

Online poker: Legal website launches in Nevada (Update)

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The home page for Ultimate Poker by the company Ultimate Gaming is seen on a computer screen at the company's headquarters, Monday, April 29, 2013, in Las Vegas. The social gaming company is expected to launch the first legal, real-money poker site in the U.S. Tuesday morning. The Ultimate Gaming site will be available only to in players in Nevada, but likely represents the shape of things to come for gamblers across the country. (AP Photo/Julie Jacobson)

Poker devotees can now skip the smoky casino and legally gamble their dollars away on the couch—at least in the state of Nevada.

A Las Vegas-based casino subsidiary launched the first fully legal poker website in the United States on Tuesday morning.

The site, run by Ultimate Gaming, is only accepting wagers from players in Nevada for now, but likely represents the next chapter in gambling nationwide.

Internet poker, never fully legal, has been strictly outlawed since 2011, when the Department of Justice seized the domain names of the largest offshore sites catering to U.S. customers and blacked them out.

This crackdown, dubbed "black Friday," left poker fanatics with two options: They could either get dressed and visit a card room, or break the law and log into an offshore site.

More recently, the federal government softened its stance on Internet betting, and three states—New Jersey, Delaware and Nevada— have legalized some form of online wagering within their borders.

With Tuesday's launch, Nevada wins the race to bring Texas Hold 'em back to the Internet.

"There was black Friday, and now we're going to have 'trusting Tuesday,'" said Ultimate Gaming CEO Tobin Prior. "Players won't have to worry if their money is safe. They are going to be able to play with people they can trust and know the highest regulatory standards have been applied."

About 20 other companies— including Zynga, the creator of FarmVille— are preparing to open their virtual doors in the Silver State.

UltimatePoker.com will look familiar to anyone who participated in the poker craze of the 2000s. Only the account setup and login process have

changed. Instead of checking a box certifying they are older than 18, players will click through a lengthy setup process involving Social Security and cell phone numbers. Only those older than 21 will be allowed to play.

Ultimate Gaming hopes to win the trust not only of players, but of regulators and politicians.



Ultimate Gaming chairman Tom Breitling, left, and CEO Tobin Prior sit for a photo at their company headquarters, Monday, April 29, 2013, in Las Vegas. The social gaming company is expected to launch the first legal, real-money poker site in the U.S. Tuesday morning. The Ultimate Gaming site will be available only to in players in Nevada, but likely represents the shape of things to come for gamblers across the country. (AP Photo/Julie Jacobson)

"It's an opportunity to show the world how to properly run online poker," Ultimate Gaming chairman Tom Breitling said.

Several cash-hungry states are weighing legislation that would allow them to tap into what is expected to be a multibillion-dollar market. Some bills would legalize only poker, as Nevada has, while others would throw open the gates to all casino games, including slots, as New Jersey and Delaware have done.

Earlier this year, Nevada Gov. Brian Sandoval approved legislation that gives him the ability to sign interstate Internet gambling deals with other governors.

Players around the world currently wager an estimated \$35 billion online each year, according to the American Gaming Association. A fully realized U.S. online poker market could generate \$4.3 billion in revenue its first year, and \$9.6 billion by year five, according to London-based research firm H2 Gambling Capital.

Still, with federal efforts to legalize Internet poker stalled, it may be a while before a critical mass of states link together to lure professional players back from overseas and drive up jackpots.

Nevada, a state of just 2.8 million, attracts 52 million visitors a year—more than the population of California. But who wants to go on vacation just to fire up their laptop and play some virtual cards?

"I think the real excitement will be when we get a very populous state like a California or a New York allowing these companies to expand," ITG casino analyst Matthew Jacob said. "But these changes often take longer to occur than people assume. It requires a change in law and then it takes a while from when the law passes until the sites are up and running."

Prior says he intends to make Ultimate Poker profitable within a matter of years, in part through cross-promotion with mixed martial arts giant Ultimate Fighting Championship. Both companies are owned by brothers Frank and Lorenzo Fertitta, who also control Station Casinos Inc., a chain that caters to locals in Las Vegas.



A sample poker game is played on the soon-to-be launched Ultimate Gaming website, Monday, April 29, 2013, in Las Vegas. The social gaming company is expected to launch the first legal, real-money poker site in the U.S. Tuesday morning. The Ultimate Gaming site will be available only to in players in Nevada, but likely represents the shape of things to come for gamblers across the country.(AP Photo/Julie Jacobson)

The Ultimate Poker logo has enjoyed prime placement in the UFC fight octagon for months. The Ultimate Poker Facebook page, which steers fans to a zero-stakes version of the site, features a mix of UFC glamour

shots and stock images of guys in hoodies staring into laptop screens.

"When you look at the demographic of the UFC fan and the online poker player, it's almost a perfect overlap," Breitling said.

In the coming months, Ultimate Gaming will have to prove that its technology and 111 employees can prevent minors and out-of-state players from wagering real dollars, and guard against money laundering. The site will use several factors to track location, including the virtual customer's mobile phone and their IP addresses, the strings of numbers that identify computers on the Internet, according to chief technology officer Chris Derossi.

It will also have to pay 6.75 percent of its revenue in Nevada state taxes.

It's unclear how much of a boon the new market will be to the cash-strapped state. In 2012, the Pew Center on the States analyzed 13 states that had recently legalized new types of gambling, and found that more than two-thirds of "failed to live up to the initial promises or projections."

The gambling industry is hoping the return of Internet poker will revitalize interest in the game and help brick and mortar casinos capture a younger market.

The rise of Internet poker is generally credited with helping spark the poker fad of the last decade. The end of online gambling is thought to have helped quash interest in the game.

In the coming months, the industry will be watching closely to see if poker players come flocking back from their new hobbies, replacement computer games and illegal offshore gambling sites.

"This is a really huge moment for our company, the state of Nevada and the gaming community," Breitling said. "We're hoping to make poker fun again."

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