

Руслан Олексійович Стефанчук

*Національна академія правових наук України
Харків, Україна*

Данило Олександрович Гетманцев

*Кафедра фінансового права
Навчально-наукового інституту права
Київський національний університет імені Тараса Шевченка
Київ, Україна*

Зоряна Миколаївна Топорецька

*Кафедра кримінального процесу та криміналістики
Навчально-наукового інституту права
Київський національний університет імені Тараса Шевченка
Київ, Україна*

МОДЕЛІ ПУБЛІЧНОГО УПРАВЛІННЯ ГРАЛЬНИМ БІЗНЕСОМ У СВІТІ

Анотація. *Актуальність дослідження питання моделей публічного управління гральним бізнесом у світі зумовлена необхідністю вивчення зарубіжного досвіду задля удосконалення правового регулювання та інструментів публічного управління ринком грального бізнесу в Україні. При проведенні дослідження авторами використовувались філософські, загальнонаукові та спеціально-наукові методи пізнання. Авторами виділено такі моделі публічного управління: заборона грального бізнесу; дозвіл на проведення азартних ігор без обмежень, проте встановлення певних кваліфікаційних, організаційних, фінансових та інших вимог; встановлення державної монополії на організацію та проведення азартних ігор, яка проявляється в різних видах. З метою розроблення пропозицій по удосконаленню публічного управління ринком грального бізнесу в Україні авторами розкрито переваги на недоліки кожної з виокремлених моделей публічного управління ринком грального бізнесу, які використовуються в різних країнах, зокрема в США, Індії, Данії, Словенії, Франції, Австрії, Греції, Норвегії, Німеччині, Польщі, Швейцарії, Угорщині. Констатовано, що встановлення абсолютної (тотальної) заборони на організацію та проведення азартних ігор не вирішує проблему неконтрольованих азартних ігор і гральної залежності в суспільстві. Авторами зроблено висновок про доцільність впровадження в Україні так званої третьої моделі публічного управління, при якій держава, діючи від імені суспільства та в інтересах суспільства, укладає так званий суспільний договір з організаторами азартних ігор, відповідно до якого суспільно шкідливий вплив азартних ігор буде компенсовано за рахунок фінансування суспільно корисних цілей (добрих справ)*

Ключові слова: *азартні ігри, ринок грального бізнесу, лотерейна діяльність*

Ruslan O. Stefanchuk

*National Academy of Legal Sciences of Ukraine
Kharkiv, Ukraine*

Danylo O. Hetmantsev

*Department of Financial Law
Educational and Scientific Institute of Law
Taras Shevchenko National University of Kyiv
Kyiv, Ukraine*

Zoriana M. Toporetska

*Department of Criminal Procedure and Forensic Science
Educational and Scientific Institute of Law
Taras Shevchenko National University of Kyiv
Kyiv, Ukraine*

MODELS OF PUBLIC GAME BUSINESS GOVERNANCE IN THE WORLD

Abstract. *The urgency of researching the issue of models of public gambling management in the world is explained by the need to study foreign experience to improve the legal regulation and tools of public management of the gambling market in Ukraine. The authors used philosophical, general scientific and special scientific methods of cognition. The authors highlight the following models of public administration: ban on gambling; permission to conduct gambling without restrictions, but the establishment of certain qualification, organisational, financial and other requirements; establishment of a state monopoly on the organization and conduct of gambling, which manifests itself in various forms. To develop proposals for improving public management of the gambling market in Ukraine, the authors identify the advantages of each of the selected models of public management of the gambling market used in different countries, including the United States, India, Denmark, Slovenia, France, Austria, Greece, Norway, Germany, Poland, Switzerland, Hungary. It is stated that the establishment of an absolute (total) ban on the organisation and conduct of gambling does not solve the problem of uncontrolled gambling and gambling addiction in society. The authors conclude that the introduction of the so-called third model of public administration in Ukraine, in which the state, acting on behalf of society and in the public interest, enters into a so-called social contract with gambling organisers, according to which socially harmful effects of gambling will be compensated financing of socially useful goals (good deeds)*

Keywords: *gambling, gambling market, lottery activity*

INTRODUCTION

Ukraine has come a long way in regulating the gambling business: from its permissiveness and uncontrollability from 1991 to 2009 to its total ban in 2009, which lasted until 2020. Thus, during the period of permissiveness of the gambling business in Ukraine, a large number of various gambling establishments operated, but the greatest damage to society was caused by slot machine halls, of which there were several thousand. Without proper legislation, the gameplay was in no way controlled by the state, and players were very quickly drawn into gambling addiction and then into debt. When the gambling business reached catastrophic proportions and became threatening to society, in 2009 it was banned by the state Law of Ukraine “On Prohibition of Gambling Business in Ukraine” on May 15, 2009 No. 1334-VI before the adoption of a special law that would regulate this activity [1], respectively, the organisation and conduct of gambling was recognised as a criminal offense. In fact, the ban lasted for eleven years before the adoption of a special law in 2020 [2], which legalised gambling, but gambling did not disappear, but went into the illegal sphere and became a powerful tool for financing criminal activity. The player again found himself alone with his problems, as he was in fact recognised by the state as a participant in the crime, and was prosecuted for participating in illegal gambling. Accordingly, illegal gambling was also carried out without any tools to protect players, and was aimed at maximising the involvement of players in the game, which led to the involvement of organisers of criminal activity in gambling addiction and debt.

Only in 2020, the Law of Ukraine “On State Regulation of Activities Related to the Organization and Conduct of Gambling” No. 768-IX of 07/14/2020 gambling business was again allowed in Ukraine [2]. The market itself started operating in the spring of 2021 (when the first license to organise and conduct gambling

was issued). At the same time, at all stages of development of the legal regulation of the gambling business in Ukraine, the choice of models of state regulation of certain types of gambling business and public management of the gambling market as a whole has always attracted attention.

