

Keith Furlong

From: Frank Catania (Catania Gaming Consultants, Inc.) [keith@cataniaconsulting.com]
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Catania Gaming Consultants

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Dear Friends & Colleagues,

Happy New Year! Frank Catania recently authored an opinion editorial in the *Atlantic City Press* that is worth a quick read. The Op-ed urges the NJ governor to sign legislation to regulate online gaming. You can read the write-up [here](#).

We look forward to seeing friends and colleagues at ICE in London next month.

Warm regards,

Frank Catania, Gary Ehrlich, Keith Furlong, Professor Joseph Kelly & Toni Cowan

Fahrenkopf To Leave AGA

Frank Fahrenkopf, president and CEO of the American Gaming Association (AGA), has announced that he is

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stepping down effective June 30, 2013. Fahrenkopf was the first and only chief executive of the AGA since its inception in July 1995.

Fahrenkopf noted that when the AGA was created, the perception of the gaming industry in Washington and throughout much of the country was based more on myth than reality. From its first day of operation, the AGA's mission was to create a better understanding of the industry by bringing the facts about it to the general public, elected officials, other decision makers and the media through education and advocacy.

The AGA has enjoyed tremendous success under Fahrenkopf's leadership. Gaming industry leaders cited the positive findings and recommendations of the National Gambling Impact Study Commission, the establishment of the National Center for Responsible Gaming, and the worldwide success of industry trade shows Global Gaming Expo and G2E Asia as watershed accomplishments.

The creation and adoption of an industry wide code of conduct for responsible gaming, creation of the AGA Diversity Task Force to promote diversity in industry hiring and procurement, the recent establishment of the Global Gaming Women program and leadership in the pursuit of intelligent regulatory reform also represent key initiatives.

Fahrenkopf was the chairman of the Republican National Committee for six of Ronald Reagan's eight years in the White House and led the party through successful presidential elections in 1984 and 1988. He continues to serve as co-chairman of the Commission on Presidential Debates, which conducts the general election presidential and vice presidential debates in presidential election years.

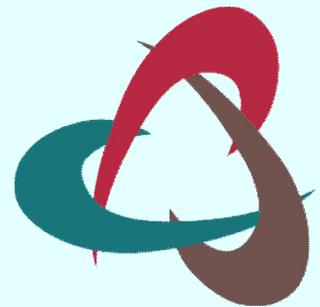
Nevada Prepares for Interstate Gaming Compacts

In a move signaling that preparations for real online gaming are proceeding apace, a bill has been introduced in the Nevada General Assembly that would allow for the state governor to enter into gaming compacts with other states. This legislation sets up Nevada to potentially be at the forefront of a compact in which individual states that have passed online gaming bills can work together to offer online gaming without federal legislation.

[NJ Internet Gaming Bill Still in Limbo; Setback on Sports Betting](#)

[Nevada Continues Issuing Online Poker Licenses](#)

[Lawmakers Warned about Challenges of Online Gaming](#)



Frank Catania, Esq., President

Former Assistant Attorney General, Director, NJ Division of Gaming Enforcement.
frank@cataniaconsulting.com

Gary Ehrlich, Esq., VP

Former Assistant Attorney General, Deputy Director, NJ Division of Gaming Enforcement.
gary@cataniaconsulting.com

Keith Furlong, VP,

Former Public Information Officer & Legislative Liaison, NJ Division of Gaming Enforcement.
keith@cataniaconsulting.com

Joseph Kelly, Esq., Associate

Professor of Business Law, SUNY College, Buffalo.
jkelly@cataniaconsulting.com

Toni Cowan, Esq., Associate

Former Senior Attorney, NJ Casino Control Commission, Nevada Attorney General's Office, Division of Gaming, and NCSG Staff Attorney

The bill would remove language in the previously enacted online gaming bill that stated that an online gaming license does not become effective until a federal law was passed authorizing online gaming or the U.S. Department of Justice (DOJ) provided notice that interactive gaming activities are permissible under federal law. The bill would add language that allows for the governor, on behalf of the state, to enter into agreements with other states.

The possibility of gaming compacts became a reality after the DOJ released an opinion in December 2011 stating that the Wire Act applies only to sports betting. This opinion by DOJ eased fears among state lawmakers that online gaming could not be conducted across state lines without violating federal law. With that hurdle removed, the possibility of states entering into online gaming compacts became a reality.

One potential problem with interstate gaming compacts is the potential for overlapping laws and regulations for players and operators. However, states that lack experience in regulating gambling activities may look to states that do have such experience to regulate for them as an alternative to establishing their own regulations for online gaming.

Poll: US Comfortable with Sports Betting, but Not Internet Gaming

Yielding a somewhat surprising result, a recent nationwide telephone poll found 51 percent of Americans in favor of sports betting, with only 27 percent supporting Internet gaming. The result is up significantly from a March 2010 national poll which found only 39 percent supported the expansion of sports betting.

The poll also found that one in five American men acknowledge betting on sports, and that they are the group most likely to support expanding legal sports betting. While Internet gambling did not fare as well, it still polled better than in 2010, when only 21 percent supported it. Once again, support from men for legalizing Internet gambling is almost double that of women.

