

Guideline for Online Poker Regulations

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Gaming regulations provide a partnership framework between licensed Internet gaming site operators, the gaming players and the regulators, for a fair, honest and robust gaming experience. Among real-money online casino games, the nature of online poker presents a number of unique regulatory challenges.

Each section of this guideline begins with a discussion (in italics) of the regulatory issues of special import to poker players (Players) in this partnership with the licensed site operators (Sites) and the regulatory agency (RA), followed by example provisions recommended for implementation. The guideline is not meant to encompass all regulatory issues for online gaming or online poker, but only those necessary to be included for the best interests of the poker players.

Please implement these regulatory provisions, or similar wording, for the rights and protection of the Players.

A. Authorized Poker Gaming

The popularity of various poker games among Players ebbs and flows over time, with new games or varieties invented at any time. There is no official reference which can be used as a definitive compendium of those card games that should be authorized for poker play. However, there are certain criteria that can be stated and used as a litmus test to determine if a card game is truly "poker."

Similarly, Players individually prefer specific stakes, buy-ins and wager limits. The only limits that Players need are those that are self-imposed, which evolve from experience. Only the very small percentage of Players who suffer from problem gaming need protection which can be provided through responsible gaming regulations for self-exclusion, account flagging and referral to professional guidance, and without imposing regulatory limits on the games for all other Players.

1. Poker Games Allowed

Any game which fits the following definition may be authorized by the RA for online play:

Poker *n.* Any of various peer-to-peer card games in which, following each of one or more rounds of dealing or revealing the cards, the players in sequence make tactical bets or drop out, the bets forming a pool to be taken either by the sole remaining player or, after all rounds and bets have been completed, by those remaining players who hold a superior hand according to a standard ranking of hand values for the game.

2. Game Limits

Sites shall be authorized by the RA to offer any limited or unlimited poker games desirable to their Players, without limitation to the game buy-ins, stakes or wagers except as determined by the Site for each game offered. Sites shall display to all Players for each game the limits for the game including the minimum and maximum buy-in; any antes, blinds, bring-ins or other forced bets; the stakes; and the type of wagering, whether limit, pot limit, no limit or a combination.

3. Responsible Gaming

Sites shall make available to each Player option settings in their customer account to set self-limits or self-exclusions, including:

- a. Amount-based deposit limits within a chosen time period.
- b. Amount-based loss limits within a chosen time period.
- c. Time-based session limits.
- d. Amount-based total buy-in limit.
- e. Amount-based stakes limits.
- f. Exclusion from particular games.
- g. Time-based exclusion from all gaming.
- h. Lifetime exclusion from the Site.

These self-exclusions and self-limits may be set or changed at any time by the Player using option settings within the Player's account or through request to the Site's customer support, except the lifetime self-exclusion may not be changed once set by the Player except as specified below. Any new option or expiration of a self-limit or self-exclusion shall be effective immediately. Any increase to or removal of a self-limit or reduction to or removal of a self-exclusion shall not be effective until at least 24 hours after the change is set or requested by the Player. Any decrease to a self-limit or extension of a self-exclusion shall be effective immediately. The lifetime self-exclusion may only be removed by written and notarized Player request to the Site, at the Site's discretion and no sooner than 30 days following the effective date of the most recent Player's lifetime self-exclusion.

When a self-limit is reached, the Site shall lock the Player's account from further wagering (or deposits for 'a.'), except to allow completion of any current hand in ring game play and any current tournament in progress in which the Player is already registered. The Player after 24 hours may unlock their account, to take effect immediately, by changing or resetting their self-limits either by the option settings within the Player's account or through request to the Site's customer support.

Upon locking the account and upon each Player login until the Player's account is unlocked, the Site shall display to the Player the reason the account is locked, the methods available to unlock the account, the self-limits and self-exclusions available to the Player and how to set them, and any other information normally provided for responsible gaming. The Site shall also send this information to the Player's registered email upon locking the account.

A Player may choose to set self-exclusions on all Sites by request to the RA, including:

- a. Time-based exclusion from all gaming.
- b. Lifetime exclusion from all Sites.

These self-exclusions may only be changed by written and notarized Player request to the RA, at the RA's discretion and no sooner than 120 days following the Player's most recent request to the RA for self-exclusion. The RA shall provide a list of these Player self-exclusions to all Sites and the Sites shall exclude these players accordingly.

