



---

---

---

---

---

---

---

---

Contact Info

- Greg Gemignani
  - Cell: 702-809-3554
  - Personal e-mail: [ggemignani@gmail.com](mailto:ggemignani@gmail.com)

---

---

---

---

---

---

---

---

THE BACKGROUND

---

---

---

---

---

---

---

---

Fundamentals

- For those of you new to gaming law courses, what is gambling?

(hint, this is an opportunity to participate)

---

---

---

---

---

---

---

---

Fundamentals

- For those of you new to gaming law courses, what is gambling?

(hint - this is an opportunity to participate)

---

---

---

---

---

---

---

---

Fundamentals

- For those of you new to gaming law courses, can you identify some different types of gaming or gambling?

(hint - this is an opportunity to participate)

---

---

---

---

---

---

---

---

Fundamentals

- For those of you new to gaming law courses, can you identify some different types of gaming or gambling?
  - Lotteries
  - Games of Chance
  - Sports Wagering
  - Pari-mutuel Wagering
  - Bookmaking

---

---

---

---

---

---

---

---

Fundamentals

- Lotteries
  - Usually defined under U.S. law as a form of gambling where participants part with some valuable consideration for the opportunity to win a valuable prize where the award of such prize is **based purely on chance**.
- Games of Chance
  - Usually defined under U.S. law as a form of gambling where participants part with some valuable consideration for the opportunity to win a valuable prize where the award of such prize is **based to some degree on chance**.

---

---

---

---

---

---

---

---

Fundamentals

Consideration  
Chance  
Prize

---

---

---

---

---

---

---

---

Fundamentals

- **Sports Wagering**
  - Often defined as an activity where a patron risks some valuable consideration for the opportunity to win a valuable prize where the prize award is based on the outcome of a sporting event, athletic event or other event determined outside the control of the patron.
- **Pari-mutuel Wagering**
  - Often defined as an activity where a patron risks some valuable consideration for the opportunity to win a valuable prize funded by other patrons where the prize award is based on the outcome of a racing event, sporting event, athletic event or other event determined outside the control of the patron.

---

---

---

---

---

---

---

---

Fundamentals

- **Bookmaking**
  - Accepting wagers on event (even an event of skill)
  - Recording wagers on an event (even an event of skill)
  - Holding stakes
  - Distributing stakes
- **Example:**  
[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=PEN&sectionNum=337a](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PEN&sectionNum=337a)

---

---

---

---

---

---

---

---

THE BASICS

---

---

---

---

---

---

---

---

### Biological Gambling Instincts

- Research suggests that gambling instincts occur even in primates.
  - In 2005 researchers Michael Platt and Allison McCoy, from Duke University, published findings in the journal Nature Neuroscience that monkeys when presented with two targets that rewarded the monkey with juice, overwhelmingly chose the riskier target with a variable return (often less juice) than the target with a consistent reward of juice.
  - According to Platt, "Basically these monkeys really liked to gamble. There was something intrinsically rewarding about choosing a target that offered a variable juice reward, as if the variability in rewards that they experienced was in itself rewarding."

---

---

---

---

---

---

---

---

### History

- Gaming has been around as long as people have been around.
- Archeological and historical evidence suggests gambling in some form occurred in most ancient cultures.

---

---

---

---

---

---

---

---



History

---

---

---

---

---

---

---

---

History



---

---

---

---

---

---

---

---

History



---

---

---

---

---

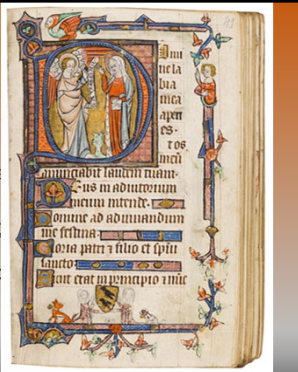
---

---

---

History

- When they came to the place of the Skull, they crucified him and the criminals there, one on his right and the other on his left. [Then Jesus said to the man on his right, "Father, forgive them, they know not what they do."] They divided his garments by casting lots. Luke 23:32-34 Roman Catholic Bible
- "Casting lots" appears in frequent religious texts



---

---

---

---

---

---

---

---

History

- Gambling isn't new
- Gambling analysis, game mathematics and probability studies are recorded as early as the 16th century.



