions that have been authorized by the Chilean State is only charged 4%.
Payroll	On headquarters, branches, patents and other entities not domiciled in Chile are taxed at 4%.
Services Contracted Abroad	Technical consulting and engineering services for entities not domiciled in Chile are taxed at 4%.
Custom duties	Imports are charged a tax of 11%.

LOTTERIES

The lottery sector in Chile is comprised of two national wide lotteries - La Póla Chilena de Beneficencia and the Lotería de Concepción. Their combined sales in 2008 generated US\$200 million.

The government owns the largest lottery in Chile, La Póla Chilena de Beneficencia, which is most commonly known as 'La Póla'. It has been operating since 1924 years and amongst it's range of products it has "natural", lottery tickets, lotos and a sport betting game can be found.

La Póla Chilena de Beneficencia reported gross sales of US\$200.14 million in 2008, representing a 10.7% increase from the US\$182.3 million achieved in 2007. Apart from the revenues it generates, La Póla is also renowned for having the most advanced technology amongst the Latin American Lotteries with similar standards to those of the main lotteries in the world.

The most successful products for the past 5 years have been Loto and Reyescha accounting for more than 70% of the gross sales. These two games according to La Póla have broken all records in the company and in the country. Sports, the sports betting game, continues to be a successful game within La Póla. However, Scratch card games have increased in popularity.

LA PÓLA PRODUCTS	FROM JAN-MARCH 2009
Scratch 3 Digits	5.5%
Bonitas	2.1%
Póla 66	2.2%
Loto and Reyescha	54.6%
Póla 4	5.2%
Toto	2.7%
Reyes	5.7%

LA PÓLA SALES IN US\$ MILLIONS

Year	Sales (Millions)
2008	197.7
2007	182.3
2006	182.3
2005	182.3

LOTTERIES CONTACTS

LOTTERIES	CONTACTS
Chile Chilena de Beneficencia	D. Sergio Fontecave Carretera de Maipo, Cascaes 1800, zona R 6961108 Santiago de Chile Tel: 56 2 2670 2700 www.lapola.cl

VALUE ADDED TAX

The VAT in Chile is 10%. However, foreign investors and enterprises involving participation on the capital goods forming part of a foreign investment project with the State.

PAYMENTS

The most common form of payment is with cash, particularly when the total use of checks is also widespread. Commercial centers have issued about 1 that allow for purchases in their stores, and other companies with which they will the ability to withdraw money.

The usage of the automated teller and debit payment system, RedCompa, is in Yumbato, which controls the credit card system in Chile, more than 60% with the system of debit.

There is also a network for automated teller Machines (ATM) distributed thru more than 5,700 machines dispensing money, many that function 24 hours a day in Money Exchange Centers are as standard as banks and automatic teller

Table of contents

EXECUTIVE SUMMARY	11
– WHY LATIN AMERICA?	11
– THE GAMING AND GAMBLING MARKET	11
– WHAT THIS REPORT COVERS	12
EXTENDED EXECUTIVE SUMMARY	13
LATIN AMERICAN REGION OVERVIEW	13
– LOCATION	13
– POPULATION	13
– ECONOMY & POLITICS	14
COUNTRY INFRASTRUCTURE	15
– TOURISM	15
– FOREIGN INVESTMENT	15
– PAYMENTS	16

GAMBLING LEGAL FRAMEWORK	17
- LEGISLATION	17
- LEGAL FRAMEWORK	18
- GAMING TAXES	19
THE GAMBLING MARKET	21
- OVERVIEW	21
- LOTTERIES	23
- CASINOS	24
- BETTING	26
- BINGO	28
- ONLINE GAMING	28
GAMBLING & ADVERTISING	30
- GAMBLING ADVERTISING REGULATIONS	30
- GENERAL ADVERTISING REGULATIONS	31
KEY BODIES & ASSOCIATIONS	32
ARGENTINA	33
COUNTRY OVERVIEW	33
- LOCATION	33
- POPULATION	34
- THE ECONOMY	34
- THE POLITICAL ENVIRONMENT	35
SUPPORTING INFRASTRUCTURE	35
- TOURISM	35
- FOREIGN INVESTMENT POLICIES	35
- PAYMENTS	36
GAMBLING LEGAL FRAMEWORK	37
- LEGISLATION	37
- REGULATIONS IN THE CITY OF BUENOS AIRES	38
- REGULATIONS IN THE PROVINCE OF BUENOS AIRES	39
- SPORTS BETTING REGULATIONS	40
- ONLINE GAMBLING REGULATIONS	40
- GAMING TAXES	41
THE GAMBLING MARKET	42
- OVERVIEW	42
- CASINOS	43
- LOTTERIES	47
- BETTING	49
- BINGO	51
- ONLINE GAMING	52
GAMBLING ADVERTISING REGULATIONS	54
- GENERAL ADVERTISING REGULATIONS	55
- INTERNET ADVERTISING	55
- GOVERNING BODIES & ASSOCIATIONS	56
BRAZIL	57
COUNTRY OVERVIEW	57
- LOCATION	57
- POPULATION	58
- THE ECONOMY	58
- THE POLITICAL ENVIRONMENT	58
SUPPORTING INFRASTRUCTURE	59
- TOURISM	59
- FOREIGN INVESTMENT	59
- PAYMENTS	60