V. Dorogykh was the first in Ukraine to conduct a comprehensive study at the level of dissertation research in 2004 issues of administrative and legal regulation of the gambling business [3, p. 5]. N. Maidanyk explored the civil law nature of the gambling agreement [4, p. 240]. Since gambling was banned in Ukraine in 2009, most of the dissertation research was devoted to the fight against illegal gambling: V. Filyutovych-Gerasimenko considered the issue of administrative and legal bases of counteraction to illegal gambling business [5, p. 22], N. Petrychko researched the issues of criminal law and criminological research of illegal gambling [6, p. 154], A. Savchenko drew attention to the criminal law qualification of illegal gambling [7, p. 40-44], S. Ryabchuk considered the criminological characteristics and prevention of illegal gambling [8, p. 200], M. Lyskov considered the issue of administrative and legal regulation of the lottery sphere [9, p. 19], E. Drachevsky researched the issues of criminal law protection of economic relations in the field of organization and conduct of gambling and lotteries [10, p. 14].

In most foreign countries, gambling has long been legalized and therefore most of the work of foreign scientists is devoted to assessing the effectiveness of a model of gambling, in particular R. Williams, J. Rehm, R. Stevens evaluated the social and economic impact of gambling in Canada [11, p. 10]. M. Abbott, P. Binde, L. Clark, D. Hodgins, M. Johnson, D. Manitowabi, L. Quilty, J. Spångberg, R. Volberg investigated and evaluated the harm from gambling and possible ways to compensate for it [12, p. 134]. V. Zheng, E.P.W. Hung assessed the economic benefits of liberalizing casino regulation in Macau [13, p. 541], A. Gonzales, T. Lyson, K. Mauer evaluated the impact of casino development on Indian reservations in Arizona and New Mexico [14, p. 405].

After the legalisation of gambling in 2020, Ukraine began to face a number of theoretical and practical problems of public administration that need to be addressed today: which public administration tools to choose, which methods and tools to apply, how to enshrine all elements of public market management appointed in the Law, etc. In particular, the gambling market, which has long been in the shadows, has generally supported the legalisation of the gambling business, but has strongly opposed certain elements of public administration, in particular by opposing strict government regulation and control. Thus, the organisers of gambling believed that the legalisation of the gambling business should only provide for the licensing of this type of activity and not impose any strict restrictions on the gambling establishment, gambling equipment, process and types of games. As of today, the market is opposed to the introduction of an online control system for the organisation and conduct of gambling, as it does not want to show real turnover and pay taxes, citing the very high cost of licenses in Ukraine.

In addition, the parliament has not yet adopted a law that would regulate the issue of taxation of the gambling business, which seriously hinders the development of the legal gambling market. In fact, the problem of illegal gambling establishments still exists today conditioned upon the extremely high cost of gambling licenses (the highest in Europe) and the high tax burden conditioned upon higher tax rates. This means that the illegal gambling business still remains “more profitable” for the organisers than the work officially. And this, among other things, means the existence of corruption in law enforcement agencies.

The purpose of the article is a study of foreign experience of public management of the gambling business, the study of the positives on the shortcomings of each of the models of public management of the gambling market to develop proposals for improving public management of the gambling market in Ukraine.

1. MATERIALS AND METHODS

The legal basis of this study was foreign legislation, which regulates the issue of gambling, including current legislation of Ukraine. The authors used philosophical, general scientific and special scientific methods of cognition, which provided an opportunity to conduct a detailed analysis of the main models of public management of the gambling market that exist in the world.

The dialectical method of cognition allowed to highlight the content of the basic provisions of public management of the gambling market in certain countries, to study the patterns of development of categories of gambling management, features of their reflection in the environment, the impact of individual models of public administration and objective reality. Using this method, the authors were able to analyse the development and transformation of different models of gambling management in different periods of development and based on this study to identify key trends in the model of public gambling management in Ukraine. Within this method, the authors also analysed the natural relationships between different models of public administration in different countries and identified how changes in the model of public governance of gambling in some countries affect the change of models in neighboring countries. Based on the dialectical

method of cognition, it was also possible to analyse the contradictions that exist between the purpose and results of a particular model of management and suggest ways to resolve such contradictions.

Methods of logic (analysis, synthesis, abstraction, generalisation, analogy, induction and deduction) were used to study some features of public management of the gambling market, in particular, the synthesis method summarised the main features of state regulation of gambling in each country and grouped them into separate models of public administration, the method of analysis allowed identifying the main advantages and disadvantages of each. The methods of induction and deduction were used by the authors to study the scientific literature, find the necessary material, generalise and develop proposals for improving the legal regulation of public administration in Ukraine.

The formal-legal (dogmatic or legal-technical) method was used to study and interpret the norms of legislative acts of foreign countries, which regulate their national gambling markets. The comparative legal method was used in the study of the main provisions of legislation of different countries on the regulation of different types of gambling.

Special legal methods were also used in the study, namely specific sociological and system-structural methods. The specific sociological method allowed to study the case law and draw conclusions about the effectiveness of the implementation of certain tools and methods of public administration in Ukraine and abroad. The system-structural method was used in formulating the basic forms of public administration and in explaining the content of the categories of these forms of government. The method of generalisation allowed consistently bringing together certain facts and formulating sound conclusions of scientific research aimed at improving public governance of the gambling market in Ukraine.

