

## LAW OF THE REPUBLIC OF ARMENIA ON GAMES OF CHANCE AND CASINOS

Adopted on 13 December 2003

### CHAPTER 1 GENERAL PROVISIONS

#### **Article 1. Subject Matter of the Law**

1. This Law regulates the relations with regard to operation and regulation of gaming and casino activities, as well as establishes the state supervision thereover.
2. This Law does not cover activities relating to gaming operation through any means of remote communication, with the exception of the cases prescribed by this Law.
3. Chess, draughts, backgammon, shooting, billiards and other similar types of sport games are not treated as games of chance except for certain card games.

***(Article 1 supplemented by HO-22-N of 25 December 2006)***

#### **Article 2. Main Concepts Used in the Law**

The following main concepts are used in this Law:

*"game of chance"* means any kind of automatic or live game that in some way offers an opportunity for a prize;

*"automatic game"* means a game conducted by means of a programmed or mechanical gaming machine or other similar device, with the participation of the player only;

*"live game"* means any game in which the dealer participates together with the player, or several players are given an opportunity to participate simultaneously without the participation of the dealer (except for automatic games);

*"operation of casinos"* means conducting games of chance in a casino;

*"casino"* means a gambling hall where a live game (games) is (are) conducted and/or more than 20 automatic games are operated;

*"gambling hall"* means an area within the premises where games of chance are organised and conducted;

*"dealer"* means a natural person authorised by an operator or acting on behalf thereof who, with a view to conducting a game or verifying its outcome, actually participates in the game with the player or operates the game;

*“player”* means a natural person or persons (except for the dealer) participating in a game of chance;

*“operator”* means an organisation holding a game of chance or casino operating license in the manner prescribed by law and pursuing the objective of receiving income (profit) from operation of a game of chance or a casino;

*“authorised body”* means a state administration body authorised by the Government of the Republic of Armenia, which performs functions of licensing of and supervision over games of chance and casino activities;

*“Internet game of chance”* means the provision of an opportunity for a player to participate in a game of chance (provision of the right to participate by any means, except by internet betting) directly (in a gambling hall) and/or through internet or by any similar global network system and any systemised network channels with the exception of interactive gaming conducted by means of data communication and/or short message services provided through mobile terrestrial networks; such games are operated by any person acting independently or as a delegate under a delegation contract, a commission agent under a commission contract, an agent under an agency contract, a surety under a suretyship contract, a representative (including a commercial representative) under power of attorney, as well as a commercial agent or a person authorised by any other person in any manner under a public contract or other contracts or without such contracts (hereinafter referred to as “operator of internet gaming”).

**(Article 2 supplemented by HO-22-N of 25 December 2006)**

**Article 3. Use of the Words “*Khaghatun*” [Casino], “*Khaghasrah*” [Gambling Hall] and “*Shahumov Khagher*” [Games of Chance]**

1. Casino operators may use the words "*khaghatun*" [casino], "*khaghasrah*" [gambling hall] and "*shahumov khagher*" [games of chance], the derivatives and translations thereof in their names or posters.
2. Operators of games of chance may use the words "*khaghasrah*" [gambling hall] and "*shahumov khagher*" [games of chance], the derivatives and translations thereof in their names or posters.
3. Operators of games of chance may not use the word "*khaghatun*" [casino], the derivatives and translations thereof in their names or posters.

**CHAPTER 2**

**OPERATION OF GAMES OF CHANCE AND CASINOS**

**Article 4. Operators of Games of Chance and Casinos**

Commercial organisations registered in the Republic of Armenia may operate games of chance and casinos in the Republic of Armenia on the basis of a respective licence issued by the authorised body.

## **Article 5. Operation of Games of Chance and Casinos**

Operation of a game of chance or a casino shall be the installation and operation of gaming equipment defined by the first part of Article 2 of this Law or provision of opportunities for participation of players in a game of chance in any other way for the purposes of receiving income (profit).

## **Article 6. Requirements Pertaining to the Operation of Games of Chance and Casinos**

1. The minimum total share of programmed winnings in the revenue generated from the operation of gaming machines shall constitute 86 percent.