---

---

---

---

---

---

---

---

History

- Gambling statutes and laws existed as far back as Roman times.
- Other cultures predating Roman culture likely had gaming laws and rules; however, the Romans left behind definitive proof and documentation.



---

---

---

---

---

---

---

---

History

- What gaming issues do you think were of concern in Roman times?

---

---

---

---

---

---

---

---

History

- Issues during Roman times:
  - Games and fairness
    - Distinguishing fair permitted wagering from unfair wagering
  - Integrity of wagering events
    - Sports/Athletic integrity
  - Problem gambling and gambling debts

---

---

---

---

---

---

---

---

History

- At times, Roman law prohibited all forms of gambling other than betting on racing.
- Roman law prohibited the enforcement of gambling debts and allowed the family of gamblers to recover damages for losses.

---

---

---

---

---

---

---

---

History

- Wagering on chariot racing, horses, and athletic combat was common in Ancient Rome.



---

---

---

---

---

---

---

---



### History

- At its height, Rome itself had 7 different race tracks. This was a popular sport and a popular wagering activity for Romans.



---

---

---

---

---

---

---

---

### History



- As the Roman Republic and Empire spread, so did the Roman past times of gambling.

---

---

---

---

---

---

---

---

### History

- An inscription on the mosaic of an African bath house says of a favorite horse: "Vincas, non vincas, te amamus, Polydoxe!": Win or lose we love you Polydoxes!



---

---

---

---

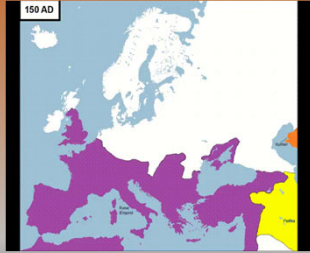
---

---

---

---

### History



- As Roman influence receded, gambling was one of the cultural aspects of Roman life that endured beyond Roman rule

---

---

---

---

---

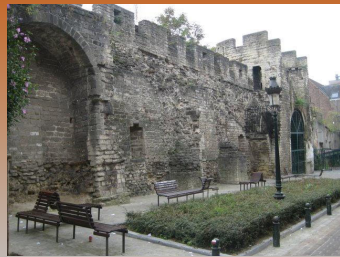
---

---

---

### History

- The English adopted laws consistent with Roman laws for various forms of gaming, in particular horse racing and athletic combat



---

---

---

---

---

---

---

---



- Gambling in the middle ages was divided in part by economic class. The rich indulged in wagering on horse racing, cock fighting or other blood sports, while the poor often engaged in dice games.

---

---

---

---

---

---

---

---

Why is this relevant?  
*I thought I was taking a tech and innovation centric course*

---

---

---

---

---

---

---

The threads of history influence our past,  
present and future

---

---

---

---

---

---

---

The threads of history influence our past,  
present and future

---

---

---

---


---

---

---

History

- Roman law prohibits the collection of gaming debts and allows families to recover certain gambling losses
- In England, Statute of Anne adopts Roman law into formal statute to prohibit the collection of gaming debts and allowing families to recover property lost through gambling
- In 1864, the Nevada constitution adopts the laws of England at the time of statehood as the common law of the State of Nevada



---

---

---

---

---


---

---

---

History

- Until the 1980s, Nevada common law held all gambling debts to be unenforceable



---

---

---

---

---

---

---

---

The Basics

---

---

---

---

---

---

---

---

Fundamentals

Consideration  
Chance  
Prize

---

---

---

---

---

---

---

Consideration

- For those of you new to gaming law courses, what do you think qualifies as consideration for a gambling analysis?

(hint, this is an opportunity to participate)

---

---

---

---

---

---

---

Consideration

- The payment of money?
- The forfeiture of property?
- The forfeiture of opportunity?
- A change in position?
- A promise?
- Substantial effort?
- Minimal effort?
- Benefit to a promoter?
- Benefit to a third party?
- Benefit to any third party?

