

## German Court Decision Is 'Black Friday' For Slots Industry

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Tight restrictions on the slot machine market do not unduly infringe the constitutional rights of operators, Germany's Federal Constitutional Court has ruled.

The court published its **decision** on Tuesday and held that state legislation on minimum distance requirements and prohibitions on the exploitation of multiple concessions under one roof are justified.

The court acknowledged in its **press release** that the requirements do interfere with operators' constitutionally guaranteed freedom of occupation, but added that they were justified as they also combat "the dangers of addiction associated with slot halls" and ensure the protection of minors.

Georg Stecker, chairman of the board at the umbrella association of the German slots and vending machine industry, Die Deutsche Automatenwirtschaft, said: "This is a blow against commercial legal gambling offers in Germany ... we fear that illegal gambling offers on the internet or in back rooms will be boosted."

The proceedings were brought by four operators and related to legislation passed by Berlin, Bavaria and Saarland, which was enacted on the basis of the Interstate Treaty on Gambling.

Gauselmann issued a press release expressing its disappointment with the ruling. "As Germany's biggest company in the slot machine industry, we have lost our faith in Germany as a business location," the family-owned business stated, adding that it would now increase efforts in gambling markets outside Germany.

The judgment also clarifies that putting in place minimum distance requirements is a proportionate way of achieving protection for players: "A milder, equally effective measure is not evident. In particular, measures merely relating to players or machines are not equally effective in the fight against and prevention of gambling addiction."

Minimum distance requirements vary from state to state and range up to 500 metres in some states, including Berlin. Various additional restrictions apply, such as a minimum distance from schools and a cap of eight machines per outlet in Berlin.

Marcus Röhl, an attorney with German law firm Benesch Winkler, told GamblingCompliance: "The judgment is a Black Friday for the slots industry. The Federal Constitutional Court thwarted the hopes of operators for a favourable decision and [enacted] a comprehensive turnaround regarding the regulations on slots in place since 2012."

The decision follows an **earlier ruling** by the Supreme Administrative Court which held that similar restrictions in Berlin were compliant with German and European Union law.

Separate constitutional complaints are still pending with the constitutional court and a decision on these is expected in due course. However, with the ruling published this week being so clear, it does not seem very likely that Germany's states will have to reconsider the restrictions.

With a five-year grace period for existing arcades coming to an end in June, local authorities are scrambling to decide which outlets have to be closed to implement the minimum distance requirements.

Most states have not provided selection criteria that would guide authorities in their decision-making process.

Paul Gauselmann, founder and chairman of the board of the Gauselmann Group, said: "We will continue to fight for each of our gaming halls and each job."

He added: "We cannot rule out that we will have to cut jobs in Germany in the long term."

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