Sites shall lock a Player's account from further deposits, requiring affirmative action by the Player to unlock the account by either option settings in their account or request to the Site's customer support, whenever:

- a. The Player's lifetime deposits to their account reach the benchmark amounts of \$2,500.00, \$20,000.00, \$100,000.00, \$500,000.00 and \$1,000,000.00;
- b. The Player makes five deposits to their account within any 7-day period without any intervening withdrawals;
- c. The Player makes ten deposits to their account within any 30-day period without any intervening withdrawals; or
- d. The Player makes no withdrawals from their account within any 120-day period, where the Player has participated in wagering in each of the four successive 30-day periods.

Upon locking the account and, until the Player unlocks their account, upon each login and each attempt to make a deposit, the Site shall display to the Player the reason the account is locked from further deposits, the methods available to unlock the account, the self-limits and self-exclusions available to the Player and how to set them, and any other information normally provided for responsible gaming. The Site shall also send this information to the Player's registered email upon locking the account.

Whenever a Player's account is locked three times within a one-year period for either 'b.' or 'c.', a Site employee trained in responsible gaming policies and procedures shall make personal contact with the Player by phone or email to take appropriate actions before the Player's account may be unlocked.

Sites may implement similar account locking procedures for other indicators of a need for responsible gaming measures upon approval of the RA.

At any time a Player is excluded from wagering or depositing by self-limit or self-exclusion, the Site shall ensure that the Player does not receive any marketing material from the Site, its affiliates or its service providers.

B. Game Fairness

For poker games, a Site can gain greater revenue not as in other casino gaming by altering the frequency or amount of

payouts, but rather by increasing the frequency or size of Player wagers in a hand and thereby increasing the rake taken as Site revenue. Similarly, in tournament poker increasing the frequency or size of Player wagers can result in shorter tournaments and thereby more fees collected by a Site as players busted out early from a tournament will often choose to enter another tournament.

Thus there is a financial incentive for a Site to influence the deal of the cards in order to encourage more wagering in each hand. In addition, if there is any bias to the deal of the cards, those in the know could take advantage of this knowledge as a Player to win against other Players.

Sites must provide a random, unbiased and secure deal of the cards, and an experience equal to live play. To ensure this, regulatory standards, testing and auditing must guard against any manipulation or bias of the deal.

1. The Shuffle and Deal

The hardware and software implemented by a Site for the shuffle and deal of the cards in any game shall meet these technical standards:

- a. The Random Number Generator (RNG) shall be based on real-world random events, as in modern hardware-based RNGs, or on a proven method of equivalent or superior random results verified by an independent testing laboratory;
- b. Except as provided for by the published rules of a game, the outcome of the generation of each card dealt out of a set of cards shall have been unpredictable and of equal probability to any other card and not influenced by any previous such outcome;
- c. Except as provided for by the published rules of a game, if the order of a set of cards is generated prior to a deal or other use in a game, the outcome of the generation of the order shall have been unpredictable and of equal probability to any other possible order and not influenced by any previous such outcome, and the deal shall proceed in such order in accordance with the rules of the game; and
- d. Except as provided for by the published rules of a game, every possible order of the set of cards in a game, as applicable in each game, shall be possible and equally likely to occur.

2. Testing and Certification

Randomness and security of the Dealing Process (including random number generation, conversion of the random numbers to virtual cards in the deck, retention of virtual cards being dealt in the hand and delivery of virtual cards to the Player client software) shall be audited and certified before implementation, by an independent testing laboratory appointed by the RA, and recertified every two years. The RA shall also order an audit of the deal process of each Site without advance notification at unannounced intervals at least once between certifications. Any changes to the Dealing Process of a Site shall be approved by the RA before implementation and audited for recertification by the independent testing laboratory before implementation or within 30 days.

C. Protection of Player Account Funds

Unlike other casino gaming, wherein customers most often deposit the amount of funds they are willing to lose to the house for the chances of winning a large prize they will withdraw, poker Players tend to use their online gaming account like a banking account. Players will usually keep a significant balance in their account that allows them to continue to play sessions of their favored poker games, withdrawing only winnings above their managed account balance or re-depositing when needed to keep their account funded for regular or periodic play.

