

# Events

G2E LAS VEGAS

IGA Conference Sessions



**Sam McMullen,**  
FiveGen Founder

Sam is a powerful thinker, an entrepreneur, a visionary futurist, and technology guru. He has founded numerous companies specialising in a wide-spectrum of areas, including: software development, niche tech and strategy consulting, shepherding new ideas and innovation by creating inspirational think tanks, and thinking globally and outside the box about and in business development.

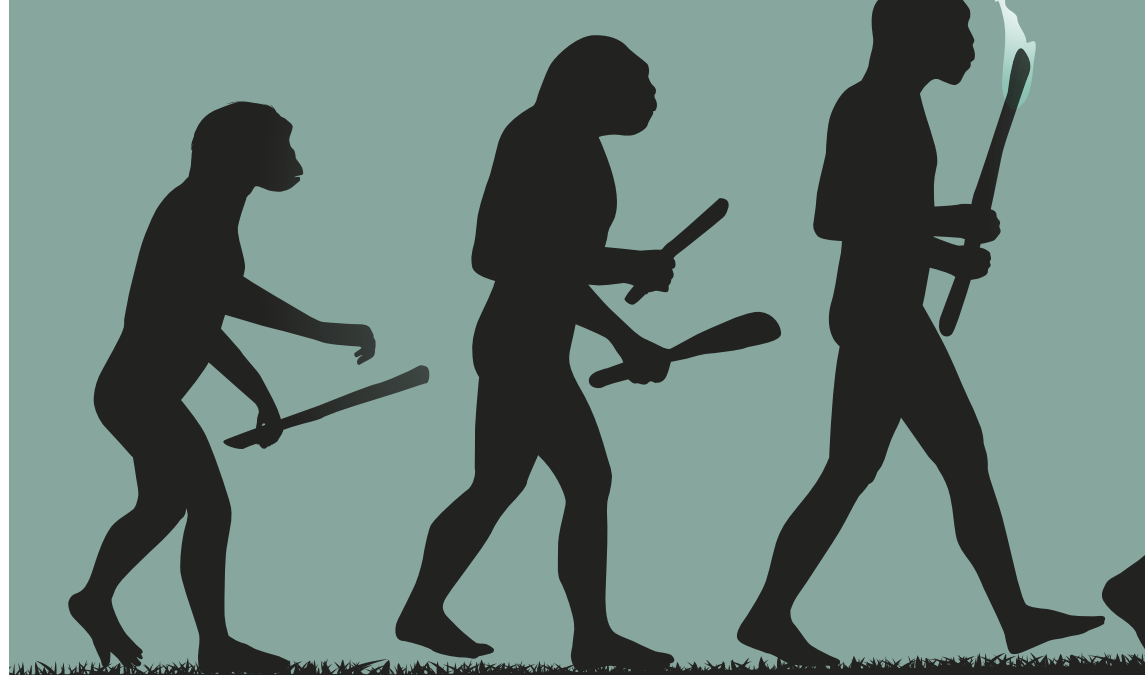
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**Critical Issues in Gaming**  
Monday September 26, 2016  
Sands Convention Centre, Las Vegas  
10:00 - 17:15

Join the IAGA at G2E on Monday, September 26 for a full day of informative sessions focused on critical compliance, law and regulation issues facing gaming.

## Evolving ways to play – eSports, sports-betting and skill-based



**eSports is potentially one cataclysmic gambling-related incident away from full gaming control board scrutiny (they're already breathing down the necks of publishers). Can video game publishers continue to police themselves or is there a need for a body to do it for them?**

To say there's currently a huge amount of interest in eSports wagering is probably an under exaggeration right now. From magazine articles such as this to multiple conference topics and an ever escalating provision of bets from operators, there's little breathing space between onslaughts of eSports coverage right now. Most of the noise around eSports has been positive, looking at the huge market opportunities and untapped audiences eager to bet on their favourite video gaming events and teams. However, this commotion has started to pique the interest not only of players, publishers and operators, but of gaming regulators concerned about player protection and fraud.