2. RESULTS AND DISCUSSION

To choose the most appropriate for Ukraine model of public gambling management, it is advisable to study the models of foreign gambling management, considering their advantages and disadvantages in choosing and improving the gambling market management model in Ukraine. At the same time, the choice of the model of public administration should be conditioned by certain principles that guide the state in shaping the policy on gambling. In particular, on June 5, 2017, the general strategy and principles of European lotteries were approved in Europe [8]. This strategy uses a value-oriented approach. It is noted that the main difference between lotteries and gambling is the values pursued by game organisers. The principle of public utility of lotteries applies to lottery operators. Therefore, the right to conduct lotteries is given by the state to certain lottery operators with the condition of supporting socially important projects or allocating funds for “good deeds”, while the main focus and value for gambling operators (including illegal ones) is to benefit shareholders.

Lotteries that are members of the European Lottery Association must adhere to three core values:

1) responsibility – lottery operators must ensure and prioritize the interests of consumer protection and responsible gaming over other interests.

2) society/sustainability – this value is based on the idea that the problems of social and public order prevail. This does not mean that lotteries are not for profit, but it does mean that lotteries are in the public interest, so a balance must be struck between each country's legal requirements for spending on social goals and profiting from lotteries.

3) integrity – lottery operators are required by EU and national law to adhere to strict performance standards (such as EL and WLA safety standards) to ensure safe and fair operations and to manage the risks of fraud or other criminal activity. The implementation of these values requires the introduction of strict regulatory principles and rules, which are described in more detail in this Strategy.

We believe that the lottery market in Ukraine should definitely develop on the same principles (values). However, since lotteries in Ukraine are not gambling, the gambling business must define its own principles of public administration, on which the governance model should be based.

There are three main models of public management of the gambling market in the world, on which government regulation of certain types of gambling depends:

1) ban on gambling (China (except Macau), Afghanistan, Pakistan, Saudi Arabia, Iran, Bahrain, Azerbaijan, Iceland, Brazil, Indonesia, Thailand, Algeria, Libya, Sudan, Central African Republic and others). However, some of these countries are considering the possibility of legalisation and strict regulation of gambling activities for tourists. That is, most of the countries where the gambling ban is in force are Muslim countries, and the gambling ban is explained by the religious traditions of society. At the same time, a number of Muslim countries in recent years have relaxed the absolute ban on gambling in favor of tourism, allowing the opening of land-based casinos exclusively for tourists (Egypt has about 25 casinos for tourists only; in

Turkey, casinos are banned, so many tourists the part of Cyprus where you are free to gamble, Mongolia, Vietnam, Cambodia, North Korea, etc. allow gambling only for foreigners [15]);

2) permission to conduct gambling without restrictions, but the establishment of certain qualification, organisational, financial and other requirements (Ukraine until 2009, Malta, Gibraltar, Monaco). A subspecies of this model of public administration is the authorization of gambling without any serious restrictions only in a certain territory of the state and not anywhere (individual states of the United States, Macao, India, Laos, Malaysia, South Korea, Peru, Paraguay, Uruguay). Such a model of public administration usually requires a certain permit or license. Market control, as a rule, involves only the supervision of compliance with licensing conditions, the number of licensees is not limited, and the licenses themselves are quite easy to obtain. Most of these countries have consciously chosen this model and today are the centers of the gambling industry. In particular, the turnover of the land gambling market in Macau actually occupies half of the world turnover of the gambling market, in particular, the income of casinos in Macau is three times higher than the income of casinos in Las Vegas [13, p. 541]. This was achieved in part conditioned upon the lack of a tax on winnings in gambling in Macau. In 2014, revenues from the gaming business tax accounted for 84% of Macao's total budget revenues. However, when in 2021 the Chinese government decided to tighten control over the activities of casinos in Macau and only took the initiative to change the rules for licensing gambling, and imposing new restrictions on casino operators, including appointments of government officials to oversee companies, casino shares Sands China fell 30%, Wynn Macau 27.5% and Galaxy Entertainment Group 18.4%. For a number of companies, this decline was a record in its history. And the capitalisation of the Macau casino market lost \$ 14 billion [16];

3) the establishment of a state monopoly on the organisation and conduct of gambling, which manifests itself in various forms (almost all EU countries: France, Finland, Denmark, Austria, Great Britain, etc.) – absolute state monopoly, state monopoly of a private company, oligopoly, restriction of the maximum number of gambling establishments, restriction of permitted types of gambling, etc.

The first model of public administration – a complete ban on gambling, has a number of shortcomings and problems for the state, including:

a) the gambling business is moving into the shadows and is an instrument, including the financing of criminal activity, and therefore in a state with a complete ban on gambling, as a rule, the crime rate increases;

b) the level of corruption in law enforcement agencies is growing, as the ban on gambling is introduced simultaneously with the introduction of criminal liability for its organization, and therefore gambling organisers use corrupt connections in law enforcement and other agencies to cover up criminal activities;

c) declining markets in related industries – tourism, hospitality, horseback riding and racetracks, professional sports, sports analytics and sports media. Many tourists (especially from countries where gambling is banned) travel to gamble. Gambling has always been at the forefront of the world tourism system. Accordingly, the ban on gambling in one country means the rise (increase of the market) of gambling in neighboring countries and increase tourism in such countries, i.e. is a stimulus to economic development for neighboring countries. At one time, Georgia developed on this principle;

d) direct revenues to the state budget from gambling organisers in connection with the ban on gambling are reduced, including budget revenues from related industries are reduced, primarily hotel activities and tourism;

e) society is not protected from the risks of gambling addiction. Protecting the vulnerable part of society from the risks associated with gambling addiction is possible only through the regulation of the gambling business and only in conditions where the gambling business operates in the legal field and subject to the principles of responsible gambling. In particular, in Ukraine from 2009 to 2020, gambling was considered a crime, and therefore the player actually acted as a participant in the crime, because without the fact of the game it was impossible to prove the fact of gambling. In addition, the player was held administratively liable for participating in prohibited gambling. Accordingly, the player was considered an offender, and the current legislation of Ukraine does not provide for the possibility of proving the fact of harm to the offender. Moreover, the disposition of Art. 203-2 of the Criminal Code of Ukraine was formulated in such a way that gambling was recognized as a crime in the field of economic activity, not a crime in the field of public order and morality, and therefore the disposition of the article did not provide for [17, p. 225].

