# NEWSletter



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# DIGITAL ADDICTION IN CHILDREN AND ADOLESCENTS: EXPERTS CALL FOR REGULATION AND PREVENTION



At the beginning of May, the Chamber of Deputies of the Parliament of the Czech Republic held an expert seminar focused on the impact of digital technologies on children and youth. Neuroscientists, psychologists, addictionologists and representatives of the state administration gathered here and agreed on one thing: the situation is alarming and without clear rules and systematic prevention, we cannot expect change for the better.

It may come as a surprise at first glance, but as IPRH we have long been involved in topics that go beyond traditional gambling. One of these is digital addiction in children and adolescents. The reason for this is obvious - the current online environment and the gaming industry are increasingly using elements typical of gambling, such as lootboxes and skin trading. This grey area between gambling and the gaming world is a serious risk that we have repeatedly highlighted.

That is why we decided to participate in this seminar. We were there as guests - but also as experts who have real experience in regulating similar phenomena. We are convinced that know-how in the field of gambling legislation, prevention and self-regulation can contribute significantly to the protection of vulnerable groups also in the digital environment.

According to an international study by HBSC (Health Behaviour in School-Aged Children), 8% of Czech children aged 11 to 15 are now problematic social media users, compared to only 5% in 2018. The most frequently cited negative impacts include neglect of leisure activities, sleep disorders, school failure or deteriorated family relationships.

During the seminar, neurologist Martin Jan Stránský pointed out the serious consequences of prolonged exposure to virtual environments on the development of children's brains. *"Digital technologies suppress the ability to concentrate, empathy and critical thinking. A child in the online world does not experience reality - and without experiencing reality, he cannot develop properly,"* he said. He also supported a blanket ban on mobile phones in schools, which 79 countries have already introduced.

Lucia Kiššová, Director of the Drug Policy Department at the Office of the Government, said the Czech Republic is only at the beginning of a systemic response. However, she stressed the importance of prevention, education and an open debate on possible regulatory instruments. *"Digital technologies are a normal part of everyday life. It is all the more important to teach children and adults how to use them safely and responsibly,"* she said.

Experts agree that a combination of age and time limits, banning mobile phones in schools, regulating advertising, limiting microtransactions and developing digital literacy may be the solution. While these measures are already working in some European countries, the Czech Republic lacks a unified strategy - and risks being left behind.

Our aim is not to demonise or ban technology. On the contrary, we encourage responsible and judicious use. As with gambling, we believe that the key is to balance freedom with protecting the vulnerable. Where gaming mechanics resemble gambling, they should be subject to an appropriate level of regulation. And if algorithms purposely maximise the time children spend online, it is fair to ask whether this is acceptable.

Experience in gambling regulation shows us that well-set rules do work. That is why we are ready to contribute our expert insight and actively engage in the search for solutions in this area as well.

## THE CONSTITUTIONAL COURT HAS ONCE AGAIN STRENGTHENED THE POWER OF MUNICIPALITIES



The long-awaited decision of the Constitutional Court (CC) ( Pl. ÚS 24/24 ) regarding the evaluation of the regulation of gambling in the territory of the capital city of Prague has been adopted. After a relatively long period of time, the Constitutional Court has again commented on the power of municipalities to regulate gambling on their territory, in particular on the need to justify the regulation adopted. The Constitutional Court confirmed its opinion, which has long protected the right of municipalities to regulate gambling, even without regard to other constitutionally enshrined principles such as proportionality or predictability of law. It confirmed the strong position of municipalities. By its conclusions, it essentially allowed municipalities to adopt gambling regulation based on the political beliefs of municipal leaders, hidden in the cloak of a fight against the negative impacts of gambling.

