

Alert Re: Iovation Inc., Fraud Detection and Player Verification Services for Online Gambling

Dear Sirs,

It has come to my attention that the company Iovation, Inc. (<https://www.iovation.com/>), based in Portland, Oregon, U.S.A., is operating as a service provider to online gambling companies in a number of regulated gambling jurisdictions. I would like to alert your jurisdiction to the involvement of Iovation and its founders in the largest cheating scandal in the history of online poker.

Iovation supplies player identification and fraud prevention for online gambling and lottery sites. Their services are sometimes provided as a third-party vendor to CAMS, LLC (<http://www.centralams.com/>) and CAMS parent company Verifi (<http://www.verifi.com/>), as part of their "Intelligence Suite" of "best-of-breed risk solutions" to the online gambling and lottery industries.

The co-founders and current chief executives of Iovation, Greg Pierson (CEO), Jon Karl (VP Corporate Development) and Molly O'Hearn (VP Operations), were also the founders in 2000 of the once-popular online poker site UltimateBet. In 2008, the UltimateBet "superuser" scandal came to light through the investigative work of a number of astute players. Through further investigations, by both the players and eventually the Kahnawake Gaming Commission, it was found that software code for a "superuser" (sometimes called "god-mode") was added into the UltimateBet software for some company insiders, allowing them to play on the site while seeing all the cards of the other players.

The superuser was used, starting in 2003, to steal tens of millions of dollars from registered players. The hard evidence points to knowledgeable participation of Pierson, Karl and O'Hearn in the UltimateBet scandal, and the siphoning of millions of dollars from the stolen player funds into the development and operation of Iovation (originally ieLogic). Ironically, detection of exactly the sort of cheating which was perpetrated on UltimateBet was part of the design intent of the Iovation fraud detection software.

Following below is a timeline of the cheating scandal as well as a number of Internet web site references and other contacts.

Due to their close involvement in the superuser scandal, I hope that you will ensure that Iovation does not and cannot operate in your jurisdiction, either as a licensed service provider or as a third-party vendor to your licensees.

Participation in an online poker site scandal should not be overlooked in the operation of licensed companies for regulated online gambling. Those who participated should not be afforded any opportunity to benefit from the players who are being protected by the gambling regulations and licensing authorities.

Sincerely,

Martin Shapiro (a concerned player)  
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1-727-467-0555

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## **Timeline of the UltimateBet cheating scandal, as recounted by the sources listed at bottom:**

1999 Greg Pierson, Jon Karl and Molly O'Hearn found ieLogic (later Iovation), a company providing software and support services for Massively Multiplayer Online Gaming. Early investors include professional poker players Russ Hamilton and Phil Hellmuth, as well as other professional players brought in by Hellmuth.

2000 eWorld Holdings, Inc. (founded by Russ Hamilton and his business partner Mansour Matloubi) is incorporated in Antigua as the owner and operator of online poker brand and domain UltimateBet, with ieLogic as the software creator and services provider.

2001 The Kahnawake Gaming Commission (KGC) issues a Client Provider Authorisation (CPA) online gambling license to eWorld Holdings for the operation of UltimateBet.

2002 - ieLogic invents ieSnare, device reputation technology that still powers Iovation's current fraud detection software and services.

2003 Greg Pierson and Jason Dehaan (Chief Technical Officer at ieLogic) provide the UltimateBet superuser code to Russ Hamilton, officially for the purpose of detecting cheaters. The code allows a user to see all the cards of all the poker players in an active game during play.

2003 to 2008 Hamilton and other insiders use the superuser code to steal tens of millions of dollars from players on UltimateBet. Some of the money is used to sponsor professional poker players associated with UltimateBet and to promote the site, as well as to fund software and business development at ieLogic/Iovation.

2004 ieLogic is dissolved and reformed as two new corporations. Iovation is formed to continue as the UltimateBet development shop and to monetize their fraud detection tools, created for UltimateBet, by offering software and services to other online companies. Excapsa is formed as the new owner of the UltimateBet intellectual property, including the brand and domain, and goes public on the London Stock Exchange. Hamilton receives significant shares in both of the new corporations.

2005 Hamilton founds Ultimate Blackjack Tour, LLC and other companies as an affiliate of and supplier to UltimateBet.

2006 Just ahead of the enactment of the UIGEA in the U.S., Excapsa is sold to Blast Off, Ltd., a company founded by Russ Hamilton and Mansour Matloubi and wholly owned by eWorld Holdings, Inc.