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### THE ISSUES UNDER REVIEW

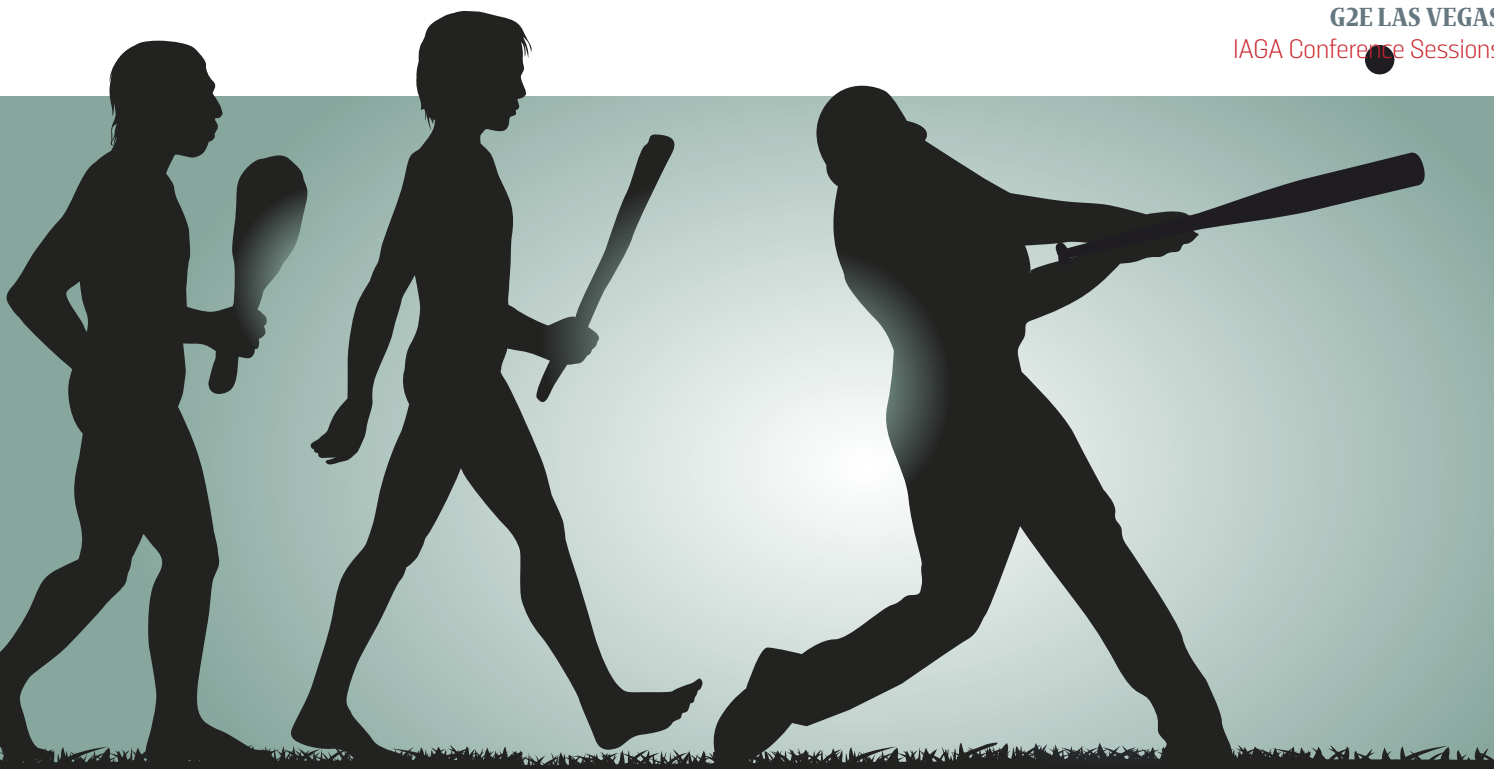
Fraudulent purchases happen in-game, fraudsters impersonate other people's accounts, there's underage skins betting, betting in jurisdictions in which it's illegal, swatting of players, players signing-up online from multiple player accounts, doping of professional players (both anti-competitively and for performance enhancement) - and that's to name just a few of the issues. So how do you control all this without imposing full-scale gambling control measures, laboratory testing of games and the licensing of publishers and their software?

