

NJ ONLINE GAMING REVIEW

FOR THE COMMITTEE ON RACING, GAMING AND WAGERING

September, 2015

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Agenda

- Timeline for Online Gaming in NJ
- Online Gaming Regulatory Pillars in NJ
- Commercial Considerations

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Key Online Gaming Dates in NJ

January, 2011 – NJ legislature passes bill allowing online gaming; bill vetoed

December, 2011 – U.S. Justice Department clarifies Wire Act

December, 2012 – Online Gaming Project begins at Borgata

February, 2013 – Revised NJ bill signed by Governor Christie

May, 2013 - Draft Online Regulations Published by DGE

October, 2013 – Final Online Regulations Published

November, 2013 – Online Gaming opens to the public



NJ REGULATORY PILLARS

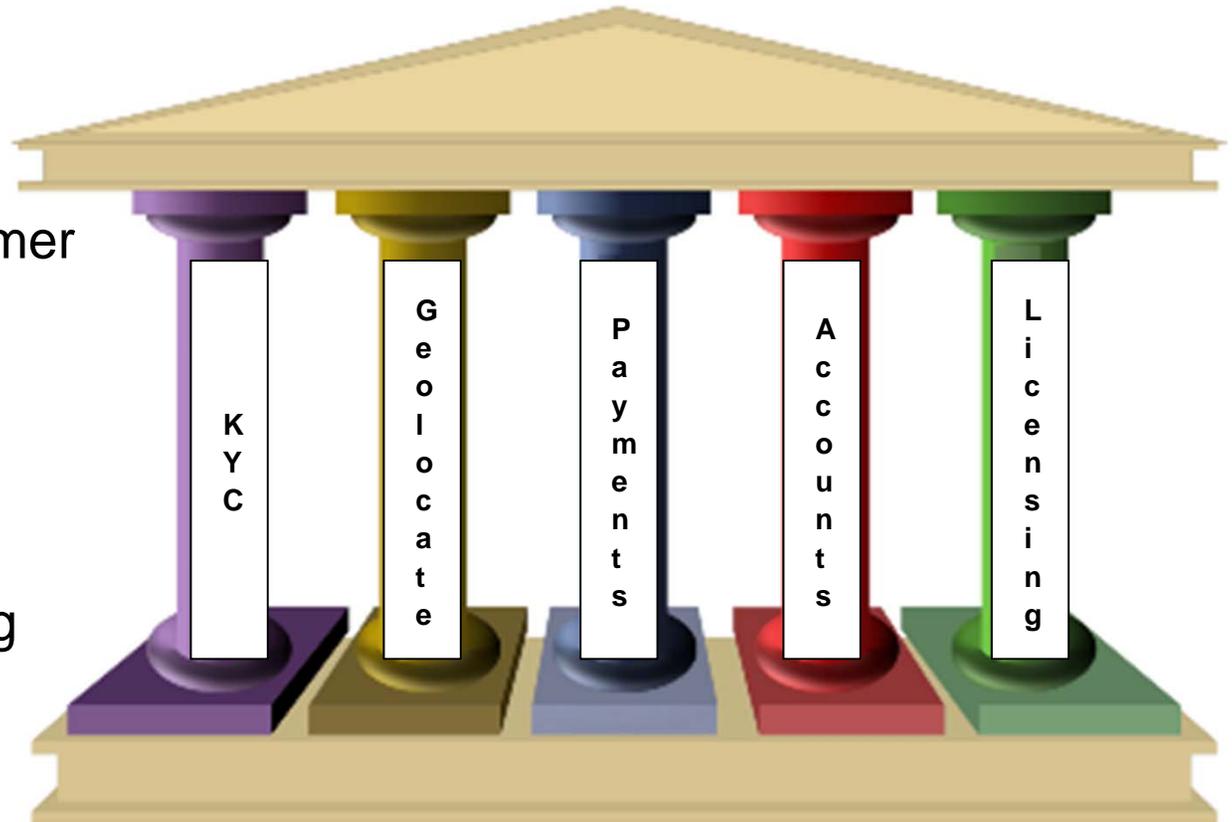
September, 2015

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The Regulatory Pillars of Online Gaming in NJ

