



The Stars Group Inc.: Is This Story Just Getting Started?

Description

Gambling is one of the oldest pastimes. People like the adrenaline that comes from throwing the dice down and winning (or losing) big sums of money. Therefore, it's only natural and expected that this love of the game would transition online.

The problem is, governments feel uncomfortable with online gambling. However, with jurisdictions beginning to feel the belt tighten, new sources of tax revenue are needed. We're beginning to see governments ponder whether or not online gambling should, in fact, be illegal.

The Stars Group Inc. (TSX:TSGI)(NASDAQ:TSG) is, in my opinion, one of the best companies slated to benefit from this regulatory change and the growth in online gambling. And the good thing is, this story is just getting started...

[Things haven't always](#) been so positive for the company. It used to be known as Amaya, which acquired PokerStars and Full Tilt Poker, two of the largest online brands. The former CEO, David Baazov, was forced to resign due to securities-related charges vis-à-vis the acquisition of these brands.

Baazov got pushed out, and the company re-branded to The Stars Group. This is good, because there was no way investors were going to give Amaya the time of day when the CEO was battling charges.

Since then, management has been firing on all cylinders, and there are [exciting developments](#) that will help the company in the coming years. Two in particular stand out to me.

First, there's the expansion into India with its poker brands. With a population of over one billion people, many of whom are rapidly coming online, there is considerable opportunity to own the poker market there before other brands can get in. According to CEO Rafi Ashkenazi, if The Stars Group can acquire 50% of the Indian online poker market, that'll result in yearly revenue of US\$150 million.

Second, and more important to the development of the company, the U.S. Supreme Court has agreed to hear a case on the constitutionality of the Professional and Amateur Sports Protection Act of 1992, which banned sports gambling across much of the country.

People like to bet on sports, and with the government prohibiting it, these people have simply moved to more nefarious places. According to the American Gaming Association, it was estimated that \$10.4 billion would be waged on March Madness in 2017 alone. Of that, only \$295 million would be legal.

Should the ban be overturned by the Supreme Court, I fully expect every state to start giving licences to online sports-betting operators. And The Stars Group, which already has licence applications in multiple states, will be quick to start operating.

People are going to gamble irrespective of whether or not governments want them to. For years, local jurisdictions have missed out on lucrative tax revenue. With multiple sports brands looking at adding sports betting to boost revenue, I fully expect the next few years to be a positive for the online gambling industry.

This story is just getting started, and The Stars Group is your way to be a character in it.

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