To protect these Player funds, Sites must be required to account for them separately from their operational accounting and secure the funds to be available at any time in total to all the Players. It is incumbent on the RA to provide strict regulations and oversight to protect Players account funds from losses through Site misuse or mismanagement.

1. Player Assets

To secure the total of all Player Assets (Player account balance plus total cash value for incentives and prizes earned or pending to the Player) held by Sites, each Site shall either hold the same total as cash or cash equivalents in a financial account held in trust for the Players (Trust Account) at a government-insured financial institution approved by the RA, or purchase a surety bond (Bond) which covers the full amount of the total of all Player Assets at all times with an insurance

carrier that is approved by the RA and has the financial resources to back the Bond for the full amount.

For a Trust Account, the Site shall:

1. Withdraw funds from the Trust Account only to reconcile the Trust Account balance for Player withdrawals, wagering or account adjustments, or optionally to remove excess funds from the Trust Account which exceed total Player Assets;
2. Designate the Trust Account as held in trust for the Players such that Players have first and exclusive rights to those funds, above secured and unsecured creditors of the Site;
3. Designate the RA, or another government agency as designated by the RA, a party to the Trust Account for delivery of Player Assets or cash equivalent to Players in the case of failure or inability of the Site to do so;
4. Reconcile the funds in the Trust Account on a daily basis to ensure that the Trust Account balance is equal to or exceeds the total of all Player Assets;
5. Report to the RA daily the total amount of Player Assets and the total amount of funds held in the Trust Account;
6. Report immediately to the RA any instance of a shortfall in the Trust Account and the steps taken by the Site to rectify the shortfall;
7. Hire an independent certified accountant to examine at the end of each month all the Player Assets records and Trust Account records to determine the balances on each day of the preceding month and the steps taken by the Site to correct any shortfalls, and report its findings to the RA;
8. Allow unannounced auditing by the RA of Player Assets records and Trust Account records; and
9. Refrain from using Trust Account funds as security for any financial transactions with the exception of any amount that exceeds 105% of the total of all Player Assets.

For a Bond, the Site shall:

10. Purchase a Bond which provides the Site with the funds necessary to meet its obligations to all Players immediately when the Site is unable to do so for any reason;
11. Designate the funds available to the Site by the terms of the Bond such that Players have first and exclusive rights to those funds, above secured and unsecured creditors of the Site;
12. Designate the RA, or another government agency as designated by the RA, an additional named insured to the Bond for delivery of Player Assets or cash equivalent to the Players in the case of failure or inability of the Site to do so;
13. Include as a term of the Bond that the insurer shall notify the RA by Registered Mail and email 30 days in advance of any lapse or cancellation of the Bond;
14. Inspect daily the total of all Player Assets to ensure that the Bond coverage always meets or exceeds the total;
15. Report to the RA daily the total amount of Player Assets and the total amount of current coverage by the Bond;
16. Report immediately to the RA any instance of a shortfall in the Bond coverage and the steps taken by the Site to rectify the shortfall;
17. Hire an independent certified accountant to examine at the end of each month all the Player Assets records and Bond records to determine the balances and Bond coverage on each day of the preceding month and the steps taken by the Site to correct any shortfalls, and report its findings to the RA; and
18. Allow unannounced auditing by the RA of Player Assets records and Bond terms and records.

Additionally, the Site shall:

19. Allow only the Player account owner, legal assignees or heirs to access, use, redeem or withdraw any of their Player Assets, except in the cases of dispute resolutions, regulatory and statutory requirements or court order;
20. After verification of the Player's identity, promptly fulfill a Player request for withdrawal from their Player Assets which don't violate the terms and conditions of the site or a current site promotion, unless the Player's account is currently subject to investigation or dispute;
21. Reimburse a Player's account in a timely manner should any withdrawal fail to arrive to the Player's designated financial account or location; and
22. Repay immediately to all Players their entire Player Assets balance upon Site closure, dissolution under bankruptcy, or license revocation, expiration or surrender, using procedures approved by the RA.

Any inter-jurisdictional agreement for online poker must include provisions which:

1. Require these same standards for the protection of Player Assets held at Sites located in the other jurisdiction;
2. Require daily reconciliation of Player Assets between Sites with shared player pools; and
3. Provide methods for the RA to audit the records of any Site located in the other jurisdiction necessary to enforce

compliance with these standards.