It is interesting that during the thirty years of independence, Ukraine has gone through each of the above three models of public governance, as mentioned in the previous section. In fact, it was the permissiveness of the gambling business in the 1990s that led to the choice of a radically different model of public administration – a total ban on gambling in 2009. At the same time, over a period of ten years, the state authorities assessed the shortcomings of the total ban on gambling, which manifested itself in the rapid growth of illegal gambling and gambling-related crimes (tax evasion, money laundering, fraud, extortion, etc.), which,

considering the experience of the state on the permissiveness of the gambling business, led to the election in 2020 of the third model of public management of the gambling business.

Examining the second model of public administration, it should be noted that this is the model organised by the world's largest gambling markets – the United States and Macau. In choosing the second model of public administration, but extending it only to certain territories, states were guided by the goal of maintaining and developing depressed regions.

Macau occupies the largest share of the Asian gambling market. Macau, which has long been a Portuguese colony, has successfully used the ban on gambling throughout China, allowing the province to grow rapidly, primarily at the expense of the national population (Chinese) who came to the province to play. Conditioned upon deductions from the gambling business, Macao's budget is actually formed. The impetus for the rapid development of Macau as a gaming center was the focus on wealthy customers. Macau's focus on high-stakes customers with private rooms and special privileges is the reason for its success. Initially, casinos were created on the basis of VIP-rooms. They signed contracts with gambling promoters, who made a profit from attracting wealthy players. These high-stakes players earned casinos 66% of total revenue in 2013 [18].

In Macau, significant funds have been invested from the gambling business in new casino complexes with luxury hotels and first-class shopping malls. These casinos have created new jobs for the city's residents, increased the number of tourists and increased tax revenues. The area of Macau is extremely small, it is 29.7 km², including 6 km² of land connecting the small islands of Coloan and Taipa, which houses large casino complexes. In 2014, 49 Macau casinos generated annual revenue of approximately \$ 28 billion, which is 3 times the revenue of 135 casinos in Las Vegas. Today, there are about 33 terrestrial facilities in Macau, with 850 gaming tables and 4,000 slot machines. Today, Macau focuses only on the rich, and develops the direction of middle-class players through the organisation of various exhibitions and forums [19].

All types of gambling are allowed in Macau: land-based casinos, gaming terminals, lotteries, poker and sports betting. The legal status of online gambling is uncertain, as the Macao authorities do not issue online gambling licenses and do not prohibit such activities. This way, users can gamble online. This contrasts with other neighboring regions, such as mainland China, Singapore and Taiwan, where online gambling is prohibited [13, p. 545].

Las Vegas (Nevada) is the second largest gambling center in the world. The largest gaming centers in the United States are Las Vegas and Atlantic City. Until recently, casinos in the United States could be located in these two gaming zones, in Indian reservations and on floating establishments. However, in recent years, US law has changed and today gambling is allowed in 48 of the 50 states. But gambling is still allowed only in Nevada and New Jersey, and other states have significant restrictions or bans on certain types of gambling. To open a casino in Las Vegas, you must obtain a license and meet a number of requirements that are set for the casino, in particular, the gambling establishment can be opened only in a specially designated area. In addition, there are a number of requirements for the area of the gambling establishment, equipment, etc. [20].

In Nevada, the gambling business is regulated by the Nevada Gaming Commission (NGC), which is the licensing and oversight body. There is also a Nevada Gaming Control Board (NGCB), whose main functions are primarily to monitor the casino's compliance with financial requirements, audit, inspection of technical and gaming equipment, testing and certification [21].

According to the American Gaming Association, in the second quarter of 2021, US gambling revenue reached a record \$ 13.6 billion. Experts predict that the industry's annual revenue will be more than \$ 44 billion [22]. However, numerous studies in the United States show that every tenth American suffers from gambling addiction, and the crime rate is about 8% higher than in states without casinos. Also, US research has shown that the opening of casinos has a significant impact on small businesses, as there is a mass bankruptcy of cafes, restaurants, shops, beauty salons, bakeries, etc. conditioned upon “excessive” excitement of the owners of such businesses [23]. In this regard, the permission to gamble in almost all US states is a matter of serious concern. We believe that in ten years it will be possible to assess the extent of the impact of such a decision on society. After all, in the past, the permissiveness of gambling was chosen by those countries that focused primarily on the development of tourism, i.e. when a person only occasionally comes for a certain time and has a certain amount per game. Free access to gambling for the entire population of the state without any significant restrictions, as a rule, leads to an increase in gambling dependence among the population. We believe that over time, the United States will return to the model of limited gambling.

India is a very promising market for the development of gambling, given the population of this country. India is one of the countries where the legal status of the gambling industry is enshrined in the Constitution. According to Entry No. 34 of Entry No. 34 of the 7th Schedule of the Indian Constitution, some states have full authority and legal authority to enact gambling and betting laws. In addition, the entry No. 62 empowers states to tax gambling [24].

In gambling regulation, the country has chosen a model similar to the United States, where states choose the gambling regulation model on their territory, today only three of the 29 states and 7 union territories allow casinos : Goa and Sikkim and Daman and Diu , Daman and Diu Public Gambling Act, 1976, in 1987 Goa became a separate state). Under the Goa, Daman and Diu Public Gambling Act of 1976 , casinos may only be opened in five-star hotels or on vessels with the prior permission of the government. There are now about 20 casinos in India. At the same time, most of the Indian market today operates in the shadows in other states. The issue of legalisation of online games has not been resolved yet [24].

