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Catania Gaming Consultants

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Greetings from snowy and very cold New Jersey. We have put together a handful of interesting articles for clients and friends.

Whether Sheldon Adelson and Steve Wynn start a campaign to stop the spread of online gaming or our own Keith Furlong is appointed as Chief Executive of the Interactive Gaming Council, you can catch up with our reader's digest version of important gaming news. As always, please let us know if there are any topics you would like covered in future editions.

-Catania Gaming Consultants

Online Poker May Be in California's Future

Gaming experts believe that California may soon enter the online gaming club along with Nevada, New Jersey, and

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Delaware. Right now, the movement to legalize online gaming enjoys substantial support in the state, but legislation has stalled as a result of political disagreements with several Indian tribes.

Those tribes, which wield significant influence in Sacramento, believe that legalizing online gaming could cannibalize brick-and-mortar casino revenues. Some gaming experts disagree, pointing out that online gaming can actually generate new foot traffic for land-based casinos.

A spokesman from California's Gambling Control Commission said the state will consider online poker, but not other games that could pose a threat to tribes that invested heavily in land-based casinos with the promise of limited competition.

If California does decide to pursue online poker legislation, expect it to happen soon, driven by the state's need for increased tax revenue. Since 2014 is an election year, state legislators may move to approve some type of online poker format sometime in 2015.

Wynn and Adelson Speak Out Against Online Gaming; Coalition for Consumer and Online Protection Pushes Back

Two of the most prominent names in the US gaming industry have voiced their opposition to online gaming: Steve Wynn and Sheldon Adelson, who together own many of the biggest casino properties in the world.

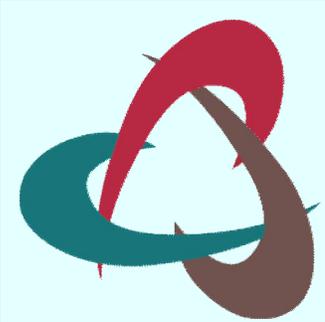
Adelson has long been an opponent of online gaming—sometimes one of the only opponents in his industry. He formed the Coalition to Stop Internet Gambling to lobby against online gaming regulation and has promised to spend whatever it takes to win.

In the past, Wynn indicated that he was open to the idea of online gaming, working toward a deal with PokerStars before the infamous Black Friday indictments in 2011. Just last week, Wynn was approved by New Jersey gambling regulators to offer an Internet gaming site in the state using one of Caesars Interactive's permits.

But a spokesman for Wynn Interactive has said that the company has no immediate plans to enter the New Jersey online gaming market, and Wynn himself said in a recent

Revenue Falls Short of Christie's Predictions

Keith Furlong Selected as the Interactive Gaming Council's New CEO



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The Catania Consulting Group, Inc., doing business as Catania Gaming

interview that Internet gambling "is not a good entrepreneurial opportunity."

Both Adelson and Wynn have cited the government's appetite for revenue as one of their primary concerns. If online gaming revenue is heavily taxed, the profits left to gaming companies may not be large enough to justify the risks.

One of the main risks would be a highly publicized incident of underage gaming that could cast a shadow on the gaming industry as a whole. Both Wynn and Adelson are skeptical of modern technology that will purportedly keep underage players from accessing online gaming. In addition, online gaming could make it easy for teenagers and college students to gamble away significant fortunes with the click of a button. All it would take was someone old enough to sign in to an account and hand it off to someone else.

Wynn also said that online gaming could negatively affect the culture of his company, which he described as a development pioneer that has produced beautiful properties. There is simply no way to replicate that experience on a computer screen, Wynn said.

Finally, both Adelson and Wynn expressed concern about the fragility of the Las Vegas economy with the onset of Internet gaming. Both companies have used revenue from Macau to bolster and expand their Las Vegas properties, which would otherwise still be suffering.

Wynn said that he would continue to study the industry and might change his position in the future, though it seemed unlikely. Adelson said he would not change his mind. "I don't want to make money off of it," he said.

Meanwhile, other leading figures in the US gaming industry have formed the Coalition for Consumer and Online Protection to lobby for online gaming legislation. Backed by MGM Resorts and the American Gaming Association, the Coalition opposes all Congressional efforts to ban online gaming and has planned a three-week, \$250,000 advertising campaign to air its views.

