

Press Release – 25/05/2017

MGA Reacts to International Media Articles

The Malta Gaming Authority (MGA) makes reference to a number of media articles which appeared on various international online news portals. The MGA strongly objects to the articles in question which contain factual inaccuracies and a misleading portrayal of the Malta Gaming Authority and the way it operates. The articles in question are based on unfounded allegations by an ex-employee of the MGA (Valery Atanasov, a Bulgarian national) with whom the Authority has a pending case currently being heard in front of the Industrial Tribunal over his dismissal from the Authority following a decision by an independent disciplinary board.

The comments centre around an outdated process called ‘sealing’, a legacy and internal (non-critical) procedure which has since been discontinued in light of technological developments and innovations e.g. cloud solutions. On the other hand, the process of tagging (of equipment) was retained for inventory control purposes. The Authority employs various other procedures which include third party technical audits and spot checks, data extractions, 24/7 CCTV monitoring at data centres, lab certificates of critical components (e.g. servers), website/data centre traffic monitoring and verification of replication procedures for data not hosted in Malta. This provides the Authority with sufficient assurances and capability to conduct its supervisory functions effectively including any potential tampering with equipment. The Authority also audits its licensees information security procedures and processes against an internal manual largely adopted from international technical standards such as ISO 27001. This provides far more comprehensive protection than any physical sealing. It is pertinent to point out that servers can also be located overseas in line with the freedoms established under the EU treaty and hence the shift in ensuring that such servers are located in ISO certified data centre facilities having world class standards including ongoing surveillance and 24/7 CCTV monitoring.

The Authority like any other regulator, acting in the public interest, has a number of discretionary powers on how to execute its functions by virtue of policies and procedures which are underpinned by a risk based approach, designed to follow a regulatory logic to achieve the regulatory objectives at play. As a dynamic and innovative regulator, the Malta Gaming Authority keeps its processes constantly under review to ensure that regulatory processes are in sync with developments in the industry both in terms of technological advancements and regulatory performance. The Authority makes it clear that there is absolutely no link between tax evasion or money laundering with respect to the outdated practice of sealing or tagging of equipment. The Authority has other mechanisms in place to supervise tax compliance and money laundering in line with the pertinent legislation. Any media statements to the contrary are based solely on misinformation, poor knowledge of the gaming sector or worse, misleading information. The implementation of the new EU 4AMLD

(Fourth Anti-money Laundering Directive) including attendant supervisory mechanisms later on this year will further strengthen the Authority's oversight in this area.