In the proceedings in question, the Ministry of the Interior proposed the repeal of certain parts of a generally binding ordinance of the City of Prague, which prohibits the operation of technical games throughout its territory and, in the case of live games, allows them to be operated only in certain parts of the city because of its discriminatory nature. However, according to the Constitutional Court, the model chosen by the capital is in order. The selection of the districts was based on justifiable criteria, was not discriminatory and thus did not contravene the Competition Act, as the Office for the Protection of Competition (OPC) had previously assessed in its decisions. The Constitutional Court even stated that the OPC's eventual decision to fine the city could not stand in the light of its decision.

With regard to municipal regulation, the Constitutional Court then reaffirmed that municipalities do not have to provide any factual justification for their decision when establishing an across-the-board ban, as the operation of gambling in landbased environments constitutes a *"socially undesirable phenomenon",* or that *"combating gambling in landbased environments"* remains a legitimate objective. It further strengthened the position of the municipalities by stating that if a blanket ban on gambling is applied only in certain districts of a statutory city, it is not a discriminatory measure. It is primarily for the municipalities to decide on the form of regulation of gambling in their territory.

## IPRH REPRESENTATIVES ATTENDED SEVERAL CONFERENCES IN MAY

In mid-May, the National Conference on the Promotion of Sport and Movement was held, with the participation of the country's top officials, President Petr Pavel and Prime Minister Petr Fiala. And IPRH was there. Participation in this conference builds on the ongoing cooperation between the National Sports Agency (NSA), the FAČR and IPRH in the area of combating match fixing and education on responsible gambling. The central idea of the conference was movement as the basis for a healthy life and a prosperous state. Representatives of sport, politicians and experts from the economic and health sectors discussed in five discussion sessions.

In the AML area, there were two events in May in which IPRH participated. The first one was the *so-called Country training* organized by the Financial Analytical Office (FAO) and the Council of Europe at the Czech National Bank. The aim of this event was to inform the private sector about the new developments concerning the MONEYVAL (Council of Europe Committee of

Experts on the Evaluation of AML Measures) evaluation, which the Czech Republic will be facing in spring 2026. The private sector was informed that the evaluation itself will focus more on the effectiveness of the implementation of individual AML measures in practice than on the legislative framework itself. From the sectors where the Czech Republic and the Council of Europe perceive a higher level of vulnerability and a higher risk of abuse for money laundering, representatives who will subsequently participate in the on-site evaluation will be selected by the Council of Europe. The on-site assessment then takes place in Prague directly with representatives of the Council of Europe, where representatives from the public and private sectors interview Council of Europe representatives and answer their questions. You will be informed in more detail about the evaluation later this year so that we can prepare the gambling sector thoroughly for the evaluation.

The second event was organised by the Council of Europe in cooperation with the European Commission, where the *EU Sanctions Helpdesk* was introduced to the private sector. This is a support tool designed especially for small and medium-sized businesses to help them comply with international sanctions. Through the website (EU Sanctions Helpdesk - European Union), it is possible to contact EU experts directly with questions on the application of international sanctions in specific cases. This sanctions helpdesk covers both UN and EU sanctions.

## IPRH IN COOPERATION WITH FAÚ ORGANISES TRAINING IN THE AML AREA

On **12 June 2025, the FAU will hold a training session in Prague on the detection and reporting of suspicious transactions**. Participants will also be introduced to the FAU's analytical work, the specifics of the gambling sector and the overall view of the gambling sector from a money laundering perspective. The speakers will be JUDr. Michaela Hladká, Ph.D., Director of the Analytical Department, and Mgr. Tomáš Hejda, Head of the Analysis II Department. If you are interested in attending this training and have not registered yet, please **use the following link.**

## INSPECTION OPERATION IN GAMBLING HALLS AND CASINOS REVEALED SERIOUS IRREGULARITIES

The April inspection action of the Customs Administration, codenamed BOŽENA, brought an unfavourable picture of compliance with the law in Czech gambling halls and casinos. In 45 inspections, 30 cases of suspected violations of the Gambling Act were found. The most serious finding was that among the 360 inspected visitors there were 23 persons registered in the Register of Excluded Persons (REP), who should have been denied access to gambling premises under the law. One of the persons checked was even a minor.