1. KYC – Know your customer
2. Geolocation
3. Payment Processing
4. Account-based Wagering
5. Licensing



Security Funnel

KYC – “Know Your Customer” Registration

Geolocation

Payment Processing

Formal Fraud/AML Program



KYC – Know Your Customer

- SSN Verification with Name: <http://www.resort-advantage.com/solutions/ssnofacverification.html>
- Check against the Death Master List: <http://www.ntis.gov/products/ssa-rawdata.aspx>
- Credit Bureau and Aristotle Database Checks: <http://www.centralams.com/>
- KYC Failure Analysis

REGISTER

Enjoy your play money games

VERIFY

Get your account verified

DEPOSIT

Enjoy real money games

Choose account name :

Your email address :

Choose your password :

Confirm chosen password :

Title :

First name :

Last name :

Date of birth :

Bonus code : *(optional)*

Please enter the following code :

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WELCOME PACKAGE

\$20 FREE | 100% UP TO \$600

- I am over 21 years of age. I hereby acknowledge that all the information provided above is accurate.
- I have read the [terms of service](#) and the [privacy policy](#) and I agree to receive email and newsletters, account updates and special offers from Borgata (you can change this preference at any time).

Create my account[Already have an account](#)



REGISTER

Enjoy your play money games

VERIFY

Get your account verified

DEPOSIT

Enjoy real money games

Congratulations! For unlimited gaming action, please enter the following information to verify your account and make a deposit.

Personal details

Basic details

Address 1 : Address 2 : (optional)

City State Zip

Contact Number : is a mobile number.

Social Security Number : - -

Security question and answer:

Register for strong authentication?

Title : First name : Last name :

Date of birth :

Please check the above basic details and make changes if needed by clicking on [Edit](#)

I hereby acknowledge that all the information provided above is accurate. Please see our [Terms of Service Section 5](#) to see who is prohibited from real money wagering.

Verify my account

Geolocation

NJ allows for the use of Wi-Fi signals as the primary means of tri-angulating the position of a customer. This is strengthened by the use of strategies to detect the use of proxy servers/remote desktop software.

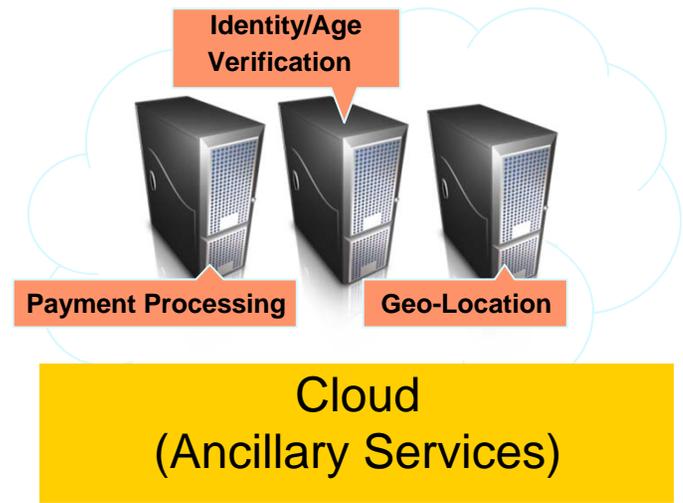
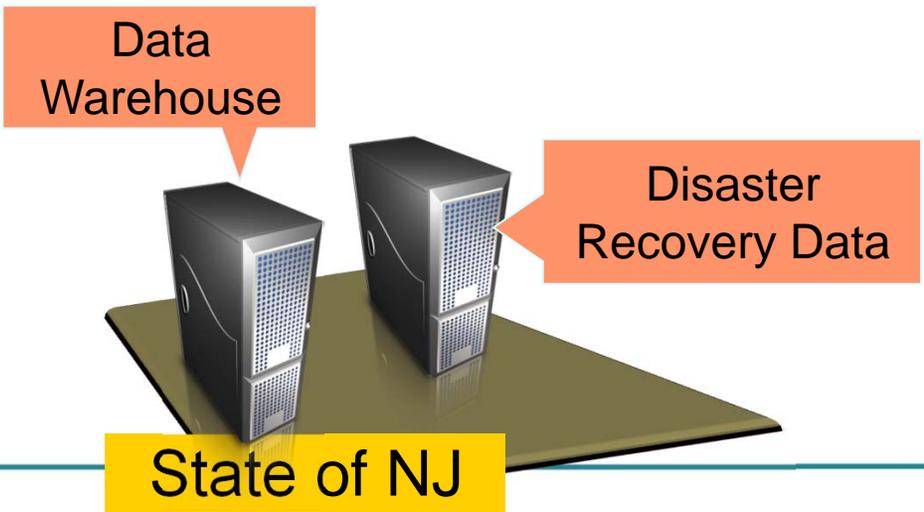
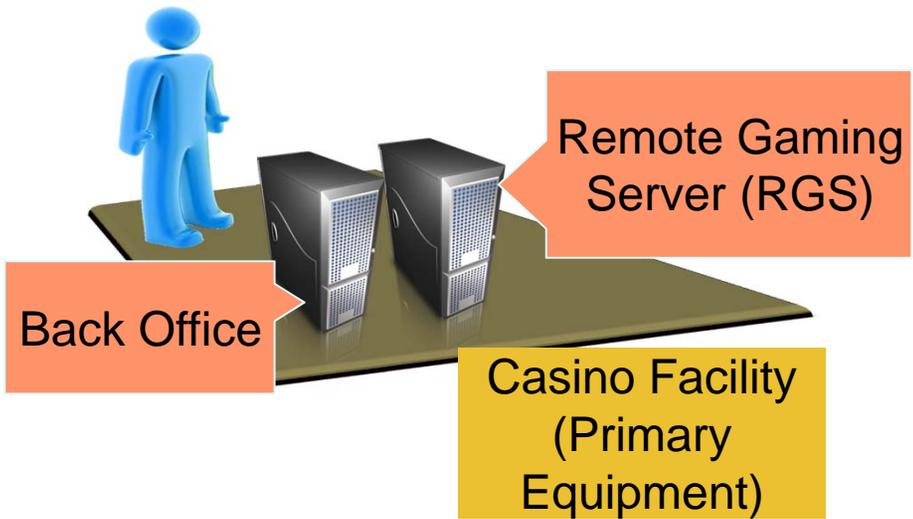
- Online US state lotteries/racetracks have used IP address only
- Nevada & Delaware have used IP plus text messaging

