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Catania Gaming Consultants

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- Catania Gaming Consultants

New Jersey and Delaware Set Online Gaming Launch Dates

Now that Nevada has launched its first online poker site, New Jersey and Delaware-both of which legalized online gaming shortly after Nevada- are close behind, with plans to launch their own online gaming sites by the end of 2013.

Delaware, which was the first state to legalize a full slate of regulated real-money online casino games, launched a free-to-play site in late August as a precursor to its real-money online gambling program. The real-money site is set to go live

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at the end of October, and will feature a range of casino games including slots, blackjack, and poker. The Delaware State Lottery contracted Scientific Games International and 888 Holdings to provide the state's iGaming services.

New Jersey is currently scheduled to launch its online gaming program in late November, although it remains to be seen whether any licensed operators will be ready in time. According to reports, Atlantic City's Borgata Casino is closest to being ready, though some experts still view the November launch date as optimistic. Like Delaware, New Jersey has passed legislation to offer a full range of casino games online.

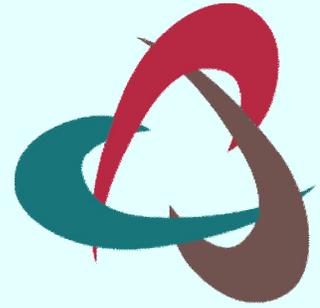
AGA Continues To Advocate Federal Regulation of Online Gaming

In a special column in The Las Vegas Review-Journal, American Gaming Association President and CEO Geoff Freeman made yet another pitch for federal - as opposed to state - regulation of online gaming. Freeman argued that online gaming is here to stay, and criticized Congress for effectively putting consumers at risk through their failure to acknowledge and regulate it.

According to new research from H2 Gambling Capital, Americans currently spend \$2.6 billion annually on illegal offshore gambling websites and are responsible for nearly 10% of the current \$33 billion worldwide online gambling market. However, online gaming is currently legal in only three states-Nevada, Delaware, and New Jersey-two of which have not even launched their websites yet.

That means that thousands of Americans are still gambling through online gaming's "black market," which places them squarely beyond the reach of consumer protection, does not prevent underage gambling, and does nothing to help those with gambling problems.

The AGA continues to support a federal approach to online gaming regulation and the establishment of federal minimum standards. According to the AGA, aside from addressing issues such as underage gambling and gambling addiction, a federal approach could also address issues that individual states cannot, like allowing Native American casino operators to be involved and restoring federal law so law enforcement communities can prosecute illegal online gambling operators,



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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

It is clear that with or without Congressional approval, states will move forward with online gaming. But, the AGA asserts, the state-by-state patchwork we are currently headed for is bound to leave many holes and many consumers at risk.

Gambling vs. Gaming: How You Name It Matters

Confirming what the industry has long known, a new study from Cornell University found that changing the industry label from "gambling" to "gaming" affected consumer attitudes, especially those of nonusers. While the word gaming implied entertainment and fun, the study showed that the label of gambling prompted seedier implicit associations like crime.

The study analyzed media descriptions of online, lottery, and casino gambling between 1980 and 2010 in several major news outlets, along with coverage of 2011's "Black Friday." At that time, newspapers shifted the language they used to discuss online gaming, framing it as a crime instead of a hobby or source of entertainment. That led to a shift in consumer judgments about the legitimacy of online gaming, especially among nonusers.

Overall, the study found that people associated lotteries and casinos with legitimate forms of entertainment and business, while many associated online gambling more with crime and regulation. Specifically, the word "gaming" caused nonusers to view an activity as more legitimate.

Penn National Gaming Offers Profits to Prince George's County

Penn National Gaming, one of three companies vying for Maryland's sixth and final casino license, has proposed a unique plan: if chosen, the company promises to distribute all its profits back to the Prince George's County community.

The company wants to build a \$700 million Hollywood Casino at Rosecroft Raceway. Profits from that casino would be returned to the community, with \$100 million going to the county hospital system over nine years and an estimated \$219 million over 14 years being used to establish a retirement-benefit plan for county educators. An additional \$200,000 would be committed annually to local community

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.

organizations and nonprofits.

The profit-sharing plan would account for all profits after expenses, and company executives promised that the set-aside for community organizations as well as the retirement-benefit plan would exist in perpetuity.

Penn would not operate the casino at a loss: it would still earn money from a real estate investment trust the company is spinning off that would receive rent payments from the casino, and Penn National Gaming would also receive pre-profit management fees from the facility.

Some analysts believe Penn's purportedly philanthropic plan constitutes an attempt to prevent a strong rival operator from entering the region and protect its profits at Hollywood Casino in Charles Town, West Virginia. In fact, the company spent more than \$40 million last year trying to persuade Maryland voters to defeat a gambling expansion plan. A Penn National publicist said the company chooses each property as a stand-alone casino.

Penn is competing for the license against a newly formed subsidiary of Greenwood Racing, which wants to build an \$800 million Parx Casino Hotel & Spa, and MGM Resorts International, which is proposing an \$800 million casino and resort.

Nevada May Expand Internet Poker beyond State Lines

Now that online poker is off the ground in Nevada, the state has set its sights on the next goal: offering online poker to residents of other states. Nevada Governor Brian Sandoval signed legislation in early 2013 that would pave the way for regulations that would enable such play.

Now, two keys steps remain: developing the technical specifications and directing the Governor to enter agreements with other states. In mid-September, the Gaming Control Board took the first step by conducting a workshop meeting on a proposal for companies to offer progressive jackpots across state lines.

The meeting, which addressed the technical aspects of expanding a gaming network across multiple states, was held in response to a petition from slot manufacturers International Game Technology and Bally Technologies to amend

regulations to allow multijurisdictional progressive prizes. The companies hope to enable wide-area progressive jackpots that will grow larger and faster over multiple jurisdictions, as the Powerball lottery does when played in several states.

Governor Sandoval, who has been supportive of expanding Nevada's online poker program, is currently waiting for the Gaming Control Board to adopt regulations that will allow him to enter into compacts or agreements with other states. He indicated that other states have already expressed interest in entering into a compact.

Though Sandoval and the Board are enthusiastic about pursuing compacts with other states, some experts fear that the agreements will be a more "complex animal" than most people realize, and could get even trickier after the first bilateral agreement.

Former Nevada Gaming Control Board Chairman Mark Lipparelli predicted that many states might not go to the trouble of writing legislation or regulations at all, instead opting for a simple tweak of existing laws that would allow state residents to place wagers with companies that are legally operating from other states.

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.

Sincerely,

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