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## Christie Conditionally Backs New Jersey Internet Gambling

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By ALEXANDRA BERZON

New Jersey Governor Chris Christie Thursday gave his conditional support to Internet gambling, laying the ground for the state to become one of the first in the country to allow online wagering.

Sending back a bill that would legalize Internet gambling, Mr. Christie told the state assembly that after weighing benefits of job creation and economic development against risks of addiction, corruption and improper influence, he would back a slightly revised version of the measure.

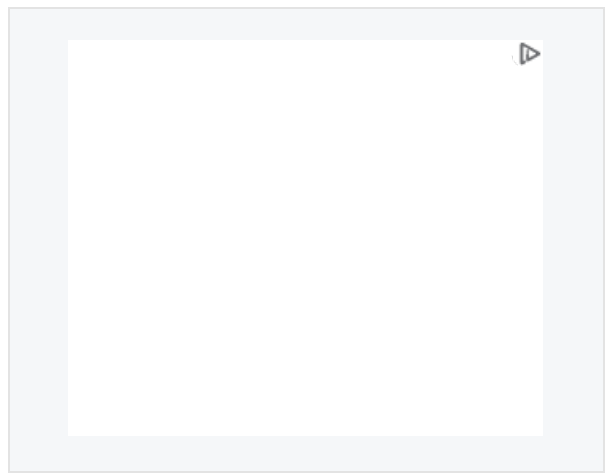
"The importance of gaming and tourism industries in New Jersey cannot be overstated," Mr. Christie wrote to the assembly.

The revised version of the bill is likely to be passed without trouble, according to the bill's main sponsor, State Sen. Raymond Lesniak. It would allow struggling Atlantic City casinos to operate online gambling websites that could be used by people physically located in New Jersey.

The bill also would permit a kind of reciprocity with other states with legal online gambling, potentially opening the sites to more users. Mr. Christie's conditional approval of Internet gambling will help preliminary discussions with other states about forming compacts with New Jersey to go forward, Mr. Lesniak predicted. "This is the first step in that direction," he added.

Mr. Christie's revised bill includes minor changes, including more funding for gambling addiction treatment and restrictions on state employees obtaining gambling licenses. He also is seeking a 10-year limit on the legalization measure, meaning it would need to be renewed then. Mr. Christie also proposed a 15% tax on Internet gambling revenues, up from the 10% originally proposed by the legislature.

Proponents of Internet gambling in New Jersey, including offshore Internet gambling companies and Atlantic City casinos, have argued that online gambling will save jobs and create much-needed new investment in the state.



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"This will pump new life into Atlantic City," said Mr. Lesniak.

Dennis Farrell, a gambling-industry analyst for Wells Fargo, [WFC +0.26%](#) recently called the bill a lifeline for Atlantic City and estimated online gambling could generate between \$650 million and \$850 million in annual revenue for the industry in the near term, assuming around 5.8 million people gamble on the sites.

Mr. Christie's support, however, was uncertain until Thursday. The governor had vetoed a similar bill in 2011 and hadn't previously indicated whether he would support the latest version. Even in offering his conditional support, he continued to express reservations, noting that some people believe online gambling could lead to declines in tourism and that questions remain regarding the social impact of Internet casino wagering.

Delaware and Nevada also are preparing to make online gambling legally accessible to people within their states later this year. In Nevada, only online poker is to be legalized. The New Jersey bill calls for the first licenses to be issued within nine months. It would allow a wide variety of gambling.

Several offshore companies including [888 Holdings](#) [888.LN +16.63%](#) and Bwin. Party Digital Entertainment PLC have already made deals with New Jersey casino companies to offer online gambling in the state.

Another company, PokerStars is applying for a casino license in New Jersey. It plans to acquire an Atlantic City casino and find a toehold to offer U.S. bets out of New Jersey. It expects to receive a provisional license from the state shortly, a person familiar with the matter said.

Last August, PokerStars agreed to a \$731 million settlement with the Justice Department, which had accused it of bank fraud, money laundering and illegal gambling. The company, based in the Isle of Man, has denied wrongdoing and settled without admitting to any wrongdoing.

Proponents of online gambling said they expect the move in New Jersey to influence more states to legalize online gambling in the next few years.

"What that means is you're going to have a huge influx of gaming operators into New Jersey," said Jeff Ifrah, an attorney who works for PokerStars. "As soon as the neighboring states start to realize the amount of revenue generated by these online operators they're going to want to get in on the game."

--Heather Haddon contributed to this article.



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