



# Internet Gaming

CHRIS STEARNS, COMMISSIONER, WA STATE GAMBLING COMMISSION

# Before internet Gaming



# Internet Gaming today – WSOP NJ

**REAL MONEY ONLINE POKER**

WSOP.COM

at blind 2/4 in 02:46 mins. 999 Practice Play session time: 1:01:05 05:30

Time Bank: 15

Andrea \$87 \$23

Steph \$54 \$12

Jim \$23 \$8

Mark \$160 \$25

Deuces \$78 \$123

JB \$150 \$12

Scooter \$45 \$10

Jessica \$450 \$39

Freddy \$232 \$78

Total pot: \$390

Community cards: 5♥, 10♦, J♣, K♠, 10♥

Player's hand: A♣, 8♦

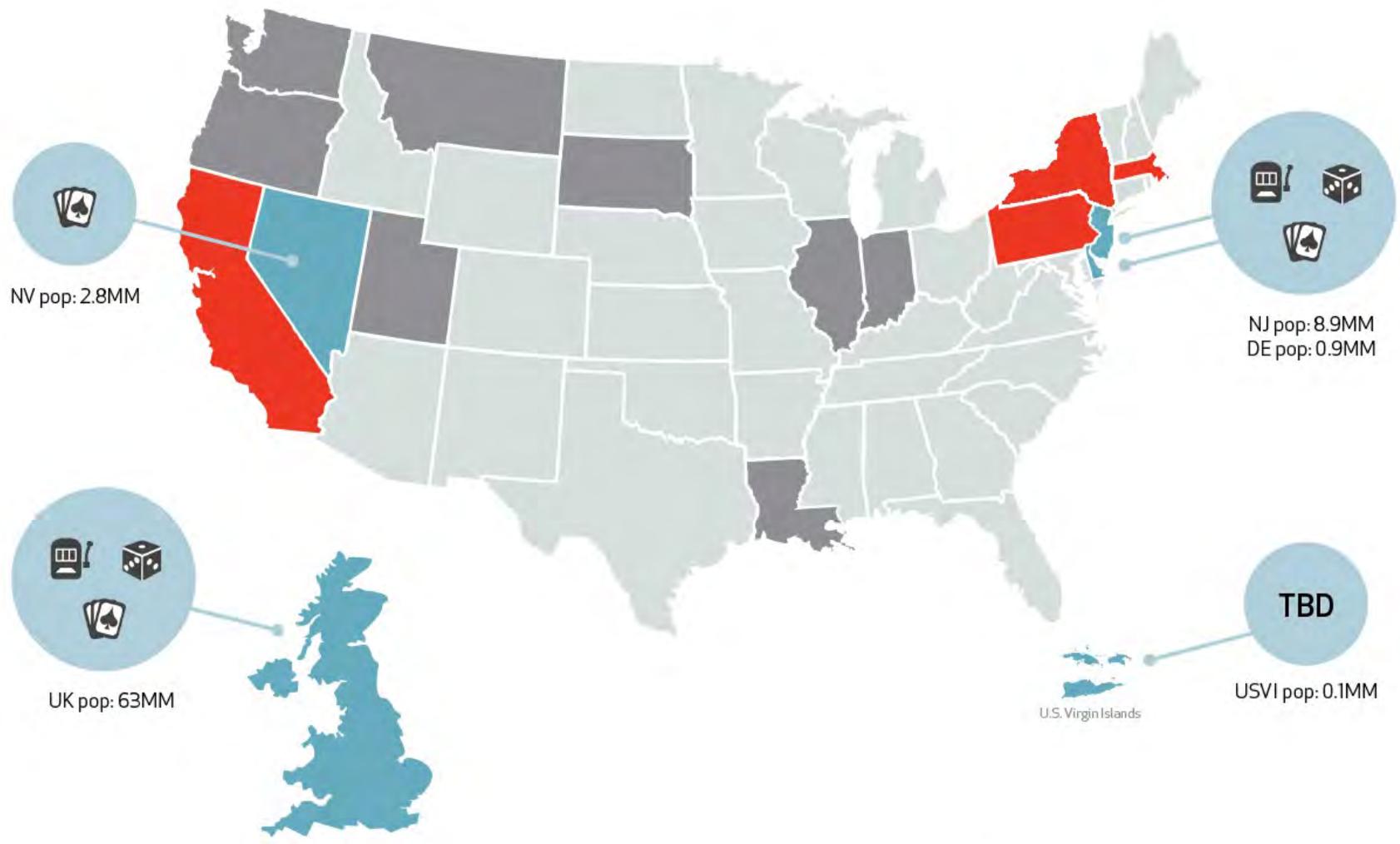
This is your hand and that's it two pairs of jacks no more