Laos in the settlement of the gambling business also aimed primarily to attract tourists from other countries (China, Vietnam, Thailand). Therefore, casinos in Laos are allowed to open in the so-called special economic zones bordering China and Thailand [25]. At the same time, the local population is prohibited from visiting the casino.

The third model of public management of the gambling business in its various manifestations exists in almost all European countries.

The most common types of public management of the gambling market in the form of state monopoly are:

- permission to gamble exclusively for one state-owned company (France is the sole operator of *Francaise des Jeux* for casinos), Denmark is a state-owned company *Danske Spil A/S*, 80% owned by the state, 10% by the Danish Sports Federation and 10% of the Gymnastics and Sports Association);

- free access to the gambling market for companies (regardless of ownership or other indicators, subject to organizational and qualification requirements), but limiting the maximum number of gambling establishments that can operate simultaneously in the country (Denmark – no more than nine casinos; Slovenia) limited the maximum number of casinos to 15, the UK, with the adoption of a new Gambling Act in 2005 [26, p. 250], limited the total number of casinos that can operate simultaneously in a given region, one regional casino, eight large casinos and eight small casinos);

- limiting the maximum number of entities that can operate in the gambling market at the same time limiting the number of gambling establishments (Austria – the maximum number that can operate in the territory – 12 casinos (currently all 12 licenses are issued to only one company *Casinos Austria AG*, 70% owned by the state), Finland – only one operator can engage in separate gambling activities (1 license for lotteries owned by *Veikkaus OY* and 1 license for casinos, separate slot machines, Greece – the only operator of sports betting and some lotteries – *OPAR*, 34% owned by the state, the sole operator of state-owned drawing/passive lotteries *Kratika Laxeia*, which is 100% state-owned and controlled by the Ministry of Economy and Finance, the only operator of odds on races *ODIE*, which is 100% state-owned and state control represented by the General Secretariat of Sport and the Ministry of Culture, 9 licenses for casinos as and issued by the Ministry of Economy and Finance and the Greek Tourism Development Company (*ETA*).

All European countries now have special legislation that provides a legal definition of gambling and gambling and establishes a legal framework for their activities. France has long maintained a state-owned monopoly. In particular, according to Art. 136 Finance Law 1933 monopoly on lottery activities was granted to *La Française des Jeux*, only in 2019 part of the state shares were privatized, and the company received a monopoly on lotteries and sports betting for 25 years [27]. In exchange, the state budget received 380 million euros. The company also received preferential tax terms, in connection with which the European Commission launched an investigation into this fact [28].

As for the land-based gambling business, there are more than 200 casinos in France, but they can only be located in areas that have officially received resort status and are more than 100 kilometers from Paris or in tourist cities with a population of more than 500,000 people. The only exception is the casino in the resort town of Engen, which today is one of the most profitable. The regulator today is the recently established *Commission Supérieure des Jeux* (Gambling Commission), although until recently this area was regulated by the Ministry of the Interior and the Ministry of Finance. Licenses are issued subject to a positive opinion of local governments on the feasibility of opening a casino (considering economic interests, competition, etc.) [29]. All casinos are operated by four operators: *Partouche*, *Barriere*, *JOA* and *Tranchant* [30].

The website of the French Gambling Commission clearly defines the objectives of state policy on gambling:

- 1) prevention of excessive or pathological gambling and protection of minors;
- 2) ensuring honesty, reliability and transparency of gambling operations;
- 3) prevention of fraud or criminal activity, including money laundering and terrorist financing;
- 4) ensuring the balanced and fair development of various types of gambling to avoid economic destabilization of certain sectors [31].

These goals are to limit and control the supply and consumption of games, as well as control over their use.

Denmark has, as a general rule, banned gambling from anyone other than Danske Spil A/S. Such an absolute monopoly existed until 2012 (entry into force of the Law on Gambling, which was adopted on 07/04/2010) [32]. With the adoption of this law, the gambling market became open to private operators, and a new independent body became the regulator – the Gambling Office. The number of online casinos is not limited. Land-based casinos are limited by the maximum number. The following criteria are considered when issuing a license to open a casino: the casino must be located in a place that is popular with tourists; cannot be in the immediate vicinity of a school or other institution for children; the location must be agreed with the local police and the city council [33]. There are currently nine casinos in Denmark, the maximum number allowed, so it is not possible to obtain new casino licenses. The license is issued for 10 years, and the annual payment depends on the annual turnover of the casino [34]. Slot machine halls are also allowed in Denmark. The values of the Danish Gambling Authority are to ensure a fair and well-regulated gambling market for the benefit of gamblers and operators.

Austria has introduced a federal monopoly on gambling regulation. The single company Österreichische Lotterien GmbH has a monopoly on lotteries until 2027. As for land-based casinos, 12 of the 15 possible licenses have been issued by Casinos Austria AG until 2027, and three remain unused due to breaches of tender rules and it is unknown when the tender will be announced again. Therefore, Austria has both a monopoly on the number of entities and a limit on the maximum number of gambling establishments. The state regulator is the Finanzamt Österreich (Austrian Tax Service) [35].

The purpose of state regulation of the gambling market in Austria is to regulate and control gambling with a special emphasis on combating gambling addiction, protecting consumers and preventing illegal activities and crime. Objectives of regulatory policy: prevention of organized crime (e.g., money laundering, terrorist financing and other illegal activities); prevention of indirect crimes (theft, burglary, fraud) by gambling addicts; youth protection; consumer protection; financial market stability [36].

