

The future of egaming: Bet on New Jersey



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Jeff Ifrah and Sarah Coffey of Ifrah Law explain why New Jersey's internet gambling law places the Garden State in a good position to attract operators and players

When Nevada lawmakers learned that New Jersey was poised to pass an internet gambling law, they reflexively rushed their own bill into law on 21 February in order to claim the 'first in the nation' distinction.

Nevada can have the title. New Jersey has the better law.

The two bills share some similarities. In both Nevada and New Jersey, land-based casinos may offer real-money games over the internet within state borders. The casinos may team with licensed egaming partners to operate the websites. In a direct response to New Jersey's clause permitting cross-border egaming compacts with other states where play is legal, Nevada added a similar clause.

But it is the differences between the laws that will give New Jersey the edge in internet gaming. For example, the Nevada law imposes a five-year ban on companies that operated in the US after the passage of the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) unless they obtain a special waiver. This excludes the biggest, most popular, and most experienced egaming companies. Not coincidentally, these are the same companies that would pose the stiffest competition to Nevada casinos, which have already teamed with other egaming operators. This exclusion is not required by federal law. In fact, the only court to review internet poker post-UIGEA

found that it did not violate the law. Rather, state lawmakers' decision to invoke and distort this in-applicable law in their own legislation was made solely to lock out competitors from the market.

In contrast, New Jersey's law does not contain a similar exclusion, and the biggest names in egaming are clamoring to enter the market. PokerStars, the most popular gaming website in the US, has gone a step beyond partnering with a casino by actually acquiring one. PokerStars is in the process of purchasing the Atlantic Club Casino, seeing the opportunities for growth in both land-based and online gaming markets in New Jersey.

Other factors also put the Garden State in a stronger position to enter internet gaming. While Nevada's internet gaming law is limited to poker, New Jersey's law is open to offer any casino games that the Division of Gaming Enforcement approves for online play. New Jersey also has a larger population and a bigger surrounding market from which to draw players. Whereas many Nevada casinos have long since formed partnerships with companies to offer internet gaming, New Jersey presents more opportunities for egaming companies to enter the market.

New Jersey may only be the third US state to pass an internet gaming law, but it is the best positioned to attract operators and players.

Nevada's last-minute changes in an attempt to remain competitive only prove that New Jersey is calling the shots. ■