**Fold** **Check** **Raise to 150** **1/2** **3/4** **Pot**

21+ Must be over 21 to play | bet with your head not over it | Real money gaming is only available in New Jersey | gambling problem? 1-800-GAMBLER

# Internet Gaming in the US

- ▶ Legal in New Jersey (casino games including poker)
- ▶ Nevada (poker only)
- ▶ Delaware (casino games including poker)
- ▶ Bills pending in CA, NY, PA
- ▶ MA Gaming Commission (Exec. Dir. Rick Day) hosted an iGaming Forum in March 11, 2014. There have bills introduced in the past.
- ▶ DE and NV have agreed to interstate iPoker compact. NV Gov. says he hopes play will begin in August.



NV pop: 2.8MM

NJ pop: 8.9MM  
DE pop: 0.9MM

UK pop: 63MM

USVI pop: 0.1MM

TBD

 Regulated

 Pending

 Prohibited

 Poker

 Slots

 Table Games

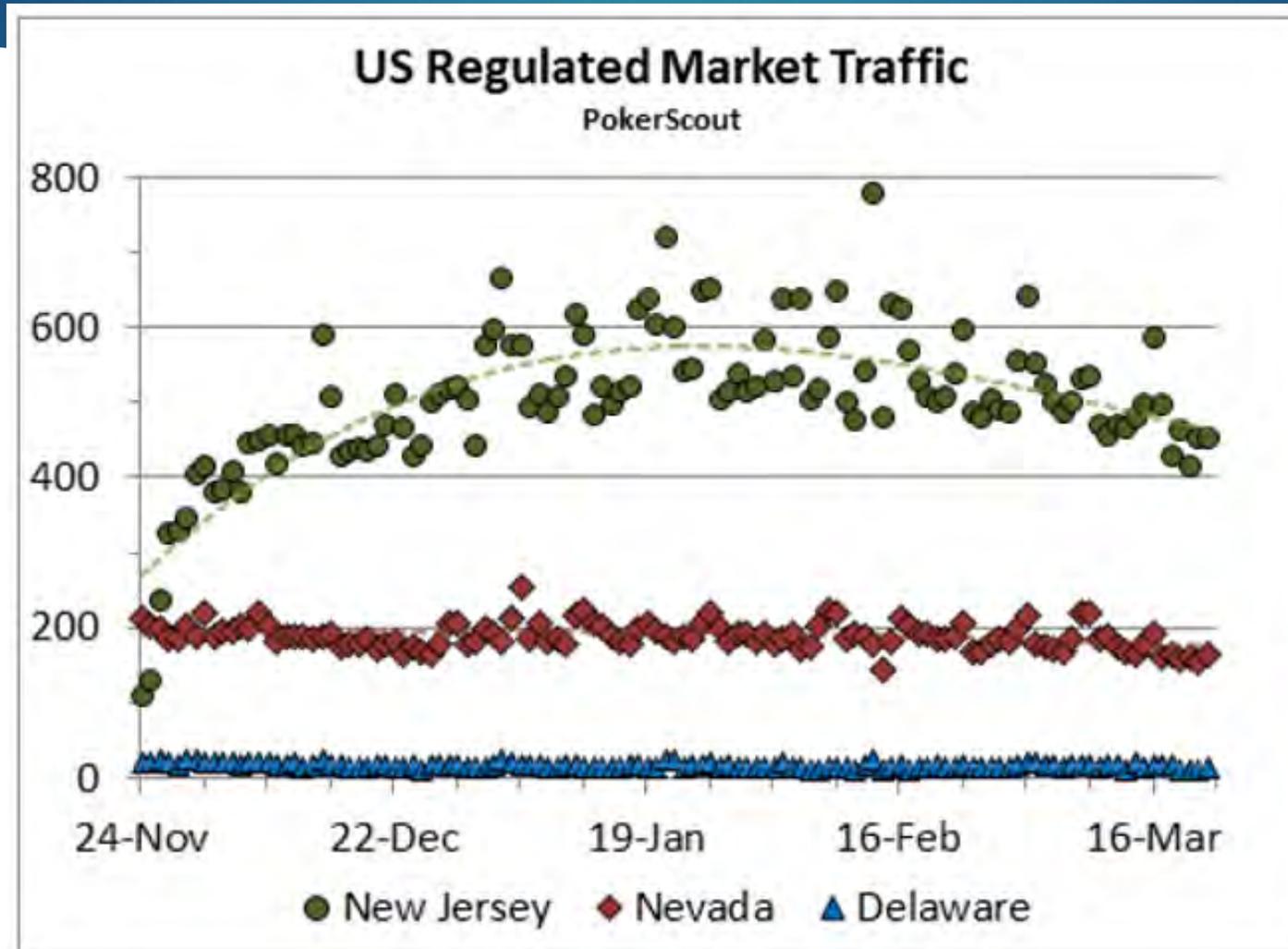
# MASS Gambling Commission iGaming Forum

