

US Online Poker Data Report

October 2011

Executive Summary

The US Internet poker market is revered by industry analysts as the largest in the world. With a substantial adult population, a high rate of Internet penetration, a sophisticated payments system and, most importantly, a healthy appetite for poker, the country's Internet poker market appears ripe for regulation.

This report looks into the US poker market during three distinct periods; pre-the passing of the Unlawful Internet Gaming Enforcement Act (UIGEA) in 2006; post-the passing of UIGEA; and post-the recent so called 'Black Friday' indictments against the top three operators remaining in the US market. The report aims to understand the underlying factors affecting the US poker market.

- **The pre-UIGEA poker market | 2002-2005:** Prior to the enactment of UIGEA on October 13, 2006, the US Internet poker market was worth at least \$920m in revenues, annually, according to publicly available data analyzed by GamblingData. The market was controlled by a small number of publicly-traded and privately-held Internet poker operators domiciled in jurisdictions including the UK, Antigua and Barbuda and the Mohawk Territory of Kahnawake.
- **The post-UIGEA poker market | 2006-2011:** Subsequent to the enactment of UIGEA, the US Internet poker market was likely worth well over \$1bn in revenues, annually, according to poker industry insiders interviewed for this report. Given UIGEA compelled all publicly-traded poker operators to exit the market, a handful of risk-tolerant, privately-held operators – namely PokerStars, which is headquartered on the Isle of Man, and Full Tilt Poker, which is based in Ireland, stepped in to fill the void. However, on April 15, 2011, a day now widely referred to as 'Black Friday', the founders of PokerStars and Full Tilt Poker were indicted by federal prosecutors in New York, thus ending one of the most prolific, profitable and controversial periods in the history of the global Internet gambling industry.

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- **The post-Black Friday poker market | 2011:** Subsequent to Black Friday, the US Internet poker market likely shrank drastically, according to poker industry insiders interviewed for this report. Insiders believe that the remaining US-facing Internet poker operators will never reach the heights attained by PokerStars and Full Tilt Poker, but that some US-based poker players will continue to play on those operators' sites – albeit with less money on deposit – despite the heightened risk of federal enforcement action.
- **Timing of regulation remains uncertain:** Presently, Internet poker legislation is being considered by the federal government and seven state governments. Although lobbyists interviewed for this report agreed that poker will likely be authorized before other forms of Internet gambling are, there is no consensus on when one state, several states, or the federal government will authorize Internet poker.

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About GamblingData



The global gaming industry is changing fast. With many jurisdictions in transition between pre-and post-regulation, never has it been so important to have access to reliable data information about the market.

GamblingData provides clients with essential country, sector and company analytics to help achieve the best possible understanding of the underlying facts, figures and trends in support of their business, competitor, product and market research activities.

GamblingData provides the facts, intelligence and analysis gaming businesses need to make the most of the opportunities in a volatile business environment.

We have a team of four dedicated business analysts researching, compiling and analyzing relevant gambling data points from over 150 jurisdictions.

We are able to provide tailored data research services specific to your company requirements and/or access to an online database with historical data going back over 30 years.

Our database is updated in real time so you can be sure you are accessing the latest available research and has some market leading functionality allowing very focused intelligence gathering.

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