

Class: UP/I 034-03/2015-01/010

Reg. no: 580-09/64-2015-093

Zagreb, 22 December 2015

Case: CCA v Bolus d.o.o., Zagreb, Favorit sportska kladionica d.o.o., Zagreb, Germania Sport d.o.o., Zagreb, Hattrick d.o.o., Dugopolje, Prva sportska kladionica d.o.o., Zagreb and Super Sport d.o.o., Zagreb

- Decision on a prohibited agreement (cartel between betting shops)

Case summary:

On 22 December 2015 the Croatian Competition Agency (CCA) established that the betting shops Bolus, Favorit sportska kladionica, Germania Sport, Prva sportska kladionica and Super Sport active in the gaming and betting sector entered a cartel (prohibited agreement) and fined them a total of 9.7 million Kuna for the hard core infringement.

In an ex officio proceeding and based on the direct evidence the CCA established beyond any doubt that the above mentioned undertakings fixed the level of the bookmaker commission fee in the Republic of Croatia in the meeting of the Association of Pool Betting Shops on 26 March 2014.

The direct physical evidence for the existence of a collusive conduct were the minutes from the extraordinary meeting of the Assembly of the Association of Pool Betting Shops as well as the Notice on the change in vigorish calculation method of 28 March 2014 that was communicated by the Association to other betting shops in the market. The agreement started to apply on 1 April 2014.

This agreement constitutes a prohibited agreement under the competition rules, an infringement of competition rules that lasted from March 2014 to November 2015.

The commission or handling fee or so called vigorish represents a constituent part of the price of the product, in this concrete case in the price of betting, whose level depends on the method on the basis of which it is calculated. This deduction from the bet as processing fee depends exclusively on the betting business owner when taking a bet from the gambler, where the bettor alone decides on the calculation method and the level of this cut, or even whether to charge this amount or not.

The fact that vigorish is not regulated and that it is optional, that was confirmed in the statements made by the betting shops, opens the possibility for them to decide on their own

and compete in the market by different commission fee levels, the possibility that was excluded on the basis of this agreement.

Besides, given that here the undertakings agreed on the constituent element of the price, the agreement constitutes a hard cord restriction. What is more, a new method was agreed for the calculation of the handling fee that was less favourable for the consumers than the one that had been in force before 1 April 2014. Namely, the commission fee had been calculated as a bet percentage while after the agreement at issue entered into force as a percentage of the possible winning.

Given the fact that the gamblers use the service of sport bettors for winning, the cut in the stake that is the result of the change in the vigorish calculation method also leads to the cuts in possible wins. At the same time, based on the new calculation method the bettors' revenues increased on the basis of the wager cuts based on the new bookmaker commission fee calculation method.

Taking into account the gravity of the infringement, having weighed the aggravating and mitigating factors in this particular case, the CCA assessed that the level of the imposed fine on the members of this cartel will at the same time produce a preventive effect on the participating undertakings and a deterrent effect which should keep other undertakings from any infringements of competition law.