- ▶ What are internet gaming and social gaming?
- ▶ Status of internet gaming nationally and globally including the legal status of internet gaming in Massachusetts
- ▶ Risks to internet gaming: money laundering, problem gambling and verification
- ▶ Challenges and successes of internet gaming in Nevada, Delaware and Canadian Provinces
- ▶ Lottery, Internet Gaming and Casinos- Peaceful Coexistence?



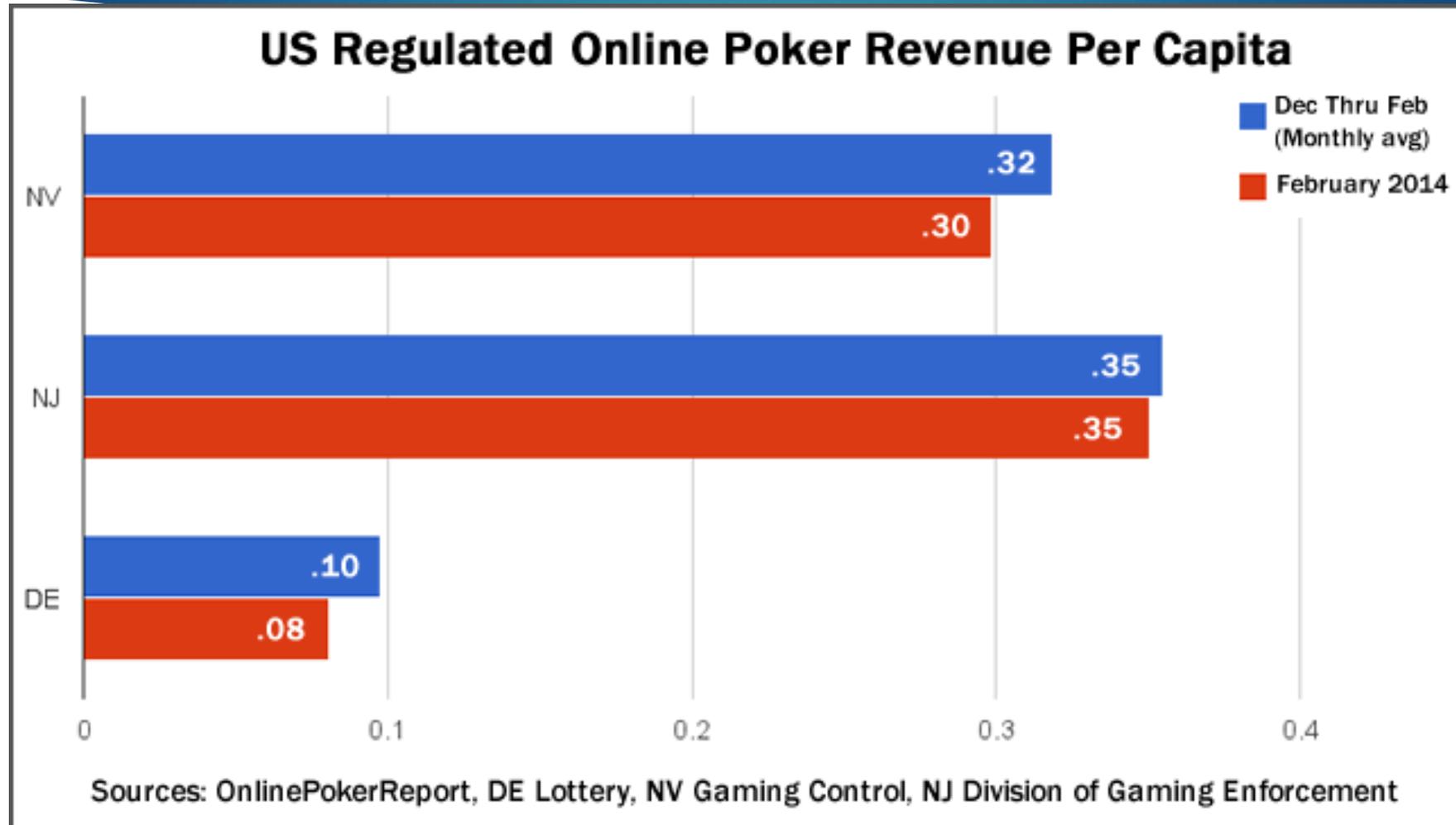
**MA Gaming Commission Chairman Stephen Crosby**