2. The operator shall:

(a) operate a casino or games of chance only at the premises (address) indicated in the licence;

(b) ensure that the gambling hall is not visible from outside;

(c) ensure the protection of the gambling hall area with security and firefighting alarm systems;

(d) prohibit natural persons under 21 years of age from entering a gambling hall;

(e) when operating games of chance not conditioned by an element of chance, give an advance notice and explanation to the players thereon;

(f) provide the prize upon the first request of the player;

(g) ensure the exchange of chips (tokens) only against payment made in Armenian drams, in cash, by bank card or other payment instruments accepted in the banking practice;

(h) pay, for every subsequent year, the annual state duty within the time period specified by the Law of the Republic of Armenia on State Duty;

(i) post in a conspicuous place in the gambling hall the rules of the games operated therein (except for gaming machines that have an indication of the winning options thereon);

(j) operate and conduct games of chance in compliance with the rules of procedure laid down by the operator and agreed with the authorised body;

(k) ensure the fulfilment of the requirements specified by the Law of the Republic of Armenia on Anti-Money Laundering and Combating Financing of Terrorism.

3. A casino or a game of chance, as well as an internet game of chance organised directly (through a gambling hall) may be operated outside the administrative boundaries of urban communities.

***(Article 6 supplemented by HO-26-N of 14 December 2004, HO-22-N of 25 December 2006 and amended by HO-88-N of 26 May 2008)***

## **Article 7. Rules of Procedure for Operating and Conducting Games of Chance**

1. The rules of procedure for operating and conducting a game of chance shall contain:

- (a) name and legal status of the applicant;
- (b) registered office and place of establishment of the applicant;
- (c) types and number of operated games of chance (automatic and/or live);
- (d) price of one ticket and/or one chip (token) and/or one unit for the game of chance;
- (e) procedure for conducting the game;
- (f) winning options,
- (g) place of payment of prizes;
- (h) rights and duties of players;
- (i) rights and duties of the operator.

2. The rules of procedure for operating and conducting a game of chance shall be submitted to the authorised body and agreed therewith, together with an application for a licence for operation in the given territory.

3. The operator shall come to an agreement with the authorised body on the amendments and supplements to the rules of procedure for operating and conducting a game of chance prior to the application thereof, by submitting two copies of the amendments to the authorised body.

The authorised body shall, within a period of 15 days, adopt a decision on giving consent to or rejecting the proposed amendments to the rules of procedure. A copy of the decision shall be provided (delivered by post) to the operator within three days.

Where the authorised body has adopted a decision on giving consent to the amendments to the rules of procedure with a reservation, the operator shall be obliged to submit the corrected documents to the authorised body within ten days following the adoption of the decision, and within five days thereafter the authorised body shall provide the applicant with one copy of the amendments made to the rules of procedure on operating and conducting a game of chance agreed with the authorised body. Where the operator does not submit the corrected documents to the authorised body within ten days following the adoption of the decision, the decision of the authorised body on giving consent to the amendments to the rules of procedure with a reservation shall be deemed revoked.

4. The authorised body shall not give its consent to the amendments and supplements prescribed by part 3 of this Article where these amendments and supplements:

- (a) contradict the laws and other legal acts of the Republic of Armenia;
- (b) jeopardize the interests of players;
- (c) contradict the requirements of part 1 or the rules specified under part 5 of this Article.

5. The same rules established by the Government of the Republic of Armenia shall apply to live games of the same type; the operator being free to choose the extent of its activities.

## CHAPTER 3

### **LICENSING OF AND SUPERVISION OVER GAMES OF CHANCE AND CASINO ACTIVITIES**

#### **Article 8. Licensing of Games of Chance and Casino Activities**

1. Licensing of games of chance and casino activities shall be carried out in the manner prescribed by the Law of the Republic of Armenia on Licensing, this Law and other legal acts.

2. Application for obtaining a licence shall be rejected:

(a) where documents attached to an application do not comply with the requirements of laws and other legal acts, or false information is provided therein;

(b) where an applicant for a licence has overdue liabilities with regard to taxes and other mandatory payments prescribed by law;

(c) where the rules of procedure for operating and conducting a game of chance contradict the laws and other legal acts of the Republic of Armenia, or they contain such conditions that may jeopardize the interests of players, or contradict the requirements of Article 7(1) or the rules specified under Article 7(5);

(d) in other cases provided for by law.