Again, surprisingly, the poll also found that political affiliation made little difference in attitudes toward Internet gambling. 27 percent of Democrats and 26 percent of Republicans supported it, while 59 percent of Democrats and 63 percent of Republicans opposed it. Independents indicated roughly the

toni@cataniaconsulting.com

The Catania Consulting Group, Inc., doing business as Catania Gaming 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 75 years of gaming experience.

same levels of support.

Russian Law Declares Gambling Addicts "Incompetent"

In actions that border on Orwellian, Russian lawmakers have adopted amendments stipulating that gambling addiction is a legal basis for restricting a person's rights and freedoms. - Individuals who put their family into difficult financial situations due to a gambling addiction, alcohol abuse or drug addiction may be ruled incompetent, the amended legislation stated.

The incompetent person would then be put under guardianship. The guardian would have the responsibility of dispensing that individual's income, whether it was a salary, pension or other form of income. The individual would still be allowed to carry out minor daily transactions. Russian President Vladimir Putin signed the amendments on Friday, which will come into effect as soon as they are published.

Russia launched a war on gambling in 2009 when the country's lawmakers banned all casinos and gambling clubs across Russia. Four legal gambling zones were established in Vladivostok, Krasnodar Region, Kaliningrad and Altai Region. The ban was a severe blow to the country's gambling industry, with many casinos moving abroad and others going underground.

NJ Internet Gaming Bill Still in Limbo; Setback on Sports Betting

Although a bill that would authorize and regulate Internet gaming in New Jersey was passed by the state Legislature in December, Gov. Chris Christie has yet to indicate whether he plans to sign or veto the measure. If he does neither, the bill would become law without his signature early next month.

The bill would authorize only casino operators in Atlantic City to offer online versions of their games, and would permit residents of other states to play if the state attorney general determined that this would not contravene federal law. The bill states that servers for Internet gaming products must reside inside Atlantic City's casinos.

In the meantime, a federal judge has refused to dismiss a

lawsuit brought by the NCAA, NFL, NBA, NHL, and Major League Baseball, to stop New Jersey from pursuing a sports betting program. The suit will now go forward, with constitutional questions being considered at a later hearing.

Siding with the sports leagues on the issue of standing, the court cited studies suggesting that legal sports betting would cause fans to doubt the integrity of the games.

Prospects for NY Casinos Remain Uncertain

Several major casino companies declined to financially support an advocacy campaign for a public referendum on gambling in New York, a potential blow to Gov. Andrew Cuomo's plan to expand casino gambling across the state.

National gambling firms were intensely interested in opening a casino in New York City, but the governor surprised them when he said the first new gambling establishments would be limited to three unnamed upstate locations. The locations would likely be in the Catskills, the area north of the Adirondacks and central New York.

Las Vegas and regional gambling executives said areas outside the city aren't as appealing as gambling locations. They said they would likely remain on the sidelines during the public debate over the referendum unless they knew their company would likely benefit.

Their decision comes as political support builds to send the question of allowing casino gambling to the public for a vote in November. The Legislature is expected this year to easily pass an amendment to the state constitution approving seven unnamed locations for table games and other casino-style gambling. The first phase would be limited to three.

The ballot question is expected to be met by a well-financed opposition that includes Indian tribes who see new casinos as threats to their gambling halls. Without financial support for an advertising and political campaign in favor of the amendment, its chances of passing could be murkier. In other states, casino interests were the primary financial backers of new laws allowing or expanding gambling. Those ballot questions were written in a way that would likely benefit certain companies. New York has left its amendment vaguer.

Even without backing from the casino industry, the public

referendum could be approved, especially if Mr. Cuomo spends some political capital on advocating for it. His approval ratings are consistently high.

Lawmakers Warned about Challenges of Online Gaming

As the passage of federal legislation legalizing online poker becomes more remote, several states are considering moving independently to offer various forms of Internet gambling.

But panelists at the National Council of Legislators from Gaming States had cautionary advice for lawmakers: Get as much regulatory expertise as you can find, stay ahead of the technology, and be prepared for a lot of disagreement.

Late last year, the body adopted a resolution on federal Internet gaming legislation. Citing states' rights in the oversight of public policy within their borders, the council stated that it would oppose any federal legislation that would diminish state policymakers' authority over gaming within their states.

Toni Cowan, of Catania Gaming Associates, told the legislators she didn't think most government entities realize how rapidly technology is changing the industry - which is one of the reasons she has more confidence in states regulating gaming than the federal government.

Federal lawmakers approved the Indian Gaming Regulatory Act to oversee aspects of tribal gaming, but she said the legislation "treats gambling and games as if they've been frozen in time."

"Progressive states like Nevada and New Jersey are constantly changing their gambling legislation to try to keep up with changing technology," Cowan said. "The federal government has done nothing, mostly due to political reasons."

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.

Sincerely,

Frank Catania, Gary Ehrlich and Keith Furlong
Catania Gaming Consultants

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