# US online Poker – Slow growth, seasonal decline



From Online  
Poker Report  
By Chris Grove

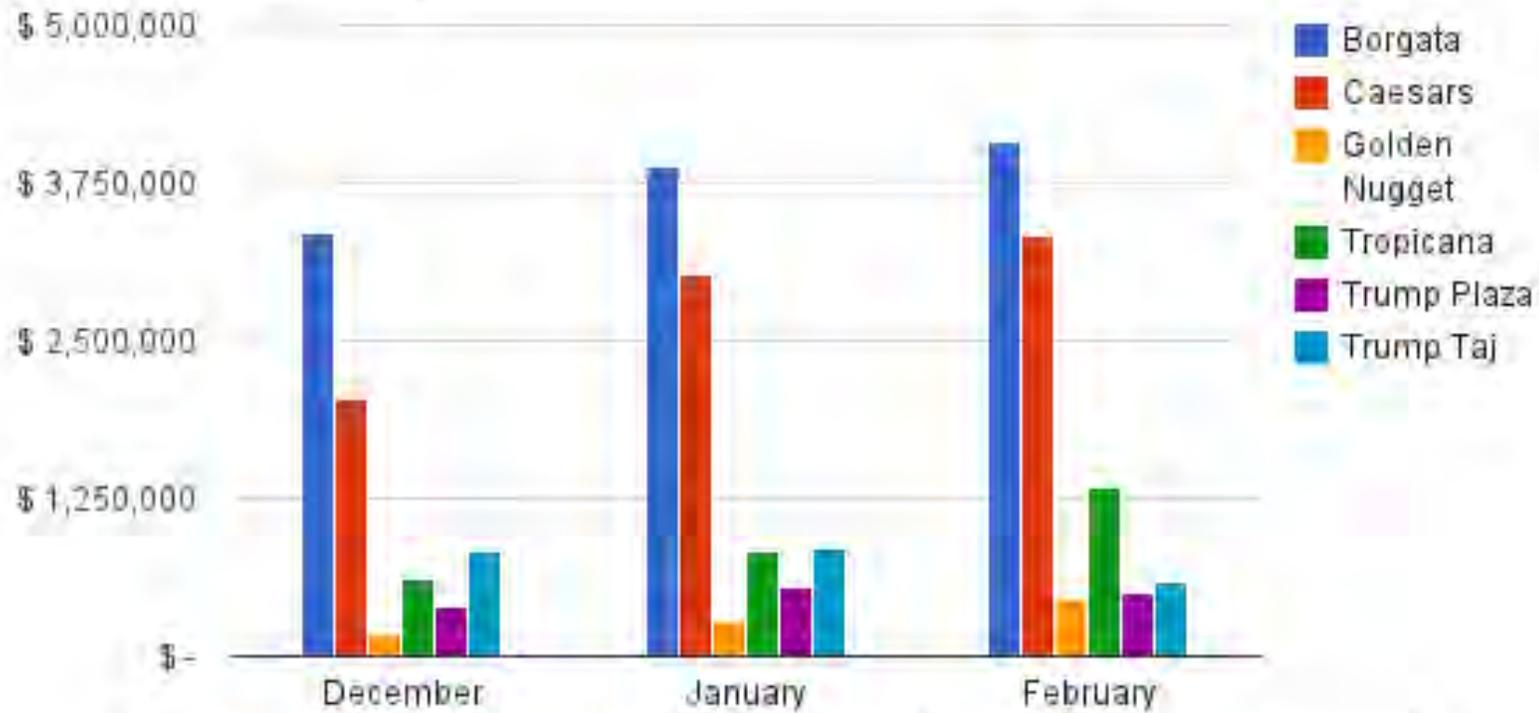
# US Online Poker Revenues



By Chris Grove,  
Online Poker  
Report

# NJ internet gambling revenues

**Total Revenue for NJ Casinos From Online Gambling**



OnlinePoker Report / NJ Division of Gaming Enforcement

Graph by Chris Grove, Online Poker Report

# NJ – no cannibalization yet



► “We’re finding very similar patterns as other companies. The people online are people that haven’t visited us in a while or are new players all together. We’re not seeing cannibalization.”

- Seth Palansky, Caesars Interactive

# NJ Revenues

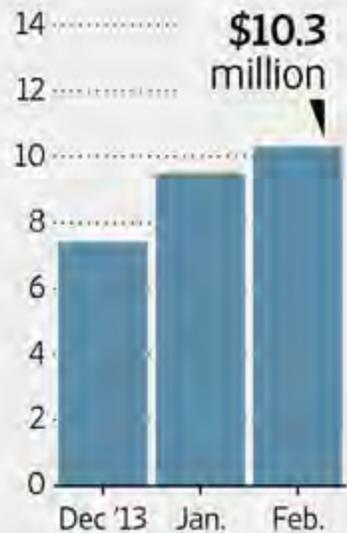
## Playing the Numbers

New Jersey lawmakers hope online gambling...

...can help replace sagging casino revenues.

