

Mexican Gambling Experts Rail Against Regulatory Changes

Experts say gambling reforms unconstitutional, unwise
Political motivations suspected ahead of 2024 elections

Mexican gambling lawyers and industry officials are issuing a collective sigh of frustration at a [presidential decree](#) which purports to ban slot machines and other casino games in gaming halls.

Legal experts cite the unconstitutionality of the decree, which drastically amends Mexico's 2004 gambling regulation and was signed into effect by President Andrés Manuel López Obrador (known as AMLO) last week.

The new decree's ban on “drawings of numbers or symbols by machines” and other casino-style games will not apply to existing licences, but the government would not be able to issue new permits for casino gaming and current permit-holders would not be able to continue offering the games once their current licences are renewed. No permits are up for renewal for at least five years.

Carlos Portilla Robertson, a partner at Mexican law firm Portilla, Ruy-Diaz & Aguilar, told Vixio GamblingCompliance that the decree was badly prepared and riddled with errors.

“The people who wrote it showed that they don't know anything about the industry. All the information that it has, it's completely erroneous,” Portilla said.

If the regulatory changes do take effect, Portilla cites concerns at the loss of jobs that the industry provides and who will step in to fill the vacuum the ban will create.

By his estimation, thousands of formal jobs that the gaming industry employs in more than 450 establishments will be lost. Furthermore, Portilla pointed out that “before gambling was legally authorized in Mexico it was run by organised crime”, a state that he does not want the industry to return to.

Miguel Ángel Ochoa Sánchez, the president of AIEJA, the association that represents

entertainment and gambling operators in Mexico, said that the trade group is still working on an official statement, but can tell Vixio that “licensees, operators or manufacturers of machines ... generate around 50,000 direct jobs and 120,000 indirect jobs, besides being generous contributors to the federal, state and municipal Treasury”.

The constitutionality of last week's decree is also questionable, according to the Portilla, Ruy-Diaz & Aguilar law firm.

Mexico's interior ministry, or Segob, argued that the regulatory changes to prohibit casino games and slot machines would provide greater legal clarity, but courts have already upheld that such offerings fall under the category of drawings that are permissible under Mexican federal law.

“The interior ministry (Segob), supported by CONAMER (the national regulatory reform commission), pretends to set itself up as a court and disregard the constitutionality of the aforementioned articles, whose constitutionality was recognized by the Supreme Court of Justice of the Nation,” the firm said.

Although Mexico's gambling industry pushed back against the prohibition when a draft decree was published in September, Segob persevered, arguing that the government would save 5bn pesos (nearly US\$300m) in the treatment of gambling addiction if slot machines and other casino games were banned.

That logic was called into question by Portilla, who said that the federal government is under no legal obligation to treat addiction itself.

Ochoa Sánchez said that after the publication of the draft resolution and call for a public consultation, 438 comments were submitted that were not addressed.

He also pointed out the regulator is the sixth to hold positions in the five years of AMLO's government.

Still, despite the policy concerns, Mexican gaming experts do not anticipate that the ban on casino games will be permanent.

“In my opinion, these amendments correspond to the heated electoral times that we are experiencing in Mexico,” commented Alfredo Lazcano, a partner at Mexico City-based law firm Lazcano Samano, referring to the presidential elections occurring in June 2024.

“The Mexican gaming industry has been very stable for the last two decades, so I think it's likely that things will get back on track, one way or another, as soon as Mexican elections are over,” Lazcano said.

“Logically, there are people within the industry who are concerned, especially land-based casinos and slot machines manufacturers; however, it seems to me that it is too early to assume that all this will have lasting implications.”

Portilla echoed those sentiments, saying that after an anticipated constitutional challenge to the reforms is accepted, he believes “this new decree is going to be nullified by the Supreme Court or any constitutional court”.

Ochoa agreed: “I would dare to say that this decree does not change anything for the current operation of the gaming industry for these next years, since it stipulates to respect the acquired rights of the 37 existing permit holders, authorized by the Ministry of the Interior.

“The changes, based on this text, would come upon the expiration of the current permits, which the authority intends to limit to 15 years, without the possibility of renewal. Now, this period of time opens a wide window to legally defend the rights of our companies.”

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