---

---

---

---

---

---

---

Consideration

- **Cudd v. Aschenbrenner**
  - Facts

---

---

---

---

---

---

---

---

Consideration

- **Cudd v. Aschenbrenner**
  - Facts
    - Contest at grocery store conducted by random drawing
    - Participants must fill in a form with name, address, and telephone number and receive a coupon with numbers on the edge
    - To be eligible to win, the coupon must be validated each week (except on Wednesdays when drawings are held).
    - Participants must be present to win
    - No purchase at any store is required

---

---

---

---

---

---

---

---

Consideration

- **Cudd v. Aschenbrenner**
  - Can anyone make arguments that the scheme has consideration?

---

---

---

---

---

---

---

---

### Consideration

- **Cudd v. Aschenbrenner**

- Can anyone make arguments that the scheme does not have consideration?

---

---

---

---

---

---

---

---

### Consideration

- **Cudd v. Aschenbrenner**

- The court decision

---

---

---

---

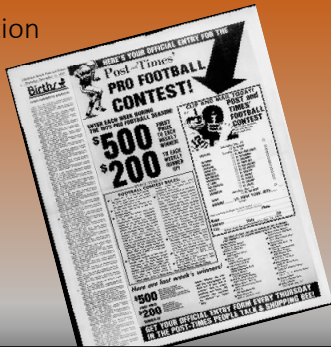
---

---

---

---

### Consideration



---

---

---

---

---

---

---

---

### Consideration

- Seattle Times v. Tielsch
  - Facts

---

---

---

---

---

---

---

---

### Consideration

- Seattle Times v. Tielsch
  - Since 1939, and including 1970, the news paper has sponsored a contest called 'Guest-Guesser', the rules, entry forms and results of which are printed in plaintiff's newspaper
  - Football pick'em contest open to anyone over 12
  - The rules provide that entries may be made on facsimiles of the same dimensions as the printed coupons with the teams listed in exactly the same sequence
    - Squares for each team and ties must be drawn so that the square on the facsimiles line up exactly with those on the printed coupon. Reproductions made by duplicating devices, including carbon paper are not eligible.
  - No purchase of the paper is necessary to enter

---

---

---

---

---

---

---

---

### Consideration

- Seattle Times v. Tielsch
  - Operative Law:
    - The state constitution forbids lotteries
    - Seattle city ordinance prohibits conducting a lottery
    - State law prohibits conducting a lottery, defined as "...a scheme for the distribution of money or property by chance, among persons who have paid or agreed to pay a valuable consideration for the chance, whether it shall be called a lottery, raffle, gift enterprise, or by any other name..."

---

---

---

---

---

---

---

---



Consideration

- Seattle Times v. Tielsch
  - Can anyone make an argument that the football contest has consideration?

---

---

---

---

---

---

---

---

Consideration

- Seattle Times v. Tielsch
  - Can anyone make an argument that the football contest does not have consideration?

---

---

---

---

---

---

---

---

Consideration

- Seattle Times v. Tielsch
  - The court's conclusion

---

---

---

---

---

---

---

---

### Consideration

- Troy Amusement v. Attenweiler

- Facts

- Theater owner runs a Bank Night promotion
    - The promotion allows anyone to sign up for a drawing (no purchase necessary)
    - A nightly drawing is held and the winner has 3 minutes to claim the prize from the time the winning number is announced both inside and outside the theater
    - If the winner is outside the theater, they are allowed in at no charge to collect the prize

---

---

---

---

---

---

---

---

### Consideration

- Troy Amusement v. Attenweiler

- Issue

- The court states that three essential elements of a lottery are (1) prize, (2) chance and (3) consideration. The first two elements being conceded, the question before that court was whether there was a consideration, moving from the recipients of the tickets, to the defendants.

---

---

---

---

---

---

---

---

### Consideration

- Troy Amusement v. Attenweiler

- Can anyone make an argument that the bank night contest has consideration?

---

---

---

---

---

---

---

---

### Consideration

- Troy Amusement v. Attenweiler
  - Can anyone make an argument that the bank night contest does not contain consideration?

---

---

---

---

---

---

---

---

### Consideration

- Troy Amusement v. Attenweiler
  - The court...
  - It is only necessary that the person entering the competition shall do something or give up some right sufficient to comply with that requirement.

