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Catania Gaming Consultants

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Greetings. We recently returned from the International Masters of Gaming Law (IMGL) conference in Arizona. IMGL had its most successful conference. IMGL is a non-profit association of gaming attorneys, regulators, educators, executives and consultants from around the world who are dedicated to education and the exchange of professional information concerning all aspects of gaming law, www.gaminglawmasters.com.

Frank Catania presented as part of the panel entitled, "An Internet Gaming Debate: Federal or State Regulated?" It was a two hour panel that was one of the most informative of the conference.

In this issue we discuss updates from NJ, NY, USVI, Iowa and Italy. Please feel free to send us any feedback on topics that interest you for future newsletters.

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Best Regards,

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Catania Gaming Consultants

Internet Gaming in A.C. May Be Within Reach

Is the second time a charm? That's what some legislators are hoping for when it comes to allowing Internet gambling in New Jersey. After an Internet gambling bill was vetoed by Governor Chris Christie last year, supporters are pushing for a revised bill, which passed a state Senate committee.

The new bill would allow online wagers from not only state residents but also gamblers from other states and even other countries, provided the state Division of Gaming Enforcement determines it does not violate federal laws. However, the computer servers for Internet gambling would need to be run by Atlantic City casinos, and the bill would carry strict penalties for any online wagering outside Atlantic City.

That could avoid the issue of whether the New Jersey constitution, which confines casinos to Atlantic City, would need to be amended before an online gaming bill could pass. Constitutional experts at Temple Law School and Seton Hall Law School have supported the argument that the state constitution does not preclude Internet gambling if the servers are limited to Atlantic City.

The issue of gaming outside Atlantic City was cited by Gov. Christie as one of the reasons why he vetoed last year's bill, and Christie has hinted that he will sign the revised measure if it addresses his previous concerns.

Meanwhile, the DOJ's December reversal of its long-standing position on the Wire Act could mean that the federal government is also taking a friendlier stance toward online gaming than it once did. The reversal established that the Wire Act, which limits interstate gambling, only applies to sports betting.

The new bill's chief sponsor, State Senator Raymond Lesniak, said he felt the bill has a good chance of passing "not just because we've overcome the legal impediments, but also because it will give a much-needed boost to Atlantic City and create jobs there."

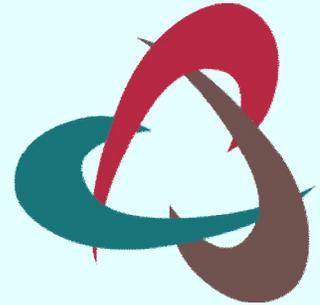
The revised bill is scheduled for a Senate vote in May and an Assembly vote in June.

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Cuomo Gets OK to Expand Gambling in NY

In one of Albany's trademark "backroom" deals, Governor Andrew Cuomo and legislative leaders agreed on a plan to expand casino gambling in New York. The proposed legislation could lead to the addition of full-scale gambling in up to seven privately owned

Revel Casino Opens in A.C. amid Cautious Optimism



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casinos, including a potential \$40 million expansion at Saratoga Casino and Raceway.

Currently, only Indian-run casinos are allowed to have table games such as blackjack, roulette, poker, and craps. There are nine "racinos" in the state not on Indian land, which means that not every casino will be allowed to expand. The proposed constitutional amendment does not specify which sites will have full-scale gaming and is vague regarding how those sites will be chosen.

"We'll deal with where, when and how next year," said Assembly Speaker Sheldon Silver, who has been involved with the legislation.

Even if it passes, the new legislation leaves casinos at least two years away from beginning their expansion. Because it is in the form of a constitutional amendment, the legislation will need to be approved by both this year's legislature and next year's, after which voters will need to ratify the amendment at the November 2013 elections.

If approved, the expansion could lead to at least 400 more jobs for Saratoga Gaming & Raceway alone. "This is a process that will ultimately put thousands of New Yorkers to work, drive our economy, and help keep billions of dollars spent by New Yorkers on gaming in the state," said Cuomo.

A spokeswoman for the New York Gaming Association said the organization was studying the new bill and had no immediate comment.

Iowa Senate Approves Internet Poker Legislation

A measure that would allow existing gaming operations in Iowa to offer Internet poker has passed the Iowa Senate. The measure would allow the state's casinos and racetracks to offer Internet poker, and would put the Iowa Racing and Gaming Commission in charge of Internet gambling.