2. Dormant Accounts

Prior to closing a Player account for dormancy, the Site shall inform the Player of the impending closure of their account for dormancy and the methods available to reset the account to active status, per the following schedule:

- a. By email or mail 30 days prior to closure;
- b. By email and mail 15 days prior to closure; and
- c. By email and telephone 5 days prior to closure.

Any activity on the Player's account, including simply logging in to the Player client software, shall reset the Player account to an active status and reset the countdown to dormancy. A Player may also reset their account status to active through request to the Site's customer support.

After a Player account is closed for dormancy, there shall be a one-year grace period for reinstatement of the Player account by request of the Player, including reinstatement of the full amount of Player Assets less any dormancy fees as published in the Site's terms and conditions and approved by the RA. If a Player's account is closed for dormancy, the Player's fictitious screen name, if any, shall remain unavailable for any new account registration indefinitely, except to the original Player.

D. Protection From Cheating, Fraud and Theft

As has been seen throughout the history of online poker, the large volume of wagering makes a particularly attractive target for unscrupulous persons. In most casino gaming, the funds wagered and lost go directly to the house. By contrast, in poker such losses are always to other Players, making the game susceptible to specialized forms of cheating and fraud. As well, the large amount of Player Assets held by the Sites makes an attractive target for theft.

Since a Site is not subject to the loss of Player funds to cheating, fraud or theft unless detected, Sites may not be motivated to implement successful methods of detection without regulatory oversight. Sites also have another clear disincentive to detect and deter cheating in online poker: Players who cheat tend to generate a large amount of play, actually increasing the revenues of the Site through rake and fees.

An essential part of online poker regulatory oversight is the protection of Players from such cheating, fraud or theft committed by Site personnel or other Players. The RA must implement strict regulations to ensure these protections. In addition, as it is a Site's responsibility to monitor for, detect and prevent cheating, fraud and theft, they must also be held financial accountable to Players for losses from such acts.

1. Key Personnel

Background checks by the RA of all the owners and key personnel shall be required of:

- a. Site license applicants;
- b. Service provider applicants; and
- c. Third-party vendors that will at any time have access to any Site software code, hardware or private customer information.

Background checks shall include investigation of any prior connection to gaming, both live and online, to ensure the integrity of all companies and persons in the industry.

2. Systems Security

Site gaming equipment shall be secured and accessible to only authorized personnel of the Site. Records of all access to the system and additions or changes to the hardware or software shall be retained by the Site indefinitely and available to the RA upon request.

3. Identity Verification

Sites shall verify the identity and home residence during registration of new Player accounts to ensure that:

- a. The registered name matches either a government database or a government-issued identity document;
- b. The registered residence address matches the account holder; and
- c. The person registering the account has only one Player account on the Site.

Sites shall obtain from Players upon new account registration a signed agreement that the Player shall be subject to the laws and regulations of the jurisdiction of the Site and the RA for all matters related to play on the Site.

4. Detection of Cheating, Fraud and Theft

Sites shall implement automated systems to monitor their games and systems to detect and flag:

- a. Collusion, including but not limited to chip-dumping, soft-playing, team play, and sharing of cards dealt;
- b. Anomalous play which varies from statistical expectations;
- c. Use of cheating software or devices;
- d. Use of multiple accounts on a single Site by a single Player;
- e. Compromised deal of the cards;
- f. Failure of the randomness of the deal; and
- g. Theft of Player funds or account information.

These monitoring systems shall be audited and certified by an independent testing laboratory appointed by the RA, and recertified every year, demonstrating high accuracy on realistic data over practical sample sizes.

Play, games or systems that are flagged by the monitoring systems, as well as any reports by Players or Site personnel of suspicious activity, shall be investigated by the Site's security team to determine if cheating, fraud or theft has occurred. Any positive determination of acts of cheating, fraud or theft and any disciplinary action taken shall be reported immediately to the RA, including the methodology used for detection of the acts, the methods and frequency of the acts, and the identifying information of the persons who committed the acts. The RA shall forward the necessary information to law enforcement for criminal prosecution as appropriate.

Players also may report to the RA suspected cheating, fraud or theft by any Site or their personnel. The RA shall implement procedures to investigate and resolve such reports, including involvement of law enforcement for criminal prosecution as appropriate.