Caesars May Bid on Revel Casino

Caesars Entertainment is considering a bid for the Revel Casino Hotel in Atlantic City, which emerged from bankruptcy

Consultants (CGC), offers a full service international gaming consultancy. CGC provides a variety of services to all sectors of the gaming industry, including governments, casino operators, game manufacturers, software providers, lotteries, payment processors and the horseracing industry.

Our goal is to provide clients with the information, experience, and contacts necessary to develop, regulate and operate both casinos and ancillary companies. The governments for which CGC has previously provided assistance in drafting gaming regulations and establishing gaming regulatory structures include the following: The Mohawk Territory of Kahnawake, located just outside Montreal; the United States Virgin Islands; Antigua and Barbuda; the Philippines; and the Canadian Provinces of Prince Edward Island and Nova Scotia.

Combined, the partners and associates of CGC listed below have over 90 years of gaming experience.

last year and has been on the auction block since June.

Revel was built for \$2.6 billion and opened in April 2012. Because its demographic skews young, the casino could liven up Caesars' Atlantic City offerings, which currently include Harrah's, Showboat, and two other casinos.

However, adding a fifth casino could violate state rules against too much concentration in the Atlantic City market, forcing Caesars to close or sell an existing property. Its current properties account for about 41% of the city's gaming market, while Revel controls about 6%.

It has been reported that Hard Rock International may also make a bid for Revel. Bids are due in February.

Oklahoma Tribe Sues for Gaming Website

The Cheyenne and Arapaho Tribe of Oklahoma has filed a lawsuit in federal court in Oklahoma City to reestablish the tribe's Internet gambling website, which the US Department of Interior shut down late last year.

The Cheyenne and Arapaho Tribe is the only tribe that has an agreement with Oklahoma to operate Internet gaming from tribal lands with international players. The tribe wants to operate pokertribes.com, and tribe leaders estimate that they could generate \$132 million annually by 2018 if the website attracts just 2% of the worldwide online gaming market.

NJ Online Gaming Revenue Falls Short of Christie's Predictions

A report released in early January showed that online gaming has generated just \$8.4 million in revenue from the time wagering began in late November through the end of 2013. Given that, it is unlikely that the state will come close to the \$1 billion in revenue that Governor Chris Christie predicted for Internet gaming's first year in New Jersey.

As of early January, gamblers had created 148,487 web accounts, with the highest number of gamers coming from the state municipalities of Hoboken, Jersey City, Newark, Old Bridge, and Egg Harbor. Seven of Atlantic City's 11 casinos are permitted to run online gambling operations, with The Borgata, Caesar's, and Bally's generating the bulk of the

revenue (73%) so far.

Industry officials predict that Atlantic City casinos could pull in as much as \$300-\$500 million in online revenue in the first year, especially after marketing campaigns for online gaming are ramped up in the state.

Keith Furlong Selected as the Interactive Gaming Council's New CEO

Keith Furlong, Vice President and Principal of Catania Gaming Consultants, has been named the new Chief Executive Officer of the Interactive Gaming Council (IGC), a trade organization that advocates for fair and sensible online gaming regulations. Furlong will replace outgoing CEO John Kennedy FitzGerald.

Furlong served as IGC Deputy Executive Director since 2000, and has more than fifteen years of experience with casino regulation and online gaming. He previously served as the Public Information Officer and Legislative Liaison for the New Jersey Division of Gaming Enforcement in the Attorney General's Office.

"This is a challenging time period in the online gaming industry, with many jurisdictions either implementing or considering the adoption of online gaming regulation and taxation," said IGC Chairman John Anderson. "I am confident that Keith will be an asset as the IGC pursues opportunities on behalf of our membership."

You can find past editions of our newsletter at our website-- www.cataniagaming.com. Please feel free to contact us with any licensing and gaming compliance needs. Our law firm, Catania & Ehrlich, is also available for any of your gaming law needs.

-Frank Catania, Gary Ehrlich, Toni Cowen, Professor Joe Kelly and Keith Furlong
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