### Online gambling revenue

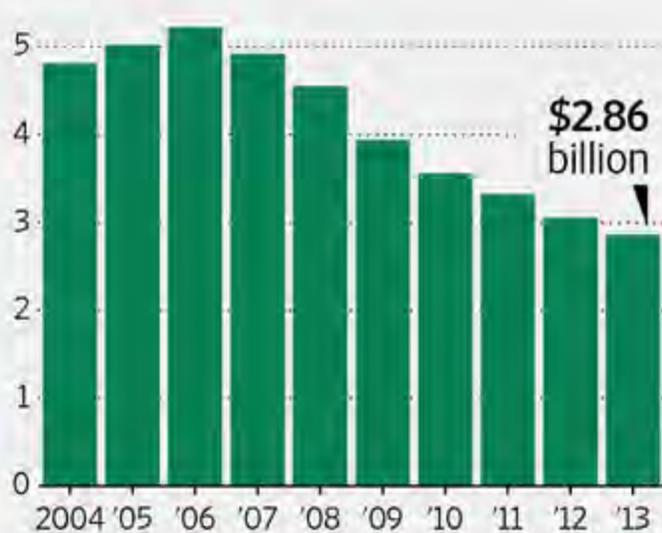
\$16 million



Source: New Jersey state data

### Casino revenue

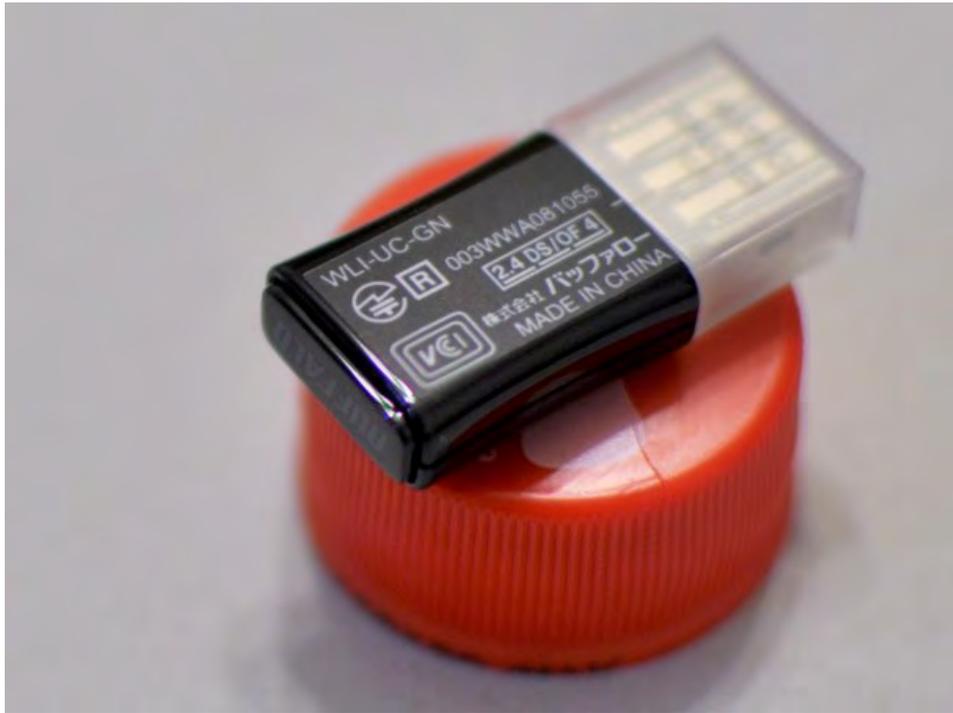
\$6 billion



The Wall Street Journal

- ▶ Morgan Stanley has reduced anticipated gross online gambling spending in NJ for 2017 from \$5 billion to \$3.5 billion, and for 2020 from \$9.3 billion to \$8 billion.
- ▶ Projected \$34 million in state revenues for 2014
- ▶ Reality below projected results but not too far from industry projection
- ▶ Payment processing, Geolocation, marketing
- ▶ GamblingData predicts \$262 million in gross revenues by the end of 2014 and \$463 million by 2017

# Geolocation



- ▶ NJ uses a system that triangulates position of user via wifi routers, eliminating spoofing.
- ▶ NJ now at 95.5% pass rate.
- ▶ NJ predicts 99% pass rate by July.
- ▶ High degree of security

# Age Verification - Secure

- ▶ “Age verification begins with the player providing their personal information, including their date of birth. CAMS then compares the data to multiple data bases to verify that their name corresponds to dates they provided. If we can verify their DOB with a high degree of confidence, the process is ended.”