<https://backoffice.geocomply.com>

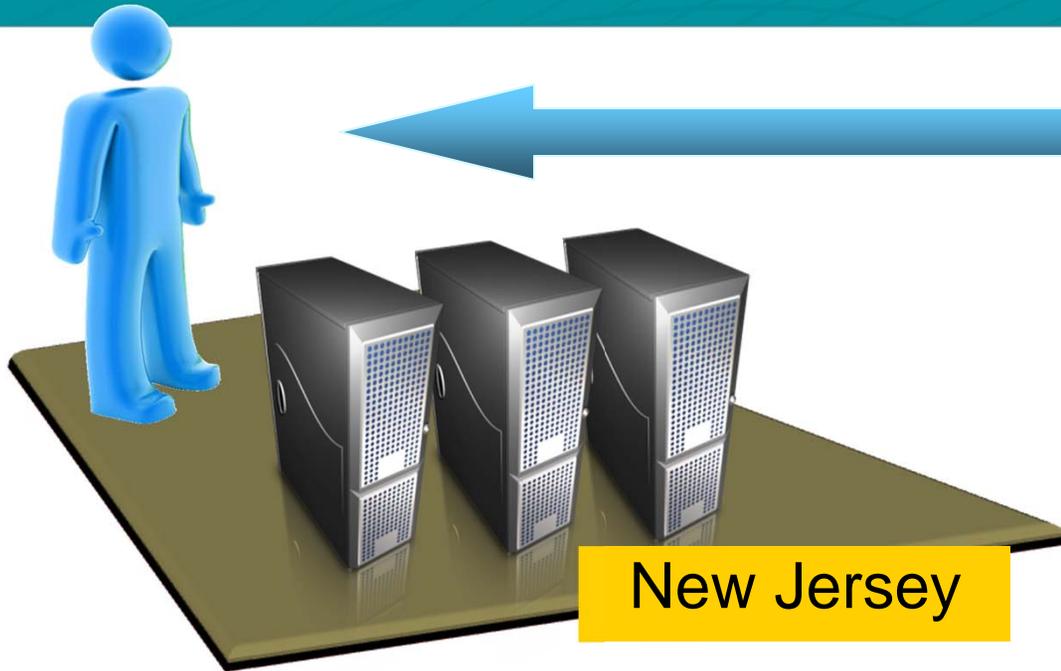
Account Based Wagering

- Daily GGR reconciles to the aggregate of individual customer win/loss
 - Differs from land based operations which reconciles daily GGR to change in assets (cash, markers, chip inventory)
- Daily individual account reconciliation
 - Superior consumer protection
 - Faster dispute resolution
- Enhances Responsible Gaming Efforts
 - Daily deposit limits
 - Daily spend limits
- Provides for better fraud protection and AML efforts