The findings undermine confidence in the ability of legal operators to ensure effective protection of vulnerable groups and compliance with legal obligations. Moreover, the data confirms concerns that violations of the rules are not a marginal phenomenon but a more common practice that strengthens the arguments of gambling opponents and hampers efforts to educate or regulate sustainably.

In addition to violations related to the REP, audits have traditionally revealed problems with the provision of the so-called live game. According to customs officials, some establishments showed signs of so-called quasi-casinos - i.e. establishments which, although formally meet the requirements for live game, in reality do not sufficiently ensure the presence of croupiers and thus the character of a legal casino. By law, each gaming table must have its own operator, which in many cases has not been complied with.

The way in which establishments were marked was also

a frequent subject of inspections. Customs officers also assessed the visual style and terminology, and in some cases they identified prohibited advertising. This formalistic approach has long been criticised among operators, as has the fact that the state does not have a uniform and binding methodology.

A positive trend, which the Customs Administration's report shows, is a significant reduction in the number of offences related to the so-called panic button - a tool for temporary self-exclusion of a player from participation in gambling. While in the previous ANEŽKA action this tool was violated in 19 cases, now there were only three establishments.

The findings come at a sensitive time - shortly before the elections and during preparations for local referendums on banning gambling, for example in Kladno and Polička. Repeated breaches of the law, especially those concerning the entry of persons excluded from gambling, can thus become an argumentative hammer for advocates of blanket bans.

Identity checks and verification of presence in REPs are essential for the legal sector to be able to defend its role against the black market and the public. It is therefore essential that there is consistent compliance with the obligations to enter gaming premises.

The final evaluation of the controls will take place in the coming weeks. Operators are required to provide operational documentation and CCTV footage. The most serious breaches of the law can result in a fine of up to CZK 50 million and a ban on operations for up to two years.

## THE UNITED KINGDOM IS PLANNING TO REFORM BRICK-AND-MORTAR CASINOS. OPERATORS WILL EXPAND THE RANGE OF SLOT MACHINES



The UK government has published a proposal for reform of land-based casinos, which aims to modernise the outdated regulatory framework and bring greater flexibility to operators. The proposals, which were laid before parliament on 12 May, will, among other things, allow for an increase in the number of gaming machines depending on the size of the establishment. Among the first to respond is a major player in the market - Rank Group.

### New framework for gaming areas

Under the proposal from the Department for Culture, Media and Sport (DCMS), the number of machines in casinos will be increased based on the built-up area. For example, a casino with a floor area of 380-400 m² will now be able to operate up to 28 machines, while the maximum limit for 40 machines will be 500 m². At the same time, the upper limit of the gaming area of casinos will be newly set at 1,500 m². Establishments exceeding this limit on 12 May will no longer be allowed to expand.

The proposal, if approved by both Houses of the British Parliament, will enter into force on 22 July. The reform is expected to unlock millions of pounds worth of investment potential, particularly in cities and traditional gaming centres.

### Support from regulators and operators

The reform is part of a broader review of the UK gambling law that was launched in 2023. The white paper, published last April, called for, among other things, easing restrictions on brick-and-mortar establishments and introducing sports betting in all casinos.

The Betting and Gaming Council (BGC), the main umbrella body for the UK gambling industry, has welcomed the proposals. *"Much needed reforms to the allocation of gaming machines and sports betting should*

*strengthen the sector,"* said a BGC spokesman. *"This will free up funds for new investment, modernisation of venues and better customer service."*

### Rank Group adds 882 new slots

The Rank Group immediately responded to the reform by announcing plans to add 882 new slot machines to its Grosvenor Casinos network. This currently includes 51 venues across the UK and has 1,367 machines. Following the expansion, this number will rise to 2,249 and could reach 3,112 machines within two to three years.