Nor does the benefit to the person offering the prize need be directly dependent upon the furnishing of a consideration. *Advertising and the sales resulting thereby, based upon a desire to get something for nothing, are amply sufficient as a motive.*

---

---

---

---

---

---

---

---

### Consideration

- Troy Amusement v. Attenweiler
  - The plaintiff has asserted that if it is deprived of the right to operate the scheme it will lose thousands of dollars. Whose thousands of dollars does it lose that are paid in excess of what would be paid were the scheme not in operation? Manifestly, the money of the patrons who have been lured, by a hope of winning, to go to the picture house in larger numbers than if there were no prize offered
  - The element of advertisement and increased patronage is sufficient consideration flowing to the operator to bring the transaction within the condemnation of promoting and advertising a scheme of chance.

---

---

---

---

---

---

---

---

### Consideration - Summation

- Primary Theories
  - **Valuable Consideration** - parting of something of marketable value, usually money.
  - **Contract Consideration** - consideration sufficient to create a binding obligation or agreement.
  - **Promoter Benefit**
    - WIS STATS §945(5)(b) 1. "Consideration" in this subsection means anything which is a commercial or financial advantage to the promoter or a disadvantage to any participant, but does not include any advantage to the promoter or disadvantage to any participant caused when any participant learns from newspapers, magazines and other periodicals, radio or television where to send the participant's name and address to the promoter.

---

---

---

---

---

---

---

---

### Hypotheticals – Part 1

- Ezra from rebgame.com calls
  - Rebgame is an online streaming site with head-to-head gaming content
  - Rebgame supports streaming content, which provides an ad based revenue model
  - Rebgame wants to offer a poker tournament with a cash prize as a promotion to get more users
  - Rebgame has three potential funding mechanisms for the tournament:
    - 1. Add based revenue for ads shown during game play on the border of the stream
    - 2. A nominal fee to enter the tournament (\$1 or \$2 from each player)
    - 3. Add based revenue from contestants, each contestant will watch a pre-determined number of ads to enter (add revenue from such views go to the site)

---

---

---

---

---

---

---

---

### Hypotheticals – Part 2

- Ezra from EzraPics.com calls
  - Ezrapics.com is an AI based touting site (sells picks to sports games)
  - Ezrapics.com wants to generate more site traffic by holding a handicapping contest
  - The contest will pit all against Ezra, the site's AI sports game picker
  - The contestant with the highest score that is better than Ezra will win a cash prize
  - Ezrapics.com wants the prize to equal 80% of the entry fees
  - Ezrapics wants to know if this is an issue

---

---

---

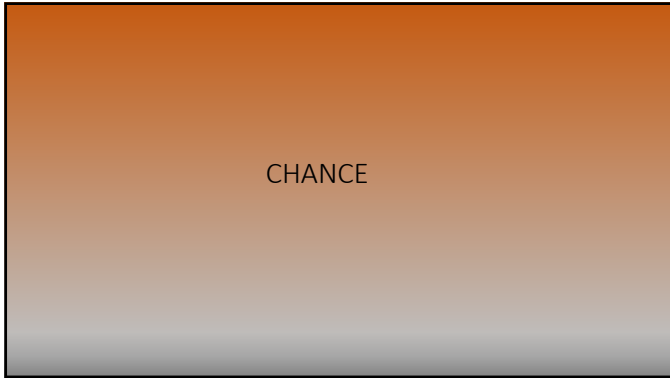
---

---

---

---

---



CHANCE

---

---

---

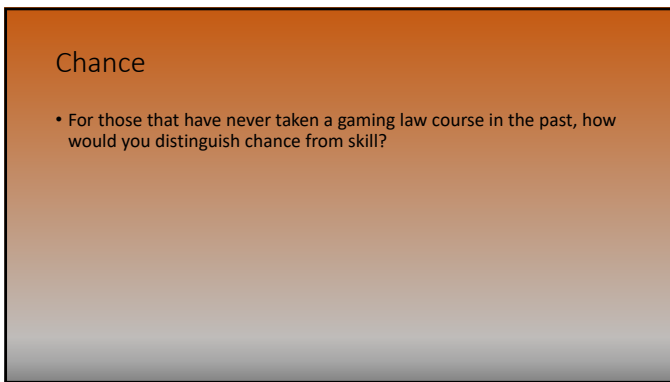
---

---

---

---

---



Chance

- For those that have never taken a gaming law course in the past, how would you distinguish chance from skill?