3. In case a decision on satisfying an application for a licence has been adopted, the licence shall be issued to the applicant not later than within a period of one month after the first annual payment of the state duty specified by law following the submission of a document attesting such payment.

4. Where, following a decision on issuing a licence with a reservation, the operator fails to communicate to the authorised body the information on eliminating the deficiencies referred to in that decision or submit the receipt of the first annual payment of the state duty for obtaining a licence within a period of one month, the authorised body shall, as a condition for issuing a licence, request the applicant to submit a statement attesting that the documents attached to the application for a licence are still in force within the meaning of compliance of these documents with this Law and other legal acts.

5. Where the aforementioned statement has not been submitted, or the applicant declares that one of the documents attached to the application has been repealed, and a substituting document has not been submitted, the authorised body shall adopt a decision on rejecting the application for a licence.

6. A licence for operating games of chance shall not confer a right to operate a casino.

A licence for operating a casino shall confer a right to operate any kind of game of chance in the same gambling hall by observing the requirements of this Law.

7. Operation of Internet games of chance shall be subject to licensing in the manner defined by the Law of the Republic of Armenia on Licensing through the simple procedure. The requirements (except for the requirement prescribed by Article 6(3) of this Law with regard to direct (through gambling halls) operation of internet games of chance) specified by this Law shall not apply to the operation of internet games of chance. The state duty specified for the operation of internet games of chance shall be

levied (paid) in the manner and amounts defined by the Law of the Republic of Armenia on State Duty.

***(Article 8 supplemented by HO-22-N of 25 December 2006)***

**Article 9. Supervision over Games of Chance and Casino Activities**

1. The authorised body shall exercise supervision over games of chance and casino activities through carrying out on-site inspections and desk audit, and, based on the results thereof, apply sanctions provided for by Article 11 of this Law in case of revealing deficiencies specified by this Law.

2. Inspections of games of chance and casino activities shall be carried out in the manner prescribed by law.

3. Desk audit shall be carried out through examination of information (reports) on activities of operators submitted by the latter to the authorised body in the manner prescribed by Article 10 of this Law.

**Article 10. Procedure for Submitting Information (Reports) on Operation of Games of Chance And Casinos**

1. Before the last day of the month following each quarter, operator of a game of chance or a casino shall, for the reference quarter, submit to the authorised body a statement, issued by respective territorial tax authority on liabilities of the operator, covering the reference period, with respect to taxes as well as other compulsory payments specified by law.

2. Operator of a game of chance or a casino shall, before the 30<sup>th</sup> of April of the year following the reference year, submit to the authorised body an independent audit conclusion on its annual financial statements to be filed to respective state bodies in accordance with the accounting legislation and publish its annual financial statements to be filed to the respective state bodies in accordance with the accounting legislation in printed media with circulation of at least 1000 copies and submit a copy thereof to the authorised body by the 15<sup>th</sup> of May of the year following the reference year.

***(Article 10 amended by HO-229-N of 24 October 2007)***

**CHAPTER 4**

***INFRINGEMENTS OF THIS LAW AND SANCTIONS APPLICABLE TO SUCH INFRINGEMENTS***

**Article 11. Sanctions Applicable to Infringements of this Law**

In case of infringement of this Law, the authorised body shall apply the following sanctions with regard to the operator:

- (a) warning and assignment to eliminate the infringements;
- (b) fine;

- (c) suspension of the licence;
- (d) bring an action to the court for termination of the licence.

In case of infringement of the requirement referred to in Article 6(2)(g) of this Law, the sanction shall be applied pursuant to the Law of the Republic of Armenia on Currency Regulation and Currency Control.

***(Article 11 supplemented by HO-80-N of 23 May 2006)***

## **Article 12. Warning and Assignment to Eliminate Infringements**

1. The authorised body shall record the committed infringement through on-site inspections or desk audit, and warn the operator thereof.
2. The warning shall also envisage an assignment to eliminate the committed infringement within the period specified by the authorised body or to take measures aimed at preventing such infringement in the future; the fulfilment of the assignment shall be binding.
3. A warning shall be applied as sanction where an operator:
  - (a) has infringed the procedure for submission and publication of the information (reports) provided for by Article 10 of this Law;
  - (b) has not fulfilled any of the requirements referred to in Article 6(2)(b), (c) or (i) of this Law.