CEO John O'Reilly said the company was ready to make the most of the opportunities presented by the new regulations. "We are in a strong position to optimise the opportunities presented by the planned reforms. We are hopeful that the passage of the secondary legislation will lead to their swift implementation," he said.

In its third-quarter financial report, Rank said Grosvenor casinos generated £90.4m in revenue, up 13% year-on-year, with both table games (+14.5%) and electronic roulette (+9.5%) contributing to the growth.

### The future of land-based casinos?

While the digital gambling market continues to grow, the reform shows that land-based casinos still play a significant role in the UK entertainment industry. Modernising regulation and giving operators more flexibility can not only help to make them more competitive, but also to revitalise the urban centres where many casinos operate.

It remains to be seen whether the Parliament will finally approve the proposal. If so, it will pave the way for the biggest shift in the regulation of brick-and-mortar casinos in the UK in 20 years.

## CROATIAN GOVERNMENT RESTRICTS GAMBLING ADVERTISING AND STRENGTHENS PLAYER PROTECTION



Croatia has taken a significant step towards stricter regulation of gambling. The amendment to the Gambling Act, which was unanimously approved by the Croatian Parliament on 11 April and entered into force in early May, brings the biggest changes to advertising and addiction prevention in a decade.

The changes are the result of the government's cooperation with the Croatian Institute of Public Health and the Faculty of Education and Rehabilitation Sciences and reflect the government's commitment to mitigate the negative effects of gambling, especially on the younger generation.

*"The aim is to protect citizens from the harmful effects of gambling, especially in the digital environment, where gambling has spread the fastest,"* Prime Minister Andrej Plenković said when presenting the amendment.

### Advertising under strict supervision

One of the most visible impacts of the amendment is the severe restrictions on advertising. From 1 January 2026, gambling advertising will be banned:

- all advertising between 6:00 and 23:00 in all media (except for low-risk lotteries and advertising on operators' websites)
- in publicly visible places, including billboards,
- all advertising aimed at children and adolescents,
- use of bonuses, free spins or other incentives,
- promotion of gambling on social media, including live streaming,

participation of celebrities, influencers and online content creators.

In addition, every advertisement will have to include a mandatory warning about the risk of addiction and the prohibition of minors.

### Stronger tools to protect players

The amendment also introduces a robust self-exclusion system for players. The Croatian Institute of Public Health is to launch a central register of excluded persons by June 2026. Until then, a temporary contact point for data exchange will be established.

Players will be able to apply for expulsion electronically or in writing, not only by themselves but also through social workers, medical facilities or by court order. Operators will have 24 hours to enter the register and must prevent such a player from playing again.

### Criticism from industry and Brussels

Although the amendment has gained support across the political spectrum, it has met with resistance from industry representatives. The Croatian Association of Gaming Operators (HUPIS) warned of an "unreasonable regulatory burden" which it said could threaten jobs and feed the black market.

In addition, the European Gaming Industry Federation (EUROMAT) has alerted the European Commission that Croatia has allegedly failed to notify the planned changes in accordance with the European TRIS procedure, which may lead to legal consequences.

### What's next?

The government has announced that it will create a specialised regulatory body to oversee compliance with the new rules and impose fines or withdraw licences in the event of breaches. This gives operators until the end of the year to adapt their systems, procedures and marketing activities to the new regime.

The gambling market in Croatia is thus facing a period of fundamental transformation - in the name of public health and protection.

## GAMBLING UNDER THE PRESSURE OF EU LAW. LOTTOLAND CASE AT THE COURT OF JUSTICE COULD CHANGE THE RULES OF THE GAME

The European Court of Justice (ECJ) has taken up one of the most important gambling cases of recent years. The case, **C-440/23 Lottoland**, could have a major impact on how EU Member States regulate online gambling and whether players have a right to a refund from foreign operators.