GAMBLING LEGAL FRAMEWORK	61
- LEGISLATION	61
- CRIMINAL CONTRAVENTION ACT	61
- BINGO AND SLOT MACHINES REGULATIONS	61
- CASINO REGULATIONS	63
- LOTTERY REGULATIONS	63
- HORSE RACETRACKS REGULATIONS	63
- ONLINE GAMING REGULATIONS	64
- GAMING TAXES	64
- KEY BODIES & ASSOCIATIONS	64
THE GAMBLING MARKET	65
- OVERVIEW	65
- CASINOS	65
- LOTTERIES	65
- BETTING	66
- BINGO AND SLOT MACHINES	66
- ONLINE GAMBLING	67
GAMBLING & ADVERTISING	68
- GAMBLING ADVERTISING REGULATIONS	68
- GENERAL ADVERTISING REGULATIONS	69
- IMPORTANT ANNOUNCEMENT	71
- INTERNET ADVERTISING	72
- GOVERNING BODIES & ASSOCIATIONS	72
CHILE	73
COUNTRY OVERVIEW	73
- LOCATION	73
- POPULATION	74
- THE ECONOMY	74
- THE POLITICAL ENVIRONMENT	75
SUPPORTING INFRASTRUCTURE	75
- TOURISM	75
- FOREIGN INVESTMENT	76
- PAYMENTS	77
GAMBLING LEGAL FRAMEWORK	79
- LEGISLATION	79
- LOTTERY REGULATIONS	79
- BETTING REGULATIONS	80
- HORSE RACING REGULATIONS	80
- CASINO REGULATIONS	82
- GAMING TAXES	82
- KEY BODIES & ASSOCIATIONS	82
THE GAMBLING MARKET	83
- OVERVIEW	83
- CASINOS	83
- LOTTERIES	86
- BETTING	88
- ONLINE GAMBLING	89
GAMBLING & ADVERTISING	90
- GAMBLING ADVERTISING REGULATIONS	90
- INTERNET ADVERTISING	91
- GOVERNING BODIES & ASSOCIATIONS	92

COLOMBIA	93
COUNTRY OVERVIEW	93
- LOCATION	92
- POPULATION	94
- THE ECONOMY	94
- THE POLITICAL ENVIRONMENT	95
SUPPORTING INFRASTRUCTURE	95
- TOURISM	95
- FOREIGN INVESTMENT	95
- PAYMENTS	96
GAMBLING LEGAL FRAMEWORK	97
- LEGISLATION	98
- LAW 643	98
- LOTTERY REGULATIONS	98
- LOCALIZED GAMES (CASINOS, SLOTS AND BINGO) REGULATIONS	98
- INNOVATIVE GAMES (HORSE/SPORTS BETTING AND OTHERS) REGULATIONS	99
- CHANCE AND PERMANENT BETTING GAMES REGULATIONS	99
- PROMOTIONAL GAMES AND RAFFLES REGULATIONS	100
- DECREE 1905 OF 2008	100
- BILL 027 OF 2009	101
- DECREE 175 OF 2010	102
- BILL 138 OF 2009 (ONLINE GAMBLING)	102
- GAMING TAXES	102
- KEY BODIES & ASSOCIATIONS	103
THE GAMBLING MARKET	103
- OVERVIEW	103
- CASINOS	105
- LOTTERIES	107
- BETTING	110
- BINGO	111
- ONLINE GAMBLING	111
GAMBLING & ADVERTISING	112
- GAMBLING ADVERTISING REGULATIONS	111
- GENERAL ADVERTISING REGULATIONS	112
- INTERNET ADVERTISING	113
- GOVERNING BODIES & ASSOCIATIONS	114
COSTA RICA	115
COUNTRY OVERVIEW	115
- LOCATION	116
- POPULATION	117
- THE ECONOMY	117
- THE POLITICAL ENVIRONMENT	118
SUPPORTING INFRASTRUCTURE	118
- TOURISM	118
- FOREIGN INVESTMENT	118
- PAYMENTS	120
GAMBLING LEGAL FRAMEWORK	122
- LEGISLATION	122
- CASINO REGULATIONS	122
- BETTING REGULATIONS	124
- VIRTUAL CASINOS REGULATIONS	124
- LOTTERY REGULATIONS	124
- ONLINE GAMBLING REGULATIONS	126
- COMPLEMENTARY ACTIVITIES REGULATIONS	126