Online Gaming Regulatory Architecture in NJ

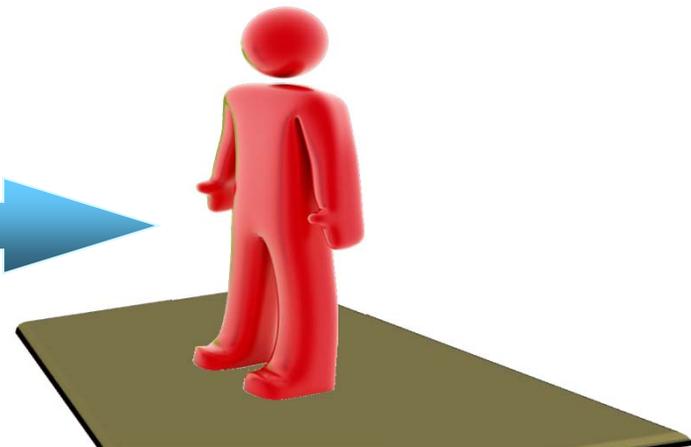


Architecture in NJ – Online Staff



- Problem Gambling
- Cheating
- Collusion
- Money Laundering
- Identification
- Marketing

- Help Desk Calls
- Investigate Patron Complaints



Licensing

- Platform operators required to have Gaming Vendor License (for both B2B and B2C offerings)
- Other vendors that are ancillary to casino and platform operators require lesser vendor license
- NJ constitutional requirement that servers housed in casino premises

Other Key Regulatory Matters

- Gaming Content includes both Poker and Casino
- Accounting Requirements
- Reporting Requirements
- NJ Test Lab – Dedicated Resources for Rapid Review
- DGE has taken the lead on continued efforts to communicate to the banking industry processes are sound and well regulated to underscore the legitimacy of online gaming in NJ

COMMERCIAL CONSIDERATIONS

September, 2015

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Commercial Considerations

LAUNCH

- Fast: Developed within 9 months after Governor's approval (regulations and platform)
- Uniform start date provided fairness to operators
- Collaborative effort between operators and regulators during pre-opening and first year learning curve resulted in a successful NJ regulatory model