---

---

---

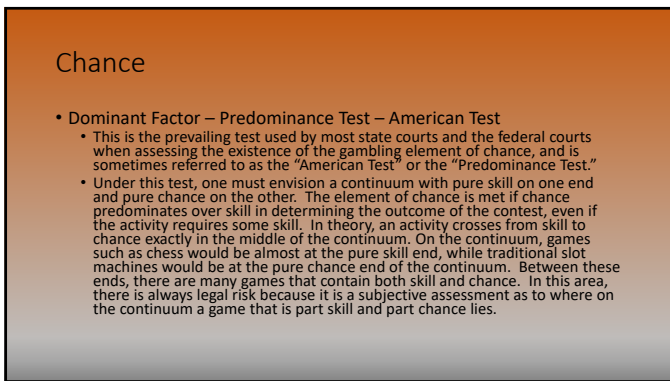
---

---

---

---

---



Chance

- **Dominant Factor – Predominance Test – American Test**
  - This is the prevailing test used by most state courts and the federal courts when assessing the existence of the gambling element of chance, and is sometimes referred to as the "American Test" or the "Predominance Test."
  - Under this test, one must envision a continuum with pure skill on one end and pure chance on the other. The element of chance is met if chance predominates over skill in determining the outcome of the contest, even if the activity requires some skill. In theory, an activity crosses from skill to chance exactly in the middle of the continuum. On the continuum, games such as chess would be almost at the pure skill end, while traditional slot machines would be at the pure chance end of the continuum. Between these ends, there are many games that contain both skill and chance. In this area, there is always legal risk because it is a subjective assessment as to where on the continuum a game that is part skill and part chance lies.