- ▶ “If we cannot verify, we’ll then move on to other methods such as Knowledge Based Authentication to ensure not only their DOB, but that they are who they claim to be.”
- ▶ “Any player who wishes to beat the system has a life’s worth of public records (stored in the databases mentioned above) to circumvent. The likely outcome is that their DOB fails to be verified and – as a result, they are not authorized to play.”

-- CAMS CEO Matthew Katz

# Expertise

- ▶ Internet gambling is legal in UK, Australia, Europe, Canada, and other jurisdictions
- ▶ Varying forms of regulation have existed for over a decade.
- ▶ Experts from overseas have been sought and employed in NJ, DE, and NV.
- ▶ WA State has significant expertise in monitoring and enforcing State ban on internet gambling.

# Federal Legislation

- ▶ **The Restoration of America's Wire Act**
- ▶ Would ban all internet gambling in US (reversing 2011 DOJ opinion)
- ▶ Sponsored by Sen. Lindsay Graham (R-SC) and Rep. Jason Chaffetz (R-UT)
- ▶ supported by GOP governors and Attorneys General
- ▶ opposed by Democratic Governors Association
- ▶ backed by powerful **Sheldon Adelson** of Sands Corp.
- ▶ No carve out for NJ, DE, NV
- ▶ Would ban Indian Tribes from offering internet gaming
- ▶ Prospects unclear at best

