

# Internet Gaming: A Status Update

Massachusetts Gaming Commission  
Internet Forum March 11, 2014

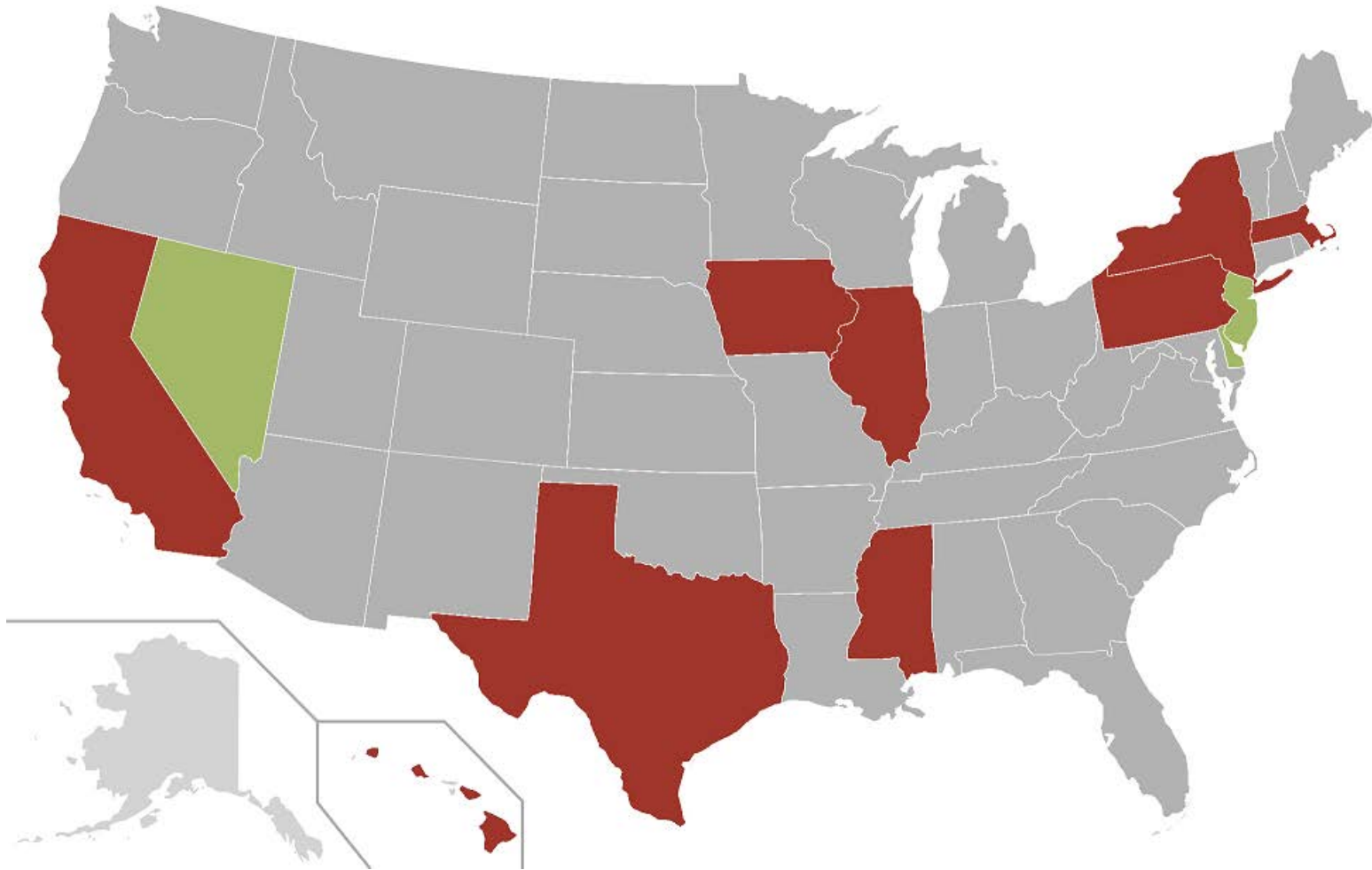


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## U.S. Internet Gaming: The State of Play

- » States increasingly considering Internet gambling in line with shifts in federal law:
  - » 2006's **Unlawful Internet Gambling Enforcement Act** (UIGEA)  
Does not apply to regulated transactions "initiated and received or otherwise made exclusively within a single state"
  - » 1961's **Wire Act**  
Applies only to sports betting games, according to a 2011 DOJ legal memo
- » So far, three states have legalized online casino and/or poker gambling
- » Three states have begun selling lottery tickets online
- » Legislation is under consideration in ten other states and Congress
- » Regulatory models vary





 Internet gambling approved

 Internet gambling legislation considered in 2013

## **Nevada**

- » Legalized interactive gaming in 2001, adopted regulations in December 2011
- » Poker games only; licenses for existing casino-resort operators
- » Three online poker sites now active

## **New Jersey**

- » Legalized Internet casino/poker in February 2013, launched November 2013
- » Licenses only for existing Atlantic City casinos
- » Seven platforms/11 sites now live

## **Delaware**

- » Legalized online gambling in June 2012, launched November 2013
- » Casino and poker games operated by Delaware State Lottery with casino 'skins'