Inter-jurisdictional agreements must include provisions to allow the RA to investigate and resolve reports of suspicious acts committed by Players or Sites in the other jurisdiction, and to enforce any resolution of findings.

The RA shall maintain and make available to all Sites and other RAs a list of the identifying information of any person found to have committed acts of cheating, fraud or theft; the methods used to commit the acts; and any methodologies successfully used to detect such acts. Sites shall bar any person on the list from access to any gaming account; shall investigate any existing account belonging to any such person for similar acts of cheating, fraud or theft; and shall report to the RA any such Player account and the findings of their investigation.

The RA shall also maintain a publicly available list on the RA website of any Player confirmed to have committed any acts of cheating, fraud or theft to include only the person's Player fictitious screen name (or any other identifier as was displayed to other Players during play) on the Sites where the acts took place, the names of the Sites where the acts took place, the methods used to commit the acts and the range of dates in which the acts took place.

5. Software Aids

Sites shall prevent the use of any software aid which imparts an unfair advantage to the Player including, but not necessarily limited to:

- a. Determining and displaying to the Player a suggestion for play action the Player should make during a game;
- b. Determining and making a play action for the Player;
- c. Displaying to the Player the cards held by any other Player that would not otherwise be known during the game; or
- d. Displaying to the Player any other Player's history of play that would not otherwise be known during the game or a playing profile of any other Player based on such history.

The Site shall publish on their website a list of software aids that are authorized to be used by Players during play and a list of software aids that are forbidden for use by Players during play. The Site shall monitor for and detect the use of any software aid by a Player during play.

If the Site detects use of any forbidden or unauthorized software aid, the Site shall first issue a warning to the player and lock the Player account from further wagering and withdrawals, requiring affirmative action by the Player to unlock the account by either option settings in their account or contact with the Site's customer support. Upon locking the account from wagering and upon each login until the Player unlocks their account, the Site shall display to the Player the reason the wagering is locked, the methods available to unlock the account and a link to the published lists of authorized and forbidden software aids. The Site shall also send this information to the Player's registered email upon locking the account from wagering. The site may prevent the player from unlocking their account pending further investigation by the Site or the RA.

Subsequent use by the Player of a forbidden software aid, or a pattern of use of forbidden software aids, shall be considered an instance of "use of cheating software or devices" and handled in accordance with Site policies and RA regulations.

6. Inter-Jurisdictional Special Protections

In the case of inter-jurisdictional agreements, special treatment must be given to issues specific to such agreements in regards to cheating, fraud and theft:

a. Multi-Accounting

Players may register an account on each of the different Sites of the same network, in multiple jurisdictions, in order to avail themselves of the varying promotional incentives. However, networked Sites must have automated mechanisms in place to detect and prevent the same Player from playing on the same game table or in the same tournament under two or more registered accounts on the network.

b. Prosecution of Criminal Acts

In order to deter cheating, fraud and theft, inter-jurisdictional agreements must require that Players who commit cheating, fraud or theft in other jurisdictions face either prosecution and criminal penalties in the jurisdiction of the RA or prosecution and criminal penalties which are at least as severe in their own jurisdiction. There also must be a mechanism for cross-jurisdictional cooperation in investigations and prosecution.

7. Cryptography and Security

Sites shall employ modern methods of cryptography, security protocols and unauthorized access detection, including implementation as approved by the RA of published standards by recognized standards authorities, to secure:

- a. All server-to-client and client-to-server pipeline communications;
- b. Client software access by anyone other than the Player, including from virus, trojan or similar software intrusion; and
- c. The Dealing Process of the cards to prevent access to or viewing of, through the Site servers or any other gaming equipment, Players' cards or any live game play code during play by any person, including any Site personnel.

8. Player Reimbursement

Sites shall promptly reimburse any Player Assets found to be missing, stolen or wrongfully taken from a Player account registered on their Site by any Site personnel or by failure of Site security measures, as well as any gaming losses suffered by a Player due to acts of cheating, fraud or theft confirmed by the Site or the RA. Such reimbursement to a Player shall not be contingent upon recovery of the funds by the Site from those who committed the acts.

Inter-jurisdictional agreements must include provisions that require a Site who registers the Player's account to reimburse their own registered Players regardless of where on their network any cheating, fraud or theft was effected, and such reimbursement to Players shall not be contingent upon recovery of the funds by the Site from another Site or other Players.