At the heart of the dispute is the question whether the German legal regime in force before 2021, which effectively prevented foreign entities from operating on the German market, was compatible with European law. Lottoland, the holder of the Maltese licence, claims that the rules at the time unjustifiably prevented it from entering the German market, thereby infringing the principle of free movement of services in the EU.

### Legal domino effect

The Lottoland decision could have far-reaching consequences. If the court finds that Germany has violated European law with its previous rules, it would open the door to a wave of lawsuits not only in the gambling sector but also in other areas where national restrictions are contrary to single market rules.

*"The decision could rewrite the way Member States exercise their regulatory sovereignty,"* warns lawyer Alicia Pointner of Melchers. "It's not just a gamble - the balance between EU law and national regulation is at stake."

### Maltese law under fire

The court also touched briefly on the controversial **Maltese Law 55,** which prevents the enforcement of judgments issued in other EU Member States against gambling firms based in Malta. This law has paralysed hundreds of proceedings to recover money from gamblers in recent months. At the hearing, the European Commission said that the provisions of the law may be incompatible with European law and therefore a review is not ruled out.

However, the Maltese side claims that Law 55 is not directly related to the current case. But the Commission has returned to it repeatedly - the investigation has been ongoing for almost two years.

### Verdict in sight, market nervousness grows

According to the lawyers present, the court gave no

indication during the oral hearing of the direction the decision might take. It could be clearer **on 10** July, when the advocate general is due to publish his opinion. But the decision itself is not expected until **the end of this year**.

In the meantime, thousands of refund proceedings remain suspended in Germany. Meanwhile, the litigation investors who fund such actions continue to operate in Austria, the Netherlands and Germany, but are watching developments with caution. They are not yet considering expanding their activities to France, for example.

*"The result is completely open,"* says Jan Feuerhake of Taylor Wessing's Hamburg office. *"Two other similar cases heading to court may be even more significant and probably more accurately address the legal core of the issue."*

## AUSTRALIA CONSIDERS INVESTIGATION OF POLYMARKET OVER SUSPECTED ILLEGAL GAMBLING PROMOTION BY INFLUENCERS




Australia's national online gambling regulator, the Australian Communications and Media Authority (ACMA), is considering investigating US-based prediction platform Polymarket over its alleged use of social media influencers to promote betting products.

According to the information available, the New York-based company Polymarket paid popular content creators on TikTok and Instagram to publish paid posts tagged with the hashtag #polymarketpartner. These were allegedly accounts with tens to hundreds of thousands of followers that promoted bets on the outcome of the Australian federal election, including the election winner, the new prime minister and the results in individual ridings.

The ACMA said it is assessing whether Polymarket's conduct constitutes a breach of Australia's online gambling laws and whether an official investigation will be launched. It is also considering possible action against the Australian influencers involved in the promotion.

*"We are currently assessing the available information to decide whether to open an investigation,"* an ACMA spokesman said.

Polymarket, which operates based on cryptocurrency transactions, has already faced regulatory crackdowns in a number of countries, including the United States, where it became the target of an FBI investigation in November. There have also been crackdowns on its activities in France, Belgium, Switzerland, Poland, Singapore and Thailand.

Australia's move puts it alongside other countries in the Asia-Pacific region, such as New Zealand and India, which are addressing the growing impact of influencers promoting gambling. In New Zealand, the situation is particularly sensitive in the case of Maori influencers, whose communities are particularly vulnerable to the risks of gambling. In India, several influencers have been arrested in recent months for illegally promoting online casinos and sports betting.

Polymarket has reportedly even approached the popular Australian satirical show *The Chaser* with an offer of a paid partnership, apparently seeking wider media coverage in the run-up to the election.

Further developments will depend on the ACMA's decision to open a formal investigation. However, the case reopens the question of the liability of platforms and influencers for promoting unregulated forms of online betting in jurisdictions with strict gambling laws.