- GAMING TAXES	126
- KEY BODIES & ASSOCIATIONS	127
THE GAMBLING MARKET	127
- OVERVIEW	127
- CASINOS	128
- LOTTERIES	130
- BETTING	131
- ONLINE GAMBLING	131
GAMBLING & ADVERTISING	132
- GAMBLING ADVERTISING REGULATIONS	132
- GENERAL ADVERTISING REGULATIONS	132
- INTERNET ADVERTISING	133
- GOVERNING BODIES & ASSOCIATIONS	133
MEXICO	135
COUNTRY OVERVIEW	135
- LOCATION	135
- POPULATION	135
- THE ECONOMY	136
- THE POLITICAL ENVIRONMENT	137
SUPPORTING INFRASTRUCTURE	137
- TOURISM	137
- FOREIGN INVESTMENT	137
- PAYMENTS	138
GAMBLING LEGAL FRAMEWORK	138
- LEGISLATION	139
- FEDERAL GAMING AND RAFFLES LAW	139
- GAMING DECREE IN 2004	140
- NEW GAMING LAW PROPOSED IN DECEMBER 2008	140
- GAMING TAXES	141
- KEY BODIES & ASSOCIATIONS	141
THE GAMBLING MARKET	140
- OVERVIEW	140
- CASINOS	141
- LOTTERIES	141
- BETTING AND BINGO	142
- ONLINE GAMBLING	143
GAMBLING & ADVERTISING	146
- GAMBLING ADVERTISING REGULATIONS	146
- GENERAL ADVERTISING REGULATIONS	147
- OTHER RELEVANT LAWS FOR ADVERTISING	148
- INTERNET ADVERTISING	149
- GOVERNING BODIES & ASSOCIATIONS	149
NICARAGUA	151
COUNTRY OVERVIEW	151
- LOCATION & POPULATION	151
- ECONOMY & POLITICS	151
- TOURISM	152
GAMBLING LEGAL FRAMEWORK	152
- LEGISLATION	152
- PROPOSED CASINO AND GAMING LAW OF 2001	153
- PROPOSED CASINO AND SLOTS LAW OF 2010	153
- GAMING TAXES	153

THE GAMBLING MARKET	153
- OVERVIEW	153
- LOTTERIES	154
- CASINOS	154
- ONLINE GAMING	154
KEY BODIES & ASSOCIATIONS	155
PANAMA	156
COUNTRY OVERVIEW	156
- LOCATION	156
- POPULATION	156
- THE ECONOMY	157
- THE POLITICAL ENVIRONMENT	157
SUPPORTING INFRASTRUCTURE	158
- TOURISM	158
- FOREIGN INVESTMENT	158
- PAYMENTS	160
GAMBLING LEGAL FRAMEWORK	159
- LEGISLATION	161
- CASINO REGULATIONS	161
- SLOT MACHINES	162
- LOTTERY REGULATIONS	162
- SPORTS BETTING REGULATIONS	162
- HORSE RACING REGULATIONS	163
- BINGO REGULATIONS	163
- ONLINE GAMING REGULATIONS	163
- GAMING TAXES	164
- KEY BODIES & ASSOCIATIONS	164
THE GAMBLING MARKET	165
- OVERVIEW	165
- CASINOS	165
- LOTTERIES	168
- BETTING	168
- BINGO	169
- ONLINE GAMBLING	169
GAMBLING & ADVERTISING	170
- GAMBLING ADVERTISING REGULATIONS	170
- GOVERNING BODIES & ASSOCIATIONS	170
PARAGUAY	172
COUNTRY OVERVIEW	172
- LOCATION & POPULATION	172
- ECONOMY & POLITICS	172
- TOURISM	173
GAMBLING LEGAL FRAMEWORK	174
- LEGISLATION	174
- LAW 1016	174
- GAMING TAXES	175
THE GAMBLING MARKET	175
- OVERVIEW	175
- LOTTERIES	176
- CASINOS	176
- BINGO	177
- BETTING	177
- ONLINE GAMING	177