E. Consumer Protections

There are many consumer protections necessary for online gaming. Due to the peer-to-peer nature of online poker, special considerations and regulatory oversight need to be in place to protect the Players. For instance, as Sites have no financial motivation to uncover forms of cheating, fraud or theft that do not reduce Site revenues, such as collusion or robotic play, sometimes records going back five or more years may be required for newly opened investigations. The RA needs to implement a regulatory regime to ensure Sites implement proper consumer protections.

1. Customer Service

Sites shall provide 24/7/365 customer service to Players by telephone and email. Sites shall make a first non-automated response to Player emails on new issues within 24 hours.

For each Player support issue, the Site shall provide the customer with a unique identifying ticket number and keep the ticket in an open status until resolved. A closed ticket shall be re-opened at the request of the Player. Sites shall report to the RA any ticket which remains open, re-opened or unresolved past 30 days after the date of the original creation of the ticket and provide access to the ticket history to the RA upon request.

2. Player Disputes

Sites shall redress any wrongs due to site errors or system failures, Sites shall make prompt reimbursements or adjustment to Player accounts for any missing, stolen or lost Player Assets, withdrawals or promotional items determined to be due to Site errors, system failures or acts by Site personnel, or per “8. Player Reimbursement” above.

The RA shall make available to Players an accessible process for dispute resolution between a Player and any Site, or for an appeal of any support ticket resolution or lack of resolution by a Site. Sites shall submit to any arbitration or dispute resolution procedures of the RA, and comply with their decisions.

For cross-jurisdictional agreements, provisions must provide a mechanism for a Player to file and resolve a dispute against any Site with the RA that grants the Site operator license, regardless of the cross-jurisdictional nature of such a dispute. There must also be a mechanism available for appeal by the Player to the RA of their own jurisdiction should they fail to gain satisfaction from the RA of another jurisdiction.

3. Preservation of Site Records

In order to facilitate any audits, regulatory investigations, dispute resolutions or criminal investigations, Sites shall maintain and archive records and clear audit trails for a minimum of ten years for inspection by the RA when requested, including:

- Player account registration and information.
- Player account access.
- History of changes to a player’s account.
- Player funds account history, including all credits, debits and adjustments.
- Player wagering history.
- Player promotional incentives history.
- Player rake and fees history.
- Player-to-Site and Site-to-Player communications.
- All games history.
- History of disputes and dispute resolutions.
- Site financial history.
- Site software history.
- Site software access history.
- Site hardware history.
- Site hardware access history.
- Site network access history.

4. Privacy Protection

Sites shall use state-of-the-art methods of data protection to ensure the security and privacy of Player information and accounts, as approved by the RA. Sites shall send immediate notification by email and notice by mail to a Player of any change made to a Player's identifying information in their Player account including changes to a Player's registered name, fictitious screen name, password, authentication questions, address, email, telephone or financial processing information.

Sites shall publish publicly and conspicuously on their website their Site privacy policies, as well as provide their Site privacy policies individually to each registered Player account holder in writing upon account registration and once each calendar year thereafter. Any changes to a Site's privacy policy shall be provided individually to each registered Player account holder in writing at least 30 days prior to enactment.

Sites shall offer an easily accessible method for Players to opt out of any or all marketing communications of the site or associated businesses, including an active unsubscribe link in every marketing email.

Sites shall not share without permission of the Player any private or account information with any other person or business, including between networked sites, unless required by law, court order or the RA. For cross-jurisdictional agreements, permission of the Player must be required for sharing their private or account information with any RA or government agency in another jurisdiction except where necessary for regulatory or criminal investigations or where required by law or court order.

If a Site implements physical biometrics for identity verification, the biometrics system shall convert the physical biometric data at the client end such that only an encrypted hash value that is unique for each session and that cannot be used to reconstruct the real-world physical biometric is sent on the communications pipeline to the Site server for identity verification.

5. Transparency

Sites shall publish publicly and conspicuously on their website all terms and conditions for player accounts, all site rakes and fees, and all rules of play. Sites shall publish publicly and conspicuously on their website all promotions and promotional events, including all of the applicable qualifications, terms and conditions.

Sites shall implement best practices for Truth in Advertising and keep all promises made in advertising.