Belgium clearly limits the maximum number of all gambling establishments in its territory by defining the classes of licenses issued on a competitive basis. The exception is the lottery, a monopoly right held by a single company as defined in the King's Decree. In particular, no more than nine casino licenses may be issued, a Class I license (category A) and issued for 15 years. A class II license (category B) is issued for gambling halls for 9 years, no more than 180 licenses can be issued. Class III licenses (category C) are issued to pubs and bars, which give the right to install no more than two slot machines, are issued for 5 years. Class IV licenses are issued for bookmakers, which can be landline or mobile (mobile), the organiser is issued an F1 license (maximum 31 licenses) for a period of 9 years, and the office (which is the organiser's agent) is issued an F2 license for 3 years (not more than 600 licenses for stationary points and 60 for mobile). Only entities licensed to play online games can obtain an online gaming license [37].

In Germany, the regulator has also chosen a protectionist approach to the regulation of gambling, including consumer protection (prevention of gambling addiction and protection of minors and other vulnerable people), directing the player to a regulated market, guaranteeing orderly and fair gambling, and combating gambling other crimes related to gambling, and the protection of honesty in sports [38]. The gambling business is regulated at the local level – by 16 lands. At the same time, in most lands, land-based casinos are state-owned, and lotteries are also managed by state-owned companies. Only in some countries are licenses for terrestrial casinos issued to private operators, with the maximum number of such licenses being limited, for example, in Baden-Württemberg no more than 3 casinos are allowed, and in Mecklenburg-Vorpommern no more than six.

In Norway, the monopoly on gambling and the activities on which they depend is based on the notion that lotteries (and other types of gambling) must remain in safe forms under public scrutiny to prevent negative social impact, while considering lotteries and gambling as benefits: source of income for sports, culture, humanitarian and socially useful purposes (Article 1 of the Law on Lotteries [39]). In Norway, Norsk Tipping has a monopoly on conducting commercial games such as casinos (online), betting and betting on sports, and the Norsk Rikstoto company has a monopoly on accepting bets on horse races [40]. The opening of land-based casinos is prohibited. Only charitable organisations can qualify for the lotteries.

In Poland, the state-owned company Totalizator Sportowy has a monopoly on lotteries, slot machines and online casino games. Land-based casinos and betting activities can be carried out by private operators. The number of casinos is limited by the population – 1 casino in a village with a population of up to 250,000 people. If the population is more than 250,000 people, it is possible to open two casinos and so the number can increase for every 250,000 people, but not more than six casinos for one province with a total population of 650,000 people. In 2020, 51 casino licenses were issued in Poland [41].

In Portugal, lotteries are run by the sole state-owned Santa Casa da Misericórdia de Lisboa (SCML). Land-based casinos can be opened only in certain premises on the terms of a concession, which is obtained by the results of the competition, usually up to 40 years. Today, Portugal has 12 casinos and 1 gaming hall in nine gaming zones (Azores, Algarve, Espinho, Estoril, Figueira da Foz, Funchal, Povoá de Varzim, Troy and Vidago Pedras Salgadas). Today, the casino does not operate only in the Porto San Gaming Zone.

Spain has established a monopoly on lottery activities based on the principle of oligopoly (there is one state lottery operator – Sociedad Estatal Loterías y Apuestas del Estado (SELAE), also a charity of the Society of the Blind – ONCE Organización Nacional de Ciegos Españoles and lottery operator Chevo). The opening of land-based gambling establishments is regulated at the local level by 17 separate regions [43].

Switzerland, based on a protectionist approach, also introduced a state monopoly on gambling. The field of lotteries and sports betting is a state monopoly and today only two licenses have been issued for the Swisslos and Loterie Romande state lotteries. Based on a protectionist approach, part of the proceeds from gambling should be returned to society through the financing of good deeds or the federal pension fund. Under the new Gambling Act, which came into force on January 1, 2019 (Federal Act on Money Games) [44], casino licenses are issued on the basis of concessions, the maximum number of which is determined by the Federal Council (government) and as of 2021 opened 21 casinos. The concession is issued for 20 years. An online casino license can only be obtained by an operator who has a land-based casino license [45].

According to the Hungarian Law “On the Organisation of Games (Gambling Business)” [46]. The gambling business includes all types of games in which players are entitled to a cash prize or other prize in cash in exchange for amounts paid or provided by them, and which are conducted under predetermined conditions. Winning or losing depends solely or mainly on temperament. According to this Law, games on bets and games with the use of winning cash machines are also classified as games.

The following types of gambling business are allowed in Hungary: a) organisation of games with a draw; b) gambling activities with the use of winning cash machines; c) establishment and activity of an organization that accepts bets on races (totalizator) and other types of gambling business, which do not fall under items a) – c), but are defined in this law (under the general name “gambling business organisation”).

Casinos can be owned by both the state and private companies that have a concession. Gambling establishments in Hungary are divided into two classes. Class 1 casinos require capital of at least 1 billion forints (about \$ 5 million), class 2 – 100 million (for Budapest and Pest - 300 million). The term of the concession for the 1st class is 20 years, for the 2nd class – 10 years. The casino should be located in a separate house or in an isolated part of the building. All its premises must be monitored by video. Persons under the age of 18, as well as staff and owners of gambling establishments are not allowed to play. Slot machine halls are also divided into classes. In the second it is allowed to have no more than 2 machines. In the first it is allowed to place at least 10 machines, each of which must have at least 2 sq.m. Thus, the hall of 1 class is obliged to have a separate entrance. For the first class of slot machines, the obligatory technologically established level of winnings is not less than 80%. For the second class the maximum bet is limited to 200 forints. Machines must obtain a technological conclusion.