The New York Times

New Jersey Now Allows Gambling via Internet

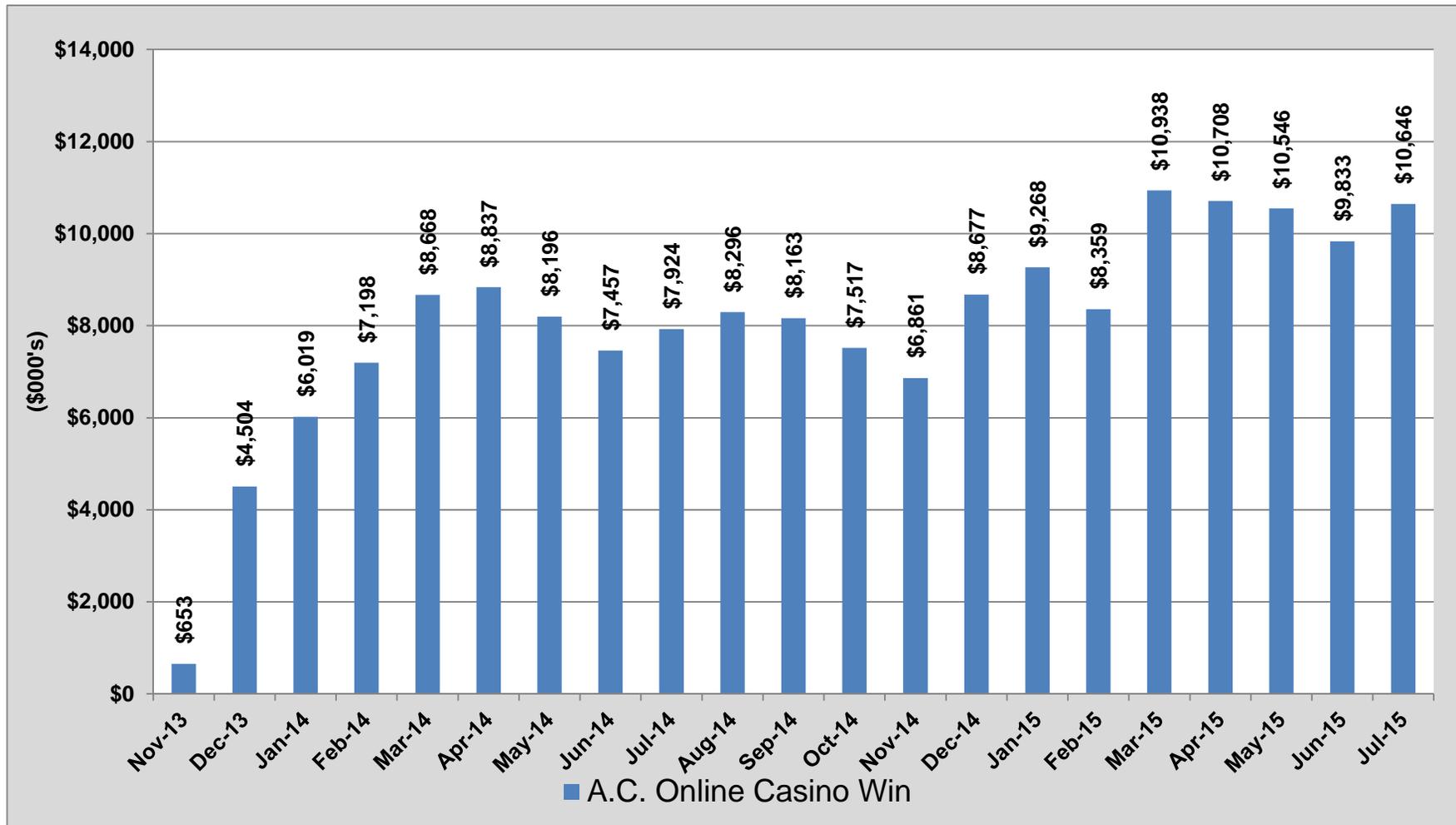
By [KATE ZERNIKE](#) NOV. 26, 2013

New Jersey began allowing Internet gambling on Tuesday in a much-watched bet that there are untapped sources of revenue on bedside iPads and cubicle desktops, and even among people checking their phones while they wait in line for coffee.