---

---

---

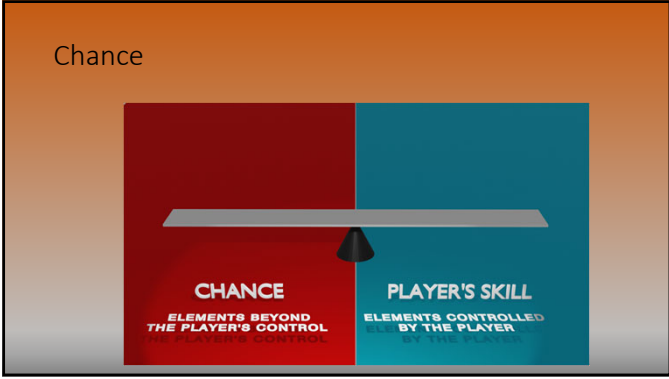
---

---

---

---

---



---

---

---

---

---

---

---

---



---

---

---

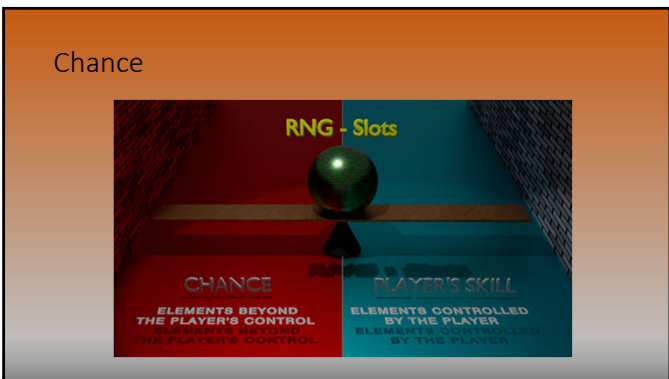
---

---

---

---

---



---

---

---

---

---

---

---

---

Chance

- Blackjack

---

---

---

---

---

---

---

Chance

**Blackjack**

**CHANCE**  
ELEMENTS BEYOND  
THE PLAYER'S CONTROL

**PLAYER'S SKILL**  
ELEMENTS CONTROLLED  
BY THE PLAYER

---

---

---

---

---

---

---

Chance

- Poker

---

---

---

---

---

---

---

Chance



---

---

---

---

---

---

---

---

Chance

- Billiards

---

---

---

---

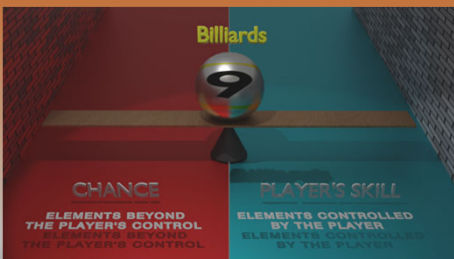
---

---

---

---

Chance



---

---

---

---

---

---

---

---



### Chance

- Chess

---

---

---

---

---

---

---

### Chance



---

---

---

---

---

---

---

### Chance

- Gambling Instinct
  - In a minority of states, the relative predominance of skill versus chance is irrelevant. In these states, courts merely look at the nature of an activity to determine whether it appeals to one's "gambling instinct." If an activity appeals to one's "gambling instinct," it is prohibited. Because this test is as subjective, and arguably more so, than the predominance test, court decisions vary widely in its application to particular games.

---

---

---

---

---

---

---

Chance

- Gambling Instinct



---

---

---

---

---

---

---

---

Chance

- Gambling Instinct



---

---

---

---

---

---

---

---

Chance

- Gambling Instinct



---

---

---

---

---

---

---

---

Chance

- Gambling Instinct



---

---

---

---

---

---

---

---

Chance

- Gambling Instinct



---

---

---

---

---

---

---

---

Chance

- Gambling Instinct



---

---

---

---

---

---

---

---

Chance

- Gambling Instinct



A photograph showing a person from the side, wearing a blue shirt, playing a slot machine. The machine has a colorful display and a coin slot. The number '5' is visible on the front of the machine.

---

---

---

---

---


---

---

---

Chance

- G



A photograph showing a person's hands playing a slot machine. The machine has a colorful display with various symbols and lights.

<https://www.youtube.com/watch?v=bM17ReX77hE>

---

---

---

---

---

---

---

---

Chance

- G



A photograph of a slot machine that has been completely blacked out, obscuring all details.

<https://www.youtube.com/watch?v=vdUICar9asc>

---

---

---

---

---

---

---

---

Chance

- Gambling in Japan



[https://www.youtube.com/watch?v=D5hm8cG\\_hfs](https://www.youtube.com/watch?v=D5hm8cG_hfs)

---

---

---

---

---

---

---

---

Chance



<https://www.youtube.com/watch?v=mF-OaCvPeVA>

---

---

---

---

---

---

---

---

Chance

- Material Element or Any Chance

- In a few states, the relative predominance of skill versus chance is irrelevant. These states prohibit any payment for the opportunity to win something based on a game where chance has any role in determining the outcome. At times, older court opinions assessed games based on appealing to one's "gambling instinct," when any element of chance determined the outcome of an event.

---

---

---

---

---

---

---

---

Chance

- Class Example



---

---

---

---

---


---

---

---

Chance

- Tournament electronic golf machine
- Statistically, skill is clearly the dominant factor in winning.
  - Skill increases as players increase their frequency of play
  - Mathematical models show skill is clearly dominant in determining the outcome of a round of e-golf
  - All machines and components are kept in virtually the same condition.
  - If any part wears, becomes stuck or operates outside of tolerances the machine is tilted and player funds are returned.



---

---

---

---

---


---

---

---

Chance

- Tournament electronic golf machine
- Players pay an entry fee (\$100)
- Players play against other players on networked machines
- Tournament winners receive cash and other valuable prizes
- Machines located nation wide



---

---

---

---

---

---

---

---

## Chance

- Play is based on trackball and button use



---

---

---

---

---

---

---

---

## Chance

- What do you think?
  - Is it a game of skill or chance?



---

---

---

---

---

---

---

---

## Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - A.G. file no: 663-01-0183



---

---

---

---

---

---

---

---

### Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - Under Alaska law, crimes involving gambling depend on the statutory definition of “gambling” in AS 11.66.280. That definition excludes certain business transactions and charitable gaming. With some narrow exceptions (such as playing in a social game in a home), gambling means:
    - (1) staking or risking something of value, in other words, paying an entry fee or betting;
    - (2) to obtain something of value, in other words, to win a prize;
    - (3) based on
      - (a) a game or contest in which the outcome is dependent to a material degree on chance, even if skill is also a factor; or
      - (b) a future contingent event not under the player's control or influence.