We know that the Nevada Gaming Control Board has turned its gaze on the sector because of these issues and is looking at ways to create a commission to oversee the different genres of eSports without going so far as making it an official government-run agency. The present thinking would see the creation of an NFL-type organisation for eSports, a non-profit body that would be responsible for upholding the integrity of the industry.

The Nevada Gaming Control Board is also making clear that it's not asking the eSports industry to create its own governing body, as that would represent a conflict of interest, but rather an independent national gaming institute that would seek to put its house in order. The first task would be to seek out potential problems, look at the hurdles and express views as to how the industry as a whole can overcome them. And, importantly, they need to appoint someone to spearhead it all.

### G2E AND BEYOND

The International Association of Gaming Advisers is hosting an informative conference session at the G2E show in Las Vegas on Monday, September 26. The first panel discussion, Evolving Ways to Play, will focus attention on eSports, sports-betting and skill-based gaming in the US. One of the panelists speaking in Vegas is Sam McMullen, a security advisor and technology expert who was recently called on to assist lobbyists and groups instrumental in the passage of Senate Bill 9 in 2015, which requires the Nevada Gaming Commission to adopt regulations relating to the development of technology in gaming. With the help of his team, McMullen led a beta project constructing and creating an eSports experience and weekly eContests held at the Downtown Grand



working with Fifth Street Gaming. Together, his and their teams, created the first of many new gaming experiences, which started with their industry-first video game eContests where amateur players compete for a fixed cash prize.

Among the planned eContest genres to be tackled in the schedule Sam and his team devised and successfully implemented for the Grand were First Person Shooters like Counter Strike: Global Offensive, Fighting Games: Super Smash Brothers and Mortal Kombat X, MOBAs like League of Legends & DOTA2 among several more. Sam is in discussions with several Las Vegas Strip-based operators and properties as well as the UNLV International Gaming Institute and Hospitality Lab to assist each to innovate and elevate the US economy by building the future of eSports, utilising highly efficient technology development, marketing, and integrated systems to implement the techniques necessary to introduce and create this segment of the gaming/tourism industries to Nevada.

## TACKLING ESPORTS

Sam McMullen and his colleagues have both the established relationships needed to speak to publishers and the technical expertise to ask the right questions. Both the publishers and the eSports teams (many publishers run their own teams) currently set their own standards, effectively policing each individual game, such as League of Legends or CS:GO for example. The Nevada Gaming Control Board wants change in the form of a minimum set of standards; light enough of touch as to not require a gaming laboratory to start delving into the game's code, but robust enough to slowdown and grind to a halt the escalating number of scandals hitting eSports wagering right now.

McMullen and his team have been asked to act as an intermediary between the publishers/event organisers and the Gaming Control Board in Nevada. The goal is to create an eSports Commission, with an oversight

body that will enforce the rules and build security into the system without seeking to affect creativity (no small task). In his favour is the fact that McMullen is looking to achieve this from within the industry - not without. He's both a self-confessed gamer though to his core and a military-grade software security professional. Where security is a balance between accessibility and convenience on one side and protection on the other, McMullen is tasked with navigating a path between integrity and security, and needs of the industry to be creative and innovative.

Nevada has a history of upholding gambling integrity and it's an obvious move for the Gaming Control Board to seek to set a benchmark for eSports. Up to this point, publishers have sought to police themselves, but there's a gulf between scrutiny in the video game industry and that imposed on dedicated gambling products and services. "We've been asked to sit somewhere in the middle - to start the conversation," describes Sam McMullen of his conversations with the Nevada Gaming Control Board.

"Video games were not created to be gambling products, they encompass all levels of play, from people who play purely for fun, to full-time salaried and sponsored professionals. However, the professional side of eSports, the side that people bet upon, has to be managed without taking away all the fun factors that make video games enjoyable for everyone. That's the balance we need to find."

The issue for the Nevada Gaming Control Board, and for every regulatory gaming body around the world, is where do you draw the line? Once you step into the breach, how far should controls be exerted, how heavy-handed should the controls be enforced, and do you include the relatively few eSports providers at present, or encompass every gaming publisher?