Estimates indicate that legalizing Internet poker could generate between \$3 and \$13 million in state tax revenue. An additional amendment that would have diverted Internet gaming revenue to Iowa's roads did not pass.

Though a poll by The Des Moines Register indicates that the measure is opposed by 69% of Iowa residents, it passed in the Senate by a 29 to 20 vote. "We want to protect Iowa consumers and we want to protect the investment Iowa has made up to this point," said Senator Jeff Danielson.

The measure now goes to the House. If approved and signed into law by Governor Terry Branstad, the legislation would make Iowa

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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 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.

one of the first states to establish a legal Internet gaming system within its borders.

Italy Is Europe's Biggest Online Poker Player

Italy remains Europe's leader in online poker play, according to a new study by Gamingclub.com. The country's online poker sector first surpassed that of all other EU countries in 2010, and is expected to continue growing at a substantial rate into 2014.

Italy was one of the first major European countries to officially legalize and regulate online poker, though the first legislation only allowed tournament poker online. In July 2011, laws were reformed to allow Italians to play real cash poker online, contributing to the rapid growth of the industry in the last two years.

Video Lottery Terminals (VLTs) remain the biggest form of gaming activity in Italy, accounting for almost half of Italy's total gaming revenues in the first half of 2010. The latest figures from the country's Amministrazione Autonoma dei Monopoli de Stato confirm that VLTs continue to account for the majority of gaming revenue in Italy.

The US Virgin Islands May Develop Casinos

The US Senate Committee on Economic Development, Technology, and Agriculture is considering two bills that would authorize casino gambling on all three islands in the US Virgin Islands.

The first bill would amend the current Casino and Resort Control Act to allow casinos to be built in the territories of St. John and St. Thomas. The sponsor of the bill, Senator Carlton Dowe, said that it was time for the United States to explore new sources of potential revenue.

The second bill would allow a freestanding casino to be built in Christiansted, on the island of St. Croix. The bill, which came from a private/public sector proposal by the Christiansted Renewal Group, would encompass not only the building of a casino but also the construction of an adjacent parking garage, center for culture, several restaurants, and improvements in public infrastructure in the boardwalk area. The developers are currently planning to invest approximately \$20 million in the project, which has strong local support.

Revel Casino Opens in A.C. Amid Cautious Optimism

After a long and expensive road, Atlantic City's Revel Casino is finally open for business. The first new casino to open in Atlantic City in nine years, Revel opened in early April to an eager crowd.

Unlike some of Atlantic City's older hotels, the \$2.4 billion destination resort aims to pull in a younger, wider audience by offering a modern casino and many non-gaming amenities. Beyond a non-smoking casino, visitors will also find a world-class spa, fourteen restaurants (some run by celebrity chefs), breathtaking architecture and many other high-end amenities.

The idea behind Revel was to create a resort that would appeal to everyone, and would invite Atlantic City's largely day-only tourists to spend the night. While gambling is still expected to be a key revenue-generator, the casino offers many other entertainment options as well.

While Revel is certainly a spectacle, the question remains whether it will be enough to reinvigorate a troubled Atlantic City-or, worse, if its success will cannibalize the revenues of other A.C. Casinos that are already marginal.

Revel is opening during a dark time for Atlantic City, when revenue has fallen by more than 36% since 2006 due to a poor economy and increased competition from neighboring states. Things were beginning to look up in December when the city received its first revenue bump in 39 months, but consecutive losses in January and February 2012 have tempered the industry's optimism.

Revel met its own share of challenges during its construction after its original investor, Morgan Stanley, absorbed a \$1.4 billion loss and pulled out of the project in April 2010. Only after Governor Chris Christie offered a plan to revitalize Atlantic City and the state legislature offered Revel a \$261 million tax credit, did other investors come forward to complete the project.

Some industry experts have said that Revel will help the Atlantic City market grow but at the expense of existing operators, and gambling analyst Michael Paladino predicted that at least one casino will fold because of Revel. Even the successful Borgata acknowledged that they expected revenues to drop as a result of Revel's opening.

Additionally, there's the question of whether any growth in revenue as a result of Revel will continue three, four, or five years down the road, particularly if New York opens more casinos.

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,

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