## **Others**

- » Bills/proposals in 2013 in MA, NY, PA, MS, LA, IL, IA, TX, CA, HI
- » NV, DE signed multistate poker agreement on Feb. 25, 2014
- » Two bills pending in Congress, plus 'Wire Act fix' being drafted

## **State Lotteries**

- » Lotteries in Illinois, Georgia and Minnesota selling tickets online
- » Online keno in GA; e-instant game in MN
- » Others moving forward including Michigan and Kentucky

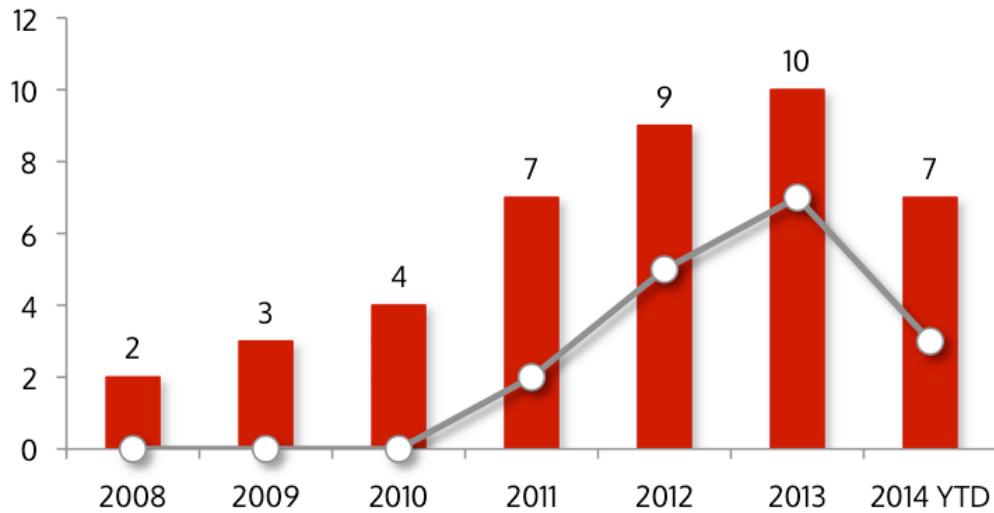


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State	Status	Games	Oversight	Operators	Tax rate
Nevada	Live	Poker only	Gaming board	Casinos	6.75%
Delaware	Live	Casino, poker, lottery	Lottery	Lottery/casinos	34-57%
New Jersey	Live	Casino, poker	Gaming	Casinos	17.5-20%
Federal (Barton)	Pending	Poker	Commerce, NIGC	Casinos, tribal casinos, card clubs, licensed slots makers	-
Federal (King)	Pending	Casino, poker, others	Treasury	-	-
California	Pending	Poker	State plus tribal gaming agencies	Tribal casinos and card clubs	5-10%
Illinois	Draft	Casino, poker	Lottery	Casinos, video gaming and ADW operators	15-20%
Pennsylvania	Pending	Casino, poker	Gaming	Casinos	28%
Massachusetts	Pending	Lottery / poker/casino?	Gaming/lottery?	Lottery or casinos?	-
New York	Budget proposal	Poker	-	-	-
Iowa	Dead	Poker	Gaming	Casinos	22-24%
Hawaii	Dead	Casino, poker, lottery	Lottery	Lottery	-
Mississippi	Dead	Casino, poker	Gaming	Casinos	5%
Louisiana	Study bill	-	-	-	-

Source: GamblingCompliance/U.S. Internet Gambling Regulatory Tracker



No. of states considering Internet gambling bills/  
Interstate gaming as part of legislation



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## Key policy questions:

- » State or federal oversight
- » Who regulates/operates (e.g. casinos/gaming agencies or lotteries)
- » All casino games or poker-only
- » Player 'liquidity' and interstate agreements
- » Geolocation, ID verification and security
- » Payment processing and UIGEA
- » Profitability and revenue potential
- » Suitability standards for suppliers
- » Impact on Indian gaming



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The U.S. is behind other parts of the world in regulating Internet gambling:



### Canada

- » Three provincial lottery corporations (BC, Quebec, Manitoba) have launched online casino/poker operations
- » Ontario to follow in 2014
- » Limited by 'conduct and manage' requirements of Canada's Criminal Code



### Europe

- » Regulated in a majority of EU countries but models vary
- » Sports betting ubiquitous; casino games restricted (France, Spain, Germany)
- » 'Open' licensing regimes in UK, Italy, France, Spain, Denmark, Bulgaria
- » Belgium similar to New Jersey/Nevada – requires land-based license
- » Reforms in UK, Germany, Netherlands, Greece, Portugal, Ireland, Serbia...
- » Monopolies in Sweden, Norway, Finland, Austria
- » Regulators, EU Commission studying harmonization and liquidity sharing

### Others

- » Asia largely unregulated but a thriving 'gray' market
- » Online sports betting legal in Australia but casino/poker restricted
- » Internet lottery sales in China; horserace betting in Japan
- » South Africa, Singapore among countries considering regulation
- » South America largely unregulated bar lottery products



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