

# Regulating Internet Gaming

## Challenges and Opportunities

Anthony Cabot and Ngai Pindell, editors



UNLV Gaming Press

## Editors' Note

On February 21, 2013, Governor Brian Sandoval signed Assembly Bill 114 legalizing online gaming in Nevada. Although the state has long been a leader in gaming regulation in the United States and abroad, this was a significant legislative step and highlights Nevada's recent entry into *on-line* gaming regulation. Until recently, a handful of jurisdictions outside of the United States licensed online gaming operators and provided Internet gaming products to customers throughout the world, including customers in the United States. As a result, the initial development of Internet gaming has been shaped by both the brick and mortar casino industry in the United States, and by operators and regulators in many countries.

Although legal online gaming is new to the United States, it has a longer history abroad. At the same time, several states, most notably Nevada and New Jersey, have decades of experience with brick and mortar gaming and have developed sophisticated regulatory regimes. This book builds on the experiences of both American and international regulatory systems to describe current approaches and suggest best practices for the development of Internet gaming regulation and infrastructure globally.

The book was inspired by a conference held at the UNLV Boyd School of Law in spring 2012 that brought together national and international experts to discuss the future of Internet gaming regulation. Their contributions are collected here in eleven chapters outlining best practices in Internet gaming law, regulation, and policy.

In Chapter One, Tony Cabot begins by discussing how governments can best create an Internet gaming licensing structure, including suggestions for how to identify and weigh relevant public policy and economics goals. In Chapter Two, Peter Kulick adds detail to the licensing scheme by examining accounting, auditing, and recordkeeping practices, applying lessons and experiences from casino brick and mortar experiences to an online regime. In Chapter Three, Sanford Millar focuses on the taxation of regulated Internet gaming using examples and approaches from around the world to illustrate emerging trends and to offer recommendations for best practices. In Chapter Four, Richard Williamson describes the necessary controls gaming operators and regulators should employ to monitor

data and assets. In Chapter Five, Nick Nocton focuses on best practices of protecting customer funds in a global, online gaming regime. In Chapter Six, Stuart Hoegner continues the discussion of finances by focusing on money laundering and prevention practices.

Chapter Seven begins a shift in focus from finance and regulation to other policies important to online gaming. In Chapter Seven, Lawrence Walters describes current advertising rules for online gaming and offers suggestions for best practices. In Chapter Eight, Frank Catania, Sr., Gary Ehrlich, and Antonia Cowan describe the special challenges that Internet gaming will face in maintaining socially responsible gaming practices. In Chapter Nine, Alan Littler continues the focus on customer protection by discussing how regulation can best address the fraud and cheating challenges posed by global online gaming. In Chapter Ten, J. Blair Richardson analyzes online age verification tools and regulations that prevent minors from gambling. Finally, in Chapter Eleven, Marketa Trimble discusses geolocation and the potential for an international convention to facilitate the enforcement of regulations and policy among countries with differing gaming law and policy objectives.

An effort of this size and scope would not be possible without the work of many contributors. UNLV Boyd School of Law students Jason Aldridge, Kenton Eichacker, Michael Gianelloni, Christopher Humes, Morgan Petrelli, Marisa Rodriguez, and Adam Tully edited the individual chapters and worked with the authors. David Schwartz, Professor and Director of the UNLV Center for Gaming Research, led the publication effort and was the architect of the new UNLV Gaming Press. Finally, thank you to UNLV Provost John White, Karl Rutledge and the gaming attorneys at Lewis and Roca in Las Vegas, UNLV Lied Library Dean Patricia Iannuzzi, all of the contributors to the May 2012 Internet Gaming Regulation Symposium, and the faculty and staff at the UNLV Boyd School of Law for their support of the Symposium and for the development of the UNLV Gaming Press.

Anthony Cabot and Ngai Pindell, editors  
March 2013