---

---

---

---

---

---

---

---

### Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - The final element in determining whether an activity constitutes illegal gambling turns on the concepts of skill and chance. As noted previously, gambling requires a contest of chance<sup>3</sup> or a future contingent event. Old Alaska case law held that illegal gambling occurred “where chance dominates the distribution of prizes even though such a distribution is affected to some degree by the exercise of skill or judgment.” *Morrow v. State*, 511 P.2d 127 (Alaska 1973). In other words, the court held that for an activity to be considered gambling, chance must be the dominant factor, even if skill is material.




---

---

---

---

---

---

---

---

### Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - But in 1978 the Alaska Legislature specifically rejected the court’s formulation in *Morrow* and actually reversed the factors so that gambling occurs even if skill is the dominant factor, as long as chance is a material element. Senate Journal Supp. No. 47, at 112-14 (June 12, 1978). The Alaska Legislature adopted the commentary of the New York legislature, in noting that “despite the importance of skill in any game, [gambling occurs if] the outcome depends in a material degree upon an element of chance.” *Id.*




---

---

---

---

---

---

---

---



### Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - The Alaska Legislature made it clear that “Games of pure skill, e.g., chess, will not be considered gambling if the contestants bet against each other.” Senate Journal Supp. No. 47, at 112-14 (June 12, 1978). By contrast, although betting between chess players (i.e., those in control of the outcome) is not gambling, betting by onlookers is gambling. The reason for this, the legislature determined, was that “from the onlooker’s perspective, the outcome depends on ‘chance’ as he has no control over the outcome.” Id. The legislature thus recognized that the player’s control over the outcome of a contest is a critical element.




---

---

---

---

---

---

---

---

### Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - With the golf machine, no player is guaranteed a prize. Indeed, the odds of winning a prize depend on both the player’s experience and the number and experience of other players who are also competing, perhaps in another city or another state. Although skill is important in a player achieving a high score, the scores achieved by all other players is a result that is completely out of the control of any particular player and not in any way dependent on that player’s skill. Thus, although playing the golf machine well is dependent on skill, winning a prize depends on other factors and, indeed, on a material element of chance.




---

---

---

---

---

---

---

---

### Chance

- Bruce M. Botelho, Attorney General May 22, 2001 –
  - Notwithstanding that the skill of the participants may be the predominant factor in achieving a high score on computer video machines, we are of the opinion that the complex, adjustable, or inter-connected nature of these devices, and lack of player control over the outcome, creates a material degree of uncertainty and chance as to whether the player will win a prize, which brings these devices within the ambit of Alaska gambling laws.




---

---

---

---

---

---

---

---

Chance

- Supreme Court of Alabama – Opinion of the Justices

---

---

---

---

---

---

---

Chance

- Supreme Court of Alabama – Opinion of the Justices
  - What are the issues?

---

---

---

---

---

---

---

Chance

- Supreme Court of Alabama – Opinion of the Justices
  - What was the historical view of skill gaming vs. gambling in Alabama pursuant to the 1997 opinion?
  - What did the 1997 opinion state according to this opinion?

---

---

---

---

---

---

---

Chance

- Supreme Court of Alabama – Opinion of the Justices
  - Describe the historical analysis provided by the justices.