## A SPIRALING MARKETPLACE

McMullen believes that by 2017 there could be as many as 2,000 games in the eSports sector and 3,500

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G2E IAGA Panel Session  
10:00-11:00, September 26, 2016

### Evolving Ways to Play

With the increased attention to eSports, sports betting and skill-based gaming in the U.S., this session will compare the domestic emerging games to those in the U.K. and other international jurisdictions.

- Gain insight into the size, scope and nature of the global market
- Explore existing, pending and potential legal and regulatory issues
- Discuss recent legislative and regulatory activity

# Events

## G2E LAS VEGAS

### IGA Conference Sessions

#### GAMING IN THE VEINS

Sam was born in Reno, Nevada and following graduation from Bishop Manogue High School, he attended the University of Southern California: School of Cinematic Arts where he attained his BA in Critical Studies. Following undergrad, Sam worked in the entertainment industry including several projects for Ludwig/Riche and Eagle Cove Entertainment. He then returned to his alma mater to complete 34 credits toward his MFA when he was recruited by and accepted an offer from McLaughlin Consulting Group and Ferguson Patent Properties in Silicon Valley where he was commissioned to work with Electronic Arts, Visionary Game Designer Will Wright, Graphics Powerhouse NVIDIA and the 3D Consortium in Japan to author a study on the effects of Stereoscopic 3D on linear and interactive experiences. The study is still used and relevant today. Sam continued to influence industries he sees need his talents and as a result has become a serial entrepreneur, founding FiveGen, LiveLobbyist, nGen and NV eSports, Thirteen Thirty Seven, as well as joining several advisory roles in various for/non-profit companies.

"We need to establish a rule set that guarantees integrity, with laws and union rules for players, so we're not seeing a whole bunch of 'professional' players at 16 years olds subjected to unprofessional workplace conditions. We need a standard rule set for existing and future games, rules against cheating and drugging, enhancing, doping, impersonation and swatting. We need to define how you spectate and wager legally within eSports and create proper terms of service."



in three years time, a volume that would require gaming regulators to potentially treble in size to cope with the volume. So you can see why regulators are presently reluctant to step into the eSports arena and start wielding a 'big stick.' And while 3,500 games appears a lot, the modding of games (modifications to the original game) and the parameters that define eSports are changing all the time. The UK Gambling Commission in August singled out the digital card game Hearthstone as operating with an 'unspecified RNG,' asking 'politely' for a definition from the publisher. It's the tip of an iceberg that threatens to deluge the industry with such 'requests.'

"We have to define the criteria in which eSports takes place and identify the audience. We have to identify the differences between a participating spectator; someone just watching the games, the casual hardcore viewer, the streamers, the spectators on Twitch, those that spectate in-venue, those that watch elsewhere - and we need to understand the numbers involved," says McMullen of just one of the check-boxes he needs to tick. "The NFL knows exactly who is watching football and where they're watching those games and on what media. Despite being a digital feed, we know hardly anything about the eSports audience. Are they watching legally or illegally, what's their participation level, what device are they using, etc. Right now, we just don't know."

While the thought of video games scrutinised by gaming boards and ultimately watered-down through gaming regulation is an unsavoury thought for gaming publishers, there is a potential upside. While the gambling sector currently sees eSports as a means of connecting with a younger millennial gaming demographic, the creation of video games designed for casino floors, such as those McMullen and his team are working upon in Las Vegas, could be the perfect storm. We're not talking about shooting elements simply mapped to gambling maths, but multi-player battle arenas with tournaments staged on the gaming

floor. The ultimate end game would be to create games in collaboration with video games publishers that bring League of Legends, CS:GO and DOTA2 into the casino environment.

#### BOTH SIDES OF THE COIN

"Games are created to be fun, first and foremost," underlines McMullen. "We have to be able to keep the integrity of the games as we seek to protect the integrity of the betting space. We have to set minimum standards as part of a collaboration with publishers that isn't a threat to their business - which is publishing great games. Just as I enjoy playing tennis and find the game fun - if you change the rules, mess around with the chance and skill aspects, the likelihood is that you'll destroy the game entirely."