2006 Per later statements by the KGC, ownership of the UltimateBet site, along with sister site AbsolutePoker, passes to Tokwiro Enterprises ENRG. Tokwiro was a shell holding corporation fronted by Joseph Tokwiro Norton, former Grand Chief of the Mohawk Territory of Kahnawake (which also operates the KGC) and run by Paul Leggett CEO and COO for Tokwiro. [Currently Leggett is head of online gaming at Amaya Gaming in Canada <http://www.amayagaming.com/>.] Later events suggest this may be an ownership transfer fabricated retroactively for damage control after the UltimateBet scandal becomes public in 2008.

2008 The cheating on UltimateBet is discovered by users who detect the unusual betting patterns and statistically anomalous winning play of some player accounts.

2008 In secret meetings, Russ Hamilton, Greg Pierson and attorneys Daniel Friedberg and Sanford Millar discuss how to cover up the full extent of the cheating and minimize the amount for which they will be liable.

(From the beginning, Daniel Friedberg had been legal counsel for ieLogic, eWorld Holdings, and Iovation, and later Chief Legal Counsel for Excapsa; as well as personal business attorney for Phil Hellmuth. Sanford Millar was a business partner of and tax attorney for Hamilton, specializing in offshore wealth management. The meeting discussions may be deemed illegal advice for furtherance of criminal activities. Pierson discusses strategies to minimize player reimbursements and engineer repayment from the Excapsa common-shareholder cash pool. They planned for an illicit "loan" from common shareholders to repay cheated players, but were thwarted by the Excapsa delisting liquidator, Mintz Partner, who refused.)

2008 The KGC investigates and publicly finds that the cheating was accomplished by Hamilton from June 2003 to December 2007. The Commission never releases a full list of the culprits nor the full gaming records for review by the players who discovered the cheating. Pierson controlled which records the KGC was allowed to review, aided by Uri Kozai, operational manager of UltimateBet under Tokwiro Enterprises. (Kozai is also founder of the current online gambling and lottery software and services provider Realtime Edge Software, Inc. <http://www.realtimededge.ca/>.)

2008 Excapsa makes a \$15 million payment from common shareholder funds to Tokwiro Enterprises for the repayment of cheated players. To facilitate this, gaming lawyer Morden Lazarus finds a new liquidation firm for Excapsa that cooperates in a legal maneuver that is portrayed as Tokwiro Enterprises bringing a lawsuit against Excapsa. No suit is actually ever filed and no legal defense is ever mounted. Instead, a sum equaling \$15 million, the same amount as was originally requested from the first liquidator as a "loan", was leveraged as a "lawsuit settlement" from the common-shareholder cash pool.

2008 Tokwiro reimburses cheated players, claiming \$22 million total in refunds.

2011 Following the indictments of the largest online poker sites and seizures of their financial accounts by the U.S. Department of Justice, UltimateBet (rebranded as UB.com) and sister site Absolute Poker, now owned by Blanca Games under the name Cereus Poker Network, close their online poker operations. Player account balances of approximately \$55 million have not been repaid and the company is reportedly bankrupt, with no explanation as to the whereabouts of player balances. (Blanca Games is currently undergoing liquidation as part of the DOJ proceedings.)

2013 The recordings of the secret meetings as well as e-mails and account records evidencing the cheating and cover-up are made public on the Internet by Travis Makar, former computer technician for Hamilton.

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### **Sources for Additional Information**

Information on the direct involvement of Greg Pierson in the UltimateBet cheating scandal:

<http://gregpiersoniovation.wordpress.com/>

The audio evidence itself, in raw form (two files: DW\_A0018.wav and DW\_A0024.wav ), can be downloaded here:

<http://www.pokerxanadu.com/ub/>

Travis Makar, a former assistant to Russ Hamltion, holds this evidence and many more documents related to the UltimateBet cheating and cover-up. He can be reached at: 1-702-686-3799 or [utbiohazard@gmail.com](mailto:utbiohazard@gmail.com).

Background information on the UltimateBet scandal:

<http://forumserver.twoplustwo.com/29/news-views-gossip/ultimatebet-scandal-sticky-251207/>

<http://haleypokerblog.blogspot.ca/2011/03/just-conjecturin-volume-30-naming-names.html>

<http://wickedchospoker.com/the-ultimatebet-super-user-scandal-part-i/>

<http://wickedchospoker.com/the-ultimatebet-super-user-cheating-scandal-part-ii/>

<http://www.gamingcommission.ca/archives.htm>

<http://www.scribd.com/doc/4554705/Ultimate-Bet-Timeline>

<http://www.scribd.com/doc/4554702/AP-Complete-Timeline>

<http://www.bestpokerrooms.com/news/jim-ryan-resigns-as-bwin-party-co-ceo-nevada-licensing-process-eyed/>

Scott Bell is creating a film on the UltimateBet scandal (<http://www.doubleheadpictures.com/>) and can be a good source of information. He can be reached at 1+303-475-7779 or [scotpoker@ymail.com](mailto:scotpoker@ymail.com) .

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