KEY BODIES & ASSOCIATIONS	178
PERU	179
COUNTRY OVERVIEW	179
- LOCATION	180
- POPULATION	180
- THE ECONOMY	180
- THE POLITICAL ENVIRONMENT	181
SUPPORTING INFRASTRUCTURE	181
- TOURISM	181
- FOREIGN INVESTMENT	181
- PAYMENTS	179
GAMBLING LEGAL FRAMEWORK	183
- LEGISLATION	183
- LAW 28945 OF DECEMBER 2006	184
- OTHER LEGISLATION	185
- GAMING TAXES	185
- KEY BODIES & ASSOCIATIONS	185
THE GAMBLING MARKET	183
- OVERVIEW	186
- CASINOS	186
- LOTTERIES	188
- BETTING	189
- BINGO	189
- ONLINE GAMING	190
GAMBLING & ADVERTISING	181
- GAMBLING ADVERTISING REGULATIONS	191
- GENERAL ADVERTISING REGULATIONS	192
- INTERNET ADVERTISING	192
- GOVERNING BODIES & ASSOCIATIONS	193
URUGUAY	194
COUNTRY OVERVIEW	194
- LOCATION & POPULATION	194
- ECONOMY & POLITICS	194
- TOURISM	195
GAMBLING LEGAL FRAMEWORK	195
- LEGISLATION	195
- CASINO REGULATIONS	195
- SLOT MACHINES REGULATIONS	196
- LOTTERY REGULATIONS	196
- SPORTS BETTING REGULATIONS	196
- ONLINE GAMING REGULATIONS	196
- GAMING TAXES	197
THE GAMBLING MARKET	194
- OVERVIEW	197
- CASINOS	197
- LOTTERIES	198
- BETTING	199
- ONLINE GAMING	199
KEY BODIES & ASSOCIATIONS	200

VENEZUELA	201
COUNTRY OVERVIEW	201
- LOCATION	201
- POPULATION	202
- THE ECONOMY	202
- THE POLITICAL ENVIRONMENT	203
SUPPORTING INFRASTRUCTURE	203
- TOURISM	203
- FOREIGN INVESTMENT	204
- PAYMENTS	204
GAMBLING LEGAL FRAMEWORK	205
- LEGISLATION	205
- CASINO, BINGO AND SLOT MACHINES LAW OF 1997	205
- HORSE RACING REGULATIONS	207
- LOTTERY REGULATIONS	207
- GAMING TAXES	208
- KEY BODIES & ASSOCIATIONS	209
THE GAMING MARKET	209
- OVERVIEW	209
- CASINOS AND SLOT MACHINES	210
- LOTTERIES	210
- BETTING	211
- BINGO	211
- ONLINE GAMBLING	212
GAMBLING & ADVERTISING	214
- GAMBLING ADVERTISING REGULATIONS	214
- GENERAL ADVERTISING REGULATIONS	215
- INTERNET ADVERTISING	218
- GOVERNING BODIES & ASSOCIATIONS	218

About the authors Divine Works Ltd

Divine Works has created a network of professionals located across South and Latin America, who are able to provide information and insight invaluable in today's leading gambling and gaming industries.

Set up in 2003, Divine Works is an experienced consultancy with numerous clients including market leaders Sportingbet, ATE Online, or Merrill Lynch.

LATIN AMERICAN GAMING & GAMBLING REPORT 2011

Fax order form for the report:

LATIN AMERICAN GAMING AND GAMBLING REPORT 2011 - 3rd edition

(published by Divine Works Ltd)

Fax to +49 (0) 89 3835 6786 or +44 (0) 207 692 4089

5% discount
for MECN clients



Please send me an electronic version (pdf) of the report (24-hour delivery):
LATIN AMERICAN GAMING AND GAMBLING REPORT 2011 - 3rd edition
by Divine Works Ltd.

GBP-850.00 GBP 807.00 (exc. VAT/MwSt)

Personal Information

Mr/Mrs/Dr: _____ First Name: _____ Last Name: _____

Company Name: _____ City: _____

Address: _____ Country: _____

Post Code: _____ Telephone: _____

Email: _____ Company VAT/TVA/
MOMS/IVA number: _____

Enter company tax no. to avoid VAT, EU countries only.
Non-EU countries are always exempted from VAT/sales tax.

Signature: _____

Date: ____/____/____

Payment Details

Please invoice my company

or

Please debit my Visa Mastercard Amex

Card No.:

Expiration Date: /

Card Holder Name: _____

Signature: _____

Contact us:

For questions, please contact reports@mecn.net

London / UK
MECN GmbH
Office 404, 4th Floor - Albany House
324/326 Regent Street
London W1B 3HH - UK

Munich / Germany
MECN Germany
Fürstenrieder Str. 279a
81377 Munich
Germany

Tel.: +44 (0) 207 692 4088
Fax.: +44 (0) 207 692 4089
info-uk@mecn.net

Tel.: +49 (0) 89 7412 0235
Fax.: +49 (0) 89 7412 0102
info-germany@mecn.net