---

---

---

---

---

---

---

---

Chance



---

---

---

---

---

---

---

---

Chance



---

---

---

---

---

---

---

---

Chance



---

---

---

---

---

---

---

---

Chance



---

---

---

---

---

---

---

---

Chance

- The Crane Game



• <https://youtu.be/eHzxgucnHiA>

---

---

---

---

---

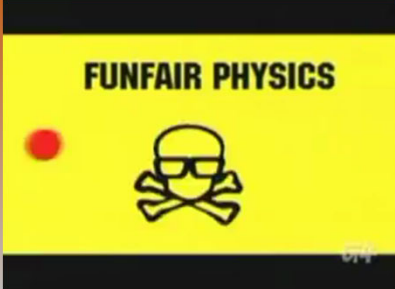
---

---

---

Chance

- The Crane Game



<https://www.youtube.com/watch?v=JejiJ-RgLVc>

---

---

---

---

---

---

---

---

Chance

- Dominant Factor Revisited
  - Though many states use the "dominant factor test" many courts in those states have come to different conclusions regarding the analysis of the same games or events. For example, (i) both Massachusetts and Kansas have used the predominance test to assess the element of chance, yet the states disagree on the classification for the "crane game"; (ii) both Alabama and New Jersey have used the predominance test to assess the element of chance, yet the states disagree on the classification for backgammon; and (iii) both Nevada and North Dakota have used the predominance test to assess the element of chance, yet the states disagree whether skill or chance predominates in a hole-in-one golfing contest.
  - How do you explain these differences?

---

---

---

---

---

---

---

---

Chance

- Remember it is the whether the participants risking consideration are controlling the outcome of the event.
  - "Bona-fide contests of skill, speed, strength or endurance.

---

---

---

---

---

---

---

---

### Chance

- Bob and Ray play chess and bet each other \$100 each on who will win...



---

---

---

---

---

---

---

---

### Chance

- Bob and Ray play chess and bet each other \$100 each on who will win.
- They bet against each other with Michael, who will take \$110 from each of them and pay the winner \$210, keeping \$10 for his services



---

---

---

---

---

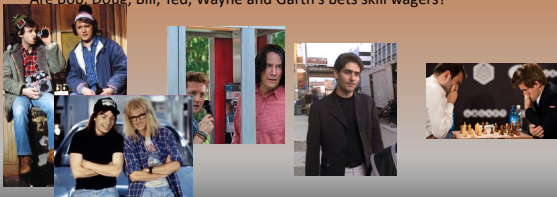
---

---

---

### Chance

- Bob, Doug, Bill, Ted, Wayne and Garth also want to bet on the chess game between Bob and Ray. Bob, Doug, and Garth bet on Ray through Michael. Wayne, and Bill bet on Bob through Michael.
- Are Bob, Doug, Bill, Ted, Wayne and Garth's bets skill wagers?



---

---

---

---

---

---

---

---

### Hypotheticals – Part 1

- Client Alex T. wants to put coin operated networked trivia machines in bars with a game show theme.
- Players pay \$5 to enter an hourly round of trivia games.
- Each hour, the player with the highest score nationally wins \$100, to be paid out by the sponsoring bar.
- Client Alex T. is asking for a clean opinion, can it be provided?
- What risk reduction measures would you suggest?

---

---

---

---

---

---

---

---

### Hypotheticals – Part 2

- Ezra from rebgame.com calls
  - Rebgame is an online streaming site with Xbox Series X head-to-head gaming content (Forza Racing, NHL 22, FIFA 22, NBA 22, Madden 22...)
  - Rebgame is funded entirely by player subscriptions
  - Rebgame wants to add the following:
    - H2H Bets – Players can play each other for money in amounts determined by the players. Rebgame will collect a service fee of 10% of the total amount of the combined wagers.
    - H2H Staking – Players can be staked by streaming content watchers. At the end of a game, 10% of the total amounts staked will be kept by Rebgame the watchers that staked the winning player will get back their stake, 50% of the remainder goes to the winning player and 50% of the remainder goes to those that staked the winner in proportion of their stakes to the total winning stakes. For example:
      - Bob plays Doug in Madden 22.
      - Bill stakes \$300 on Bob.
      - Ted stakes \$200 on Bob, and Jake stakes \$100 on Bob.
      - Elwood stakes \$400 on Doug and Jim stakes \$100 on Jim.
      - The total pot is \$1100.
      - Rebgame gets \$110 in service fees leaving \$990
      - Bill gets his \$300 back, Ted gets his \$200 back and Jake gets his \$100 back leaving \$390
      - Bob gets half of the remainder \$195, the other half is split 50% to Bill(\$97.50), 33.3% to Ted (\$65), and 16.6% to Jake (\$32.50)

---

---

---

---

---

---

---

---

### QUESTIONS

---

---

---

---

---

---

---

---