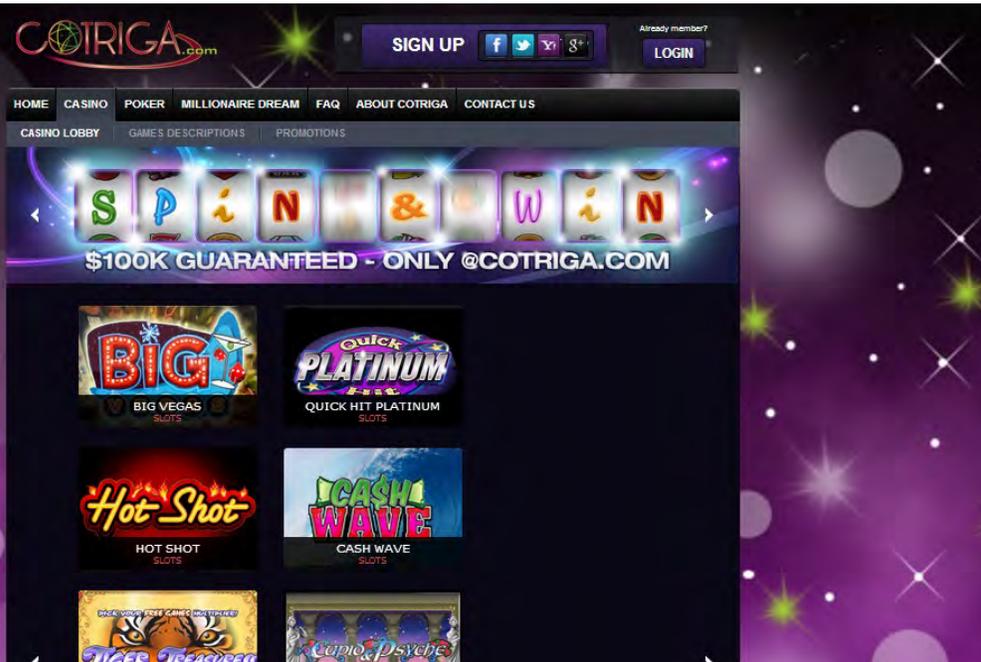


# Tribal Internet Gaming

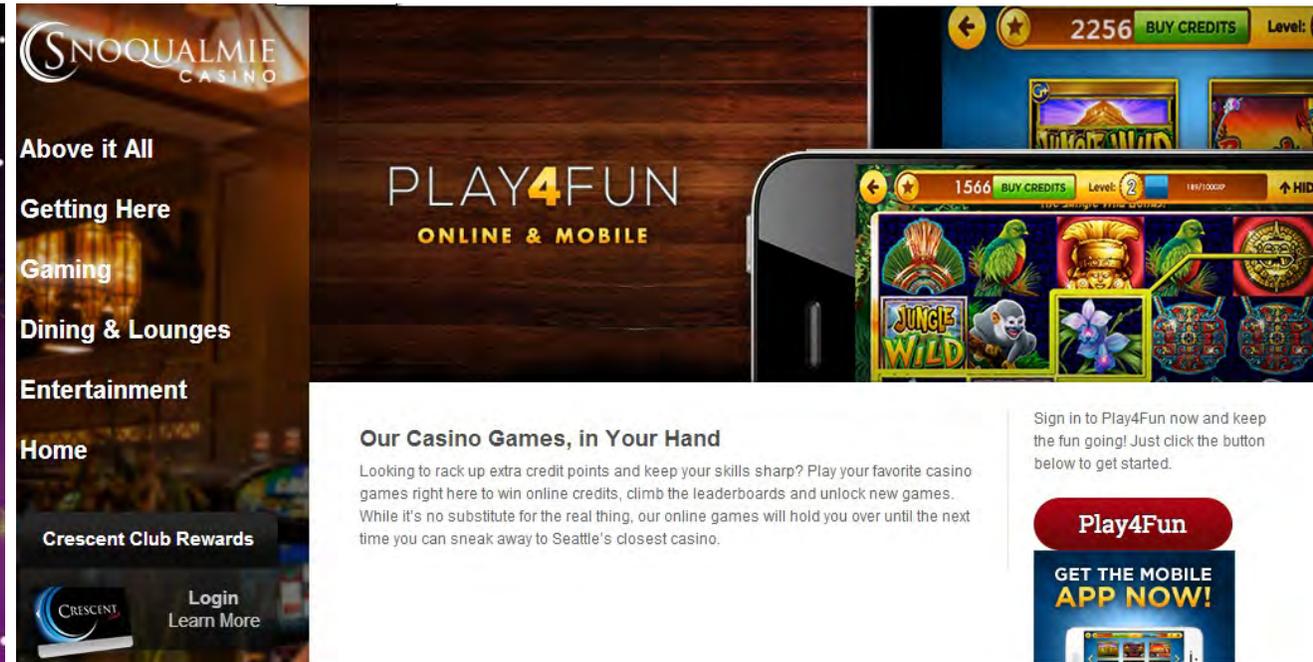
- ▶ Many tribes have adopted free play platforms
- ▶ Some Midwest tribes have created the Tribal Internet Gaming Alliance
- ▶ Great Luck Inc offers VPN platform
- ▶ Winnemucca Tribe of Nevada announced it has secured a UK license to offer an internet casino platform overseas.

# Free Play examples in Washington

## Colville Tribe - Cotriga (Ballys)



## Snoqualmie Tribe - Play for fun (WMS Interactive)



# Recommendations

- ▶ Convene iGaming forum
- ▶ Open and expand current library
- ▶ Commission WA Gaming market study



*"We just haven't been flapping them hard enough."*