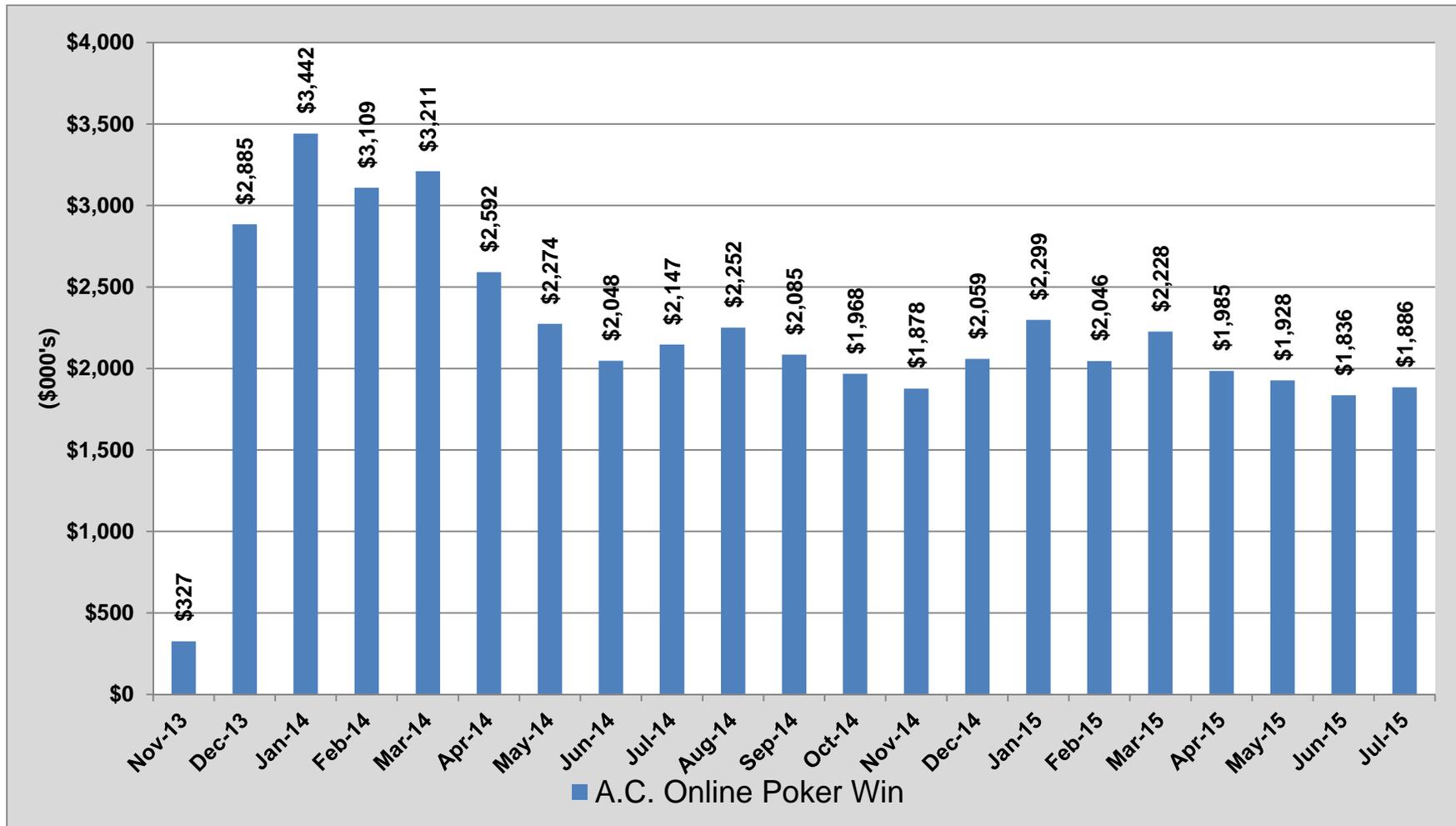
Commercial Considerations

- Cannibalization
 - No measureable impact on Land Based operations
 - Incremental growth of new and inactive customers through online acquisition
 - Cross-Over play and non-gaming revenue increase from new, online customers
 - Reverse Seasonality offers consumers the availability to play online when weather inhibits travel to a Land-Based resort
 - Largest utilization of Reward dollars is used at Land Based operations

Atlantic City Online Casino Win Trend



Atlantic City Online Poker Win Trend



Commercial Considerations

Cross-State Liquidity

- NJ Poker Market has contracted from 4 networks to 2 networks since opening
- Economies of Scale for media buys in Philadelphia/NYC markets:
 - Difficult to execute for NJ Online Gaming only.
- Economies of Scale for infrastructure:
 - NJ has installed platforms for all major online operators which may be used for Cross-State play.

Commercial Considerations

Cross-State Liquidity (continued)

- Economies of Scale for Geolocation:
 - New State borders may be re-drawn without the need for any technology change.
- Economies of Scale for Customer Service
 - Existing 1st and 2nd tier customer support centers may be utilized.

Content – Casino



Content – Poker

Union - NL Hold'em - \$0.05/\$0.10

Lobby Table options Menu # 1,592,843

Open Table

Brown \$13.05

dondonyen \$41.78

Total pot \$0.52

Out

ChipItthisway \$7.48

Q♥ 10♥ 10♣ Q♦ 3♥

10♦ 9♥

\$0.52

WON \$9.73

badplayer \$4.65

phantom \$9.79

Dealer: billyone shows a full house, Tens full of Queens.
Dealer: phantom doesn't show
#1592843: billyone wins \$0.52 USD from the main pot with a full house, Tens full of Queens.

Rebuy Quick Deposit

Type here to chat Send

Join Waitlist

3 min 08:42 EST

Content – Slots on iPhone



SUMMARY AND Q&A

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