***(Article 12 amended by HO-80-N of 23 May 2006)***

## **Article 13. Fine**

1. The authorised body shall apply and charge fines. Where an operator does not agree to the decision of the authorised body on applying a fine, the authorised body shall bring an action to the court for charging the fine.
2. A fine shall be applied as sanction where an operator:
  - (a) has infringed the requirement of the minimum amount specified by Article 6(1) of this Law – in the amount of AMD 200 000 for each gaming machine;
  - (b) has infringed the requirement specified by Article 6(2)(d) of this Law – in the amount of AMD 200 000 for each case of infringement;
  - (c) has infringed the requirement specified by Article 6(2)(e) of this Law – in the amount of AMD 300 000;
  - (d) has infringed the requirement specified by Article 6(2)(f) of this Law – in the amount of AMD 200 000;
  - (e) has repeated the same infringement within two years after applying the relevant warning in accordance with Article 12 of this Law – in the amount of AMD 100 000;
  - (f) has infringed the requirement referred to in Article 3(3) of this Law – in the amount of AMD 500 000;

(g) has infringed the requirement referred to in Article 6(2)(j) of this Law – in the amount of AMD 500 000 for each case of infringement;

(h) has changed one of the particulars submitted for obtaining a licence as prescribed by the procedure for licensing (except for the requirements provided for by Article 7 of this Law), which would not serve as a ground for rejecting the application for a licence - in the amount of AMD 200 000 for each case of infringement;

(i) has not eliminated the committed infringement in accordance with Article 12(2) of this Law within the period specified by the authorised body, and has not informed the authorised body thereof in writing - in the amount of AMD 100 000 for each case of infringement.

3. Where within two years after applying a fine, pursuant to part 2 of this Article, the infringement serving as a ground for applying a fine continues or a new such infringement is committed, the amount of the fine shall be increased by AMD 1 000 000.

4. For late submission of information (reports) or inclusion of unreliable information therein, the authorised body may bring an action to the court for imposing a fine on the executives of the operator in an amount not exceeding AMD 100 000.

#### **Article 14. Suspension of a Licence**

1. The authorised body shall suspend the licence:

(a) where an operator has infringed the requirements laid down in Article 6(2)(a) or (h) of this Law;

(b) where an applicant has overdue liabilities with regard to taxes or other mandatory payments as prescribed by law;

(c) in other cases prescribed by law.

2. In case of infringement of the requirements referred to in part 1(a) and (b) of this Article, the licence shall be suspended until the elimination of the ground for infringement. In case of infringement of the requirement referred to in part 1(c) of this Article, the licence shall be suspended for the period specified by the respective law. Suspension of a licence shall be exercised in the manner prescribed by the Law of the Republic of Armenia on Licensing.

#### **Article 15. Termination of a Licence**

1. The authorised body shall terminate a licence:

(a) where an operator has provided false data in the documents referred to in Article 10 of this Law;

(b) where an operator has - for the third time within two years after applying a fine in compliance with Article 13 of this Law - committed an infringement that serves as a ground for applying a fine;

(c) where an operator has - within two years after committing an infringement that serves as a ground for suspension of a licence in compliance with Article 14 of this Law - committed an infringement which is a ground for a second suspension of the licence;



(d) in other cases provided for by law;

(e) upon the request of the operator.

2. A licence shall be suspended in the manner prescribed by the Law of the Republic of Armenia on Licensing.

## **CHAPTER 5**

### ***FINAL PROVISIONS***

#### **Article 16. Transitional Provisions**

1. Licences issued before the entry into force of this Law - in the prescribed manner and with the observation of the requirements of this Law - shall be valid until the expiration thereof.

2. This Law shall enter into force on the tenth day following its official publication.

3. The provisions stipulating mitigation of liabilities of operators by this Law shall not have retroactive effect.

4. Upon entry into force of this Law, the Law of the Republic of Armenia on Games of Chance and Casinos HO-102 of 23 October 2000 shall be repealed.

**President**  
**of the Republic of Armenia**

**R. Kocharyan**

7 January 2004

Yerevan

HO-1-N