What publishers don't want is government-run, jurisdiction-specific, regulated bodies that oversee all aspects of video gaming, whether they relate to eSports or not. That's the opposite of fun. As soon as you mess with the rule sets of video games, you're in danger of making them unplayable and uninteresting to the target player. There needs to be a consensus between all the vested parties to create a minimum rule set that publishers can agree upon without potentially breaking their games. "We need to establish a rule set that guarantees integrity, with laws and union rules for players, so we're not seeing a whole bunch of 'professional' players at 16 years olds subjected to unprofessional workplace conditions," states McMullen. "We need a standard rule set for existing and future games, rules against cheating and drugging, enhancing, doping, impersonation and swatting. We need to define how you spectate and wager legally within eSports and create proper terms of service. We also need to address the different categories of eSports, looking at pure video-games, eSports for fun, and eSports for professionals as the stating criteria."

Currently, the eSports Commission McMullen is



looking to create is at the pre-planning stage. He's meeting with the major publishing houses to gather their thoughts and is speaking with the Nevada Gaming Control Board to access their views. The plan is to establish both the ground rules and the red flags being raised on both sides. "Right now we're just posing the questions," says McMullen. "We're going to have to address the structure of the eSports sector as a whole as there's currently no accountability. No one has asked the publishers, who hold the intellectual copyrights to these games, if these third-parties are even allowed to conduct betting on the outcomes of their games/matches. They're making money from someone else's IP without explicit permission and that has to change. If the publishers are going to abide by policies and rules determined by the eSports Commission, then they need to be financially incentivised to do so - which potentially means taking a percentage of the rake."

The absence of money returning to the publishers means that right now, all the risk and all the potential regulatory burden is falling on the shoulders of the IP holders, while the betting operators take the cash without any accountability. It's a position that McMullen thinks is both unfair and unsustainable. He believes that those operating eSports betting are doing so under the premise that they won't be challenged or, if the rules do change, that they can't be caught. The analogy he uses is speeding faster than the police can catch you - an apt description of the current legal vacuum. A league body would ensure that wagering is fair for everyone, and McMullen believes that a rake is the answer to a major part of the issue.

#### ON THE WINNING TEAM

McMullen is not, it must be stressed, some kind of moral crusader. While there's been a great deal of chatter about this issue on both sides of the regulatory fence, there's also been a distinct lack of champions wanting to take up the issue. Sam's involvement has been instigated by the Nevada Gaming Control Board

and it's a response in the US to moves at the international level to address the problems surrounding eSports wagering. There have already been moves in Europe to establish an international eSports coalition, though it's one that's not as closely associated with a regulator.

In July, the eSports Integrity Coalition (ESIC) was officially launched in London, which saw the appointment of a commissioner to act as a recognised guardian of the integrity of eSports. It's a response to the rapidly increasing threat of betting fraud arising from the burgeoning eSports betting market and is tasked with taking responsibility for "disruption, prevention, investigation and prosecution of all forms of cheating, including, but not limited to match manipulation and doping." ESIC is setting out its own standards too, creating a Participant Code of Conduct, an Anti-Corruption Code and Anti-Doping Policy, which can be viewed on the website [www.esportsintegrity.com](http://www.esportsintegrity.com).

The advantage McMullen and his team have is the backing of the Nevada Gaming Control Board, but the team is under no illusion that it's going to be a straightforward process. "This is going to be marathon not a sprint," concedes McMullen. "We're not going to find an immediate solution. It's taken the gambling industry decades to create its rules and regulations around slot machines, table games etc. We know this isn't something that we can tackle at once. However, we do need to create a dialogue now and there's a need for someone in the middle to moderate for both sides. We're not looking to do this long-term, but rather use our connections to the eSports sector to instigate the process. And I believe that we're uniquely positioned to get the ball rolling towards a framework that can be agreed upon by all parties."

To listen to Sam McMullen debate this topic in more detail, sign in to the iAGA gaming session 'Evolving Ways to Play, at G2E 2016.

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