Sites shall provide Players with their personal Player account, wagering or games history, including hand histories, for any time period at the Player's request. Hand histories shall only show the cards of other Players which were revealed at the time of play according to the rules of play.

For cross-jurisdictional agreements, Sites must be required to provide all written terms, conditions, rules and notifications in both English and the official language of the Player's jurisdiction to registered Players from the other jurisdiction.

6. Income Tax Treatments

The Site shall require each Player upon account registration to read and acknowledge a written statement that the Player shall be responsible for payment of all government income taxes on winnings. The statement shall include:

- a. A list of the federal, state and local government agencies of the jurisdiction of the Site which may assess income taxes on the Player's winnings, including agency name, contact address, website and the income tax filing and payment due dates; and
- b. Sample income tax reporting forms that the Site may be required to issue or file on the Player's wagers or winnings to those government agencies.

The site shall also deliver this statement at the end of each calendar year by mail or email to all registered Players who had any wagering activity during the year, or together in any yearly mailing to Players of their income tax reporting forms.

7. Jackpots and Prizes

Sites shall publicly and conspicuously flag in the Player client software any game where contributions to a jackpot or prize pool (Contributions) are taken from Players in addition to rake and fees. All Contributions shall be returned to Players

in the form of jackpot or prize awards (Awards), without deductions for any administration, marketing, commission or other costs or fees. Contributions may not be used for any promotional or marketing awards, such as bonuses or loyalty rewards. Players participating in any game where Contributions are taken shall be eligible to win at least one Award while playing such game. If any Award is in the form of merchandise or game entries, the Site shall use only enough funds from the Contributions to cover the actual merchandise or game cost of the Award (Award Value), and not any additional cost or fee that accrues to the revenue of the Site. Contributions shall be considered Player Assets and protected by the Site in the same manner as all other Player Assets by Trust Account or Bond.

Sites shall publish publicly and conspicuously on their website all the information pertaining to Contributions, Awards and Award Values, including:

- a. The amounts and rules for taking Contributions and allotting them to Awards;
- b. The Awards currently available to be won and their Award Values;
- c. The complete terms and conditions for winning each Award;
- d. The total amount of Contributions currently held by the Site, updated daily; and
- e. The amounts currently allotted to any progressive pool Award, including individually the primary Award amount and each backup Award tier, updated daily.

Addendum

There are two areas of special consideration in regards to the relationship between peer-to-peer poker gaming and taxation, which need special treatment at the legislative level: taxes assessed on site operators and the personal income tax deduction for gambling losses.

1. Taxes on Site Operators

The amount of taxation imposed on site operators can have a serious impact on the success of regulated online poker. Similar to consumer sales taxes, there is a demarcation point above which the level of taxation becomes self-defeating.

Players in the whole are very sensitive to amounts taken by sites as percentage fees on participation in poker, as it can make the difference between a beatable or unbeatable game. Unlike casino gaming, where the players expect to lose to the house except in the case of a lucky turn of events, poker players expect to have the opportunity to come out winning against the other players, with the house simply collecting a fee for facilitating the games. If taxation rises above the demarcation point, operators can be forced to impose excessive fees on the players which in turn will result in declining participation and thereby declining government revenues.

Legislators must accommodate this distinction between poker and casino gaming by limiting both the method and amount of taxes assessed on site operators for online poker. The method of taxation should remain in the realm of a revenue tax (especially one applied net of cash incentives paid out to players), and not a deposit or wager tax both of which easily accumulate to multiples compared to a revenue tax when applied to poker gaming. The demarcation point for the amount of taxation may vary depending on the size of the market served, but generally is significantly lower than for casino gaming, usually requiring a ceiling in the range of 10%-15% of site revenues.

2. Income Tax Gambling Loss Deduction

In some jurisdictions, lawmakers may look to limit or eliminate a gambling loss deduction for personal income taxes while taxing all winnings, on the principal that gambling is a discretionary activity. However, in poker the bets are an integral part of the strategy of each hand or game played, not simply a wager in advance on the outcome. If a Player is liable for income tax on each winning bet in poker, and disallowed a deduction for the losing bets, the Player's tax liability can quickly equal or exceed any winnings from the gaming. If a gambling loss deduction is not allowed, there will eventually be little or no participation from any Players in online poker as each discovers the resultant excessive taxation.