The permission of the Gambling Council is required to open a gaming hall. At the same time, its location must be approved by the municipality. There are also general restrictions on the location of gambling establishments, typical for the whole of Europe: the distance from children's, educational and medical institutions, churches and youth clubs is not less than 200 m. Control of the gambling market is vested in the Gambling Council of the Hungarian Ministry of Finance. The annual fee from the 1st class casino is at least 500 million forints, 2nd class – 50 million, and in the capital region – 600 and 350 million, respectively. In addition, a tax is provided for the casino: from the first 5 billion forints of annual income – 30%, from the next – 25%, from the amount of more than 10 billion – 10%. Each slot machine is charged a monthly fee of 100 thousand forints.

In conclusion, the first and third models of public gambling management are based on a protectionist goal – to protect members of society from the harmful effects of gambling. The choice of the third model of public administration is also guided by the principle of public good, where the state, acting on behalf of society and in the interests of society, enters into a so-called social contract with gambling organizers, according to which socially harmful effects of gambling useful goals (good deeds).

CONCLUSIONS

Regardless of model proposed to regulate the gambling business, experts agree that he must be limited to the maximum number of entities that organise it, the maximum number of gambling establishments, or a separate area to prevent its wide availability for all segments of the population. At the same time, it should be recognised that all other activities that do not meet the established requirements will be outlawed and recognised as conducting illegal gambling as a criminal offense.

Today in the world there are the following basic models of public governance of gambling: a complete ban on gambling; permission to conduct gambling without restrictions, but the establishment of certain qualification, organisational, financial and other requirements; establishment of a state monopoly on the organisation and conduct of gambling, which manifests itself in various forms – absolute state monopoly, state monopoly of a private company, oligopoly, limiting the maximum number of gambling establishments, limiting the permitted types of gambling.

Establishing a total ban on the organisation and conduct of gambling does not solve the problem of gambling and gambling addiction, as it contains a number of negatives for society. Therefore, a number of countries today are revising the total ban and liberalising their legislation, in particular, allow gambling for tourists. The most successful model of public administration today is the third – the state monopoly on the gambling market, which, given the historical development of the country, society, the tendency of the population to form gambling, society's attitude to gambling, form of government, etc., is selected by one.

RECOMMENDATIONS

The scientific value of the article is that for the first time in Ukraine it comprehensively generalized the models of public management of the gambling market in the world. The article will be useful for researchers conducting research on legal regulation and public administration of the gambling market and students studying administrative law, to prepare for practical classes, use in the preparation of course and qualification papers on administrative law.

REFERENCES

- [1] Law of Ukraine “On the Prohibition of Gambling in Ukraine”. (2009, May). Retrieved from <https://zakon.rada.gov.ua/rada/show/1334-17#Text>.
- [2] Law of Ukraine “On State Regulation of Activities Related to the Organization and Conduct of Gambling”. (2020, July). Retrieved from <https://zakon.rada.gov.ua/rada/show/768-20#n1162>.
- [3] Dorogykh, V.M. (2004). *Administrative and legal regulation of urban business in Ukraine* (Doctoral dissertation, National Academy of State Tax Service of Ukraine, Irpen, Ukraine).
- [4] Maidanyk, N.I. (2007). *Contracts of gambling in the civil law of Ukraine*. Kyiv: Justinian.
- [5] Filyutovych-Gerasimenko, V.S. (2016). *Administrative and legal principles of counteracting the illegal grammar of business in Ukraine* (Doctoral dissertation, Kharkiv National University of Internal Affairs, Kharkiv, Ukraine).
- [6] Petrychko, N.O. (2010). *Illegal gambling: Criminal law and criminological research* (Doctoral dissertation, National Academy of Internal Affairs, Kyiv, Ukraine).
- [7] Savchenko, A.V. (2010). Criminal qualification of illegal gambling. *Lawyer*, 1(112), 40-44.
- [8] Ryabchuk, S.V. (2018). *Criminological characteristics and prevention of construction business* (Doctoral dissertation, Kharkiv National University of Internal Affairs, Kharkiv, Ukraine).
- [9] Lyskov, M.O. (2017) *Public administration of the lottery sphere* (Doctoral dissertation, National Academy of Internal Affairs, Kyiv, Ukraine).
- [10] Drachevsky, E.Y. (2021) *Criminal and legal protection of economic relations in the field of organization and conduct of gambling and lotteries* (Doctoral dissertation, Vasyl' Stus Donetsk National University, Vinnytsia, Ukraine).
- [11] Williams, R., Rehm, J., & Stevens, R. (2011). *The social and economic impacts of gambling. Final Report prepared for the Canadian Consortium for Gambling Research*. Retrieved from https://gamblingriskinformednovascotia.ca/wp-content/uploads/2019/01/SEIG_FINAL_REPORT_2011.pdf.
- [12] Abbott, M., Binde, P., Clark, L., Hodgins, D, Johnson, M., Manitowabi, D., Quilty, L., Spångberg, J., Volberg, R., Walker, D., & Williams, R. (3rd ed.). (2018). *Conceptual framework of harmful gambling: An international collaboration*. Ontario: Gambling Research Exchange Ontario
- [13] Zheng, V., & Hung, E.P.W. (2012). Evaluating the economic impact of casino liberalization in Macao. *Journal of Gambling Studies*, 28(3), 541-559.

