

Caesars Executive Welcomes Wynn- PokerStars Pact

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Internet gambling represents the next period of wealth creation for the gaming industry, and the partnership between Wynn Resorts and PokerStars is a significant development