- [14] Gonzales, A.A., Lyson, T.A., & Mauer, K.W. (2007). What does a casino mean to a tribe? Assessing the impact of casino development on Indian reservations in Arizona and New Mexico. *The Social Science Journal*, 44(3), 405-419.
- [15] Official website of the European Lottery Association. (n.d.). Retrieved from <https://www.european-lotteries.org/mission-and-strategy>.
- [16] Gambling laws around the world. (n.d.). Retrieved from <https://www.keytocasinos.com/gambling-laws-around-the-world>.
- [17] Macau Casino lost \$ 14 billion in capitalization during the review. (2021). Retrieved from <https://biz.liga.net/ua/ekonomika/all/novosti/kazino-makao-poteryali-14-mlrd-kapitalizatsii-v-ojidanii-usileniya-nadzora>.
- [18] Toporetska, Z.M. (2012). *Features of the investigation of gambling*. Kyiv: Taras Shevchenko National University of Kyiv.
- [19] Gu, X., Li, G., Chang, X., & Guo, H. (2017). Casino tourism, economic inequality, and housing bubbles. *Tourism Management*, 62, 253-263.
- [20] Macau as an example for Vladivostok? Will it become the “golden mountain” of the Russian Far East? (n.d.). Retrieved from <http://vib.adib92.ru/main.mhtml?PubID=15354&Part=12>.
- [21] US gambling business. Retrieved from <https://slots.com.ua/gambling/igornyj-biznes-ssha>.
- [22] More than Ukraine's budget. The US gambling industry has shown record revenue in history. (2021). Retrieved from <https://azart.nv.ua/ukr/news/dohodi-gralnogo-biznesu-50177133.html>.
- [23] Industrial excitement develops cities and unifies business. (2002). Retrieved from <https://guide.travel.ru/usa/94999.html>.
- [24] Casinos, online casinos, slot machines in India. (n.d.). Retrieved from <https://choicecasino.com/ru/india>.
- [25] Casinos, online casinos, slot machines in Laos. (n.d.). Retrieved from <https://choicecasino.com/ru/lao-peoples-democracy-republic>.
- [26] Light, R. (2007). The Gambling Act 2005: Regulatory containment and market control. *The Modern Law Review*, 70(4), 626-653.
- [27] La Francaise des Jeux says it takes into account the EU's investigation into exclusive rights. (n.d.). Retrieved from <https://www.reuters.com/companies/fdj.pa/key-developments>.
- [28] Copyright: Commission calls on member states to comply with EU rules on copyright in the digital single market. (2021). Retrieved from https://ec.europa.eu/commission/presscorner/detail/en/mex_21_3902.
- [29] Gambling in France – Casino of France, online casino of France. (2020). Retrieved from <https://newsofgambling.com/gambling-france/>.
- [30] Gambling business in France. (n.d.). Retrieved from <https://slots.com.ua/gambling/igornyj-biznes-francii>.
- [31] Les grands principes. (n.d.). Retrieved from <https://anj.fr/lanj/les-grands-principes>.
- [32] Gambling Act. (n.d.). Retrieved from <https://www.spillemyndigheden.dk/uploads/2019-01/Act%20on%20Gambling.pdf>.
- [33] Hoffman, H.N. (n.d.). *Review of the gambling act: Denmark*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/denmark>.
- [34] Danish Gambling Authority. (n.d.). Retrieved from <https://www.spillemyndigheden.dk/en/land-based-casinos#land-based-casinos->.
- [35] Rapani, C., & Rapani, J.K. (2022). *Review of gambling law: Austria*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/austria>.
- [36] Gambling regulations. Federal Ministry of Finance (Republic of Austria). (n.d.). Retrieved from <https://www.bmf.gv.at/en/topics/taxation/regulation-of-games-of-chance.html>.
- [37] Vlaemmink, Ph., & Verbeke, R. (2022). *Gambling law review: Belgium*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/belgium>.
- [38] Hoffmann, J., & Spitz, M. (2022). *Gambling law review: Germany*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/germany>.
- [39] The Law on lotteries, etc. (The Lottery Act). (1995). Retrieved from <https://www.global-regulation.com/translation/norway/5961604/the-law-on-lotteries%252c-etc-%2528the-lottery-act%2529.html>.
- [40] Haglund, B.A., & Mollan, A. (2022). *The gambling law review: Norway*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/norway>.
- [41] Dynowski, P., & Sałajczyk, M. (2022). *The gambling law review: Poland*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/poland>.
- [42] Cortés, P. (2022). *The gambling law review: Portugal*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/portugal>.
- [43] De Castejón, P.G., & Lobato, A. (2022). *The gambling law review: Spain*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/spain>.

- [44] Federal Law “On Gambling (Gaming Act, BGS)”. (2017, September). Retrieved from <https://www.bk.admin.ch/ch/d/pore/va/20180610/det619.html>.
- [45] Planzer, S. (2022). *The gambling law review: Switzerland*. Retrieved from <https://thelawreviews.co.uk/title/the-gambling-law-review/switzerland>.
- [46] Law of Hungary No. XXXIV “On the Organization of Games (Gambling Business)”. (1991). Retrieved from <http://vib.adib92.ru/main.mhtml?PubID=597>.

Ruslan O. Stefanchuk

Doctor of Law, Professor
Academician of the National Academy of Sciences of Ukraine
National Academy of Legal Sciences of Ukraine
61024, 70 Pushkinska Str., Kharkiv, Ukraine

Danylo O. Hetmantsev

Doctor of Law, Professor
Professor of the Financial Law Department of Educational and Scientific Institute of Law
Taras Shevchenko National University of Kyiv
01033, 60 Volodymyrska Str., Kyiv, Ukraine

Zoriana M. Toporetska

PhD (Law)
Assistant professor of the Department of Criminal
Procedure and Forensic of Educational and Scientific Institute of Law
Taras Shevchenko National University of Kyiv
01033, 60 Volodymyrska Str., Kyiv, Ukraine

Suggested Citation: Stefanchuk, R.O., Hetmantsev, D.O., & Toporetska, Z.M. (2022). Models of public game business governance in the world. *Journal of the National Academy of Legal Sciences of Ukraine*, 29(1), 94-105.

Submitted: 12.04.2022

Revised: 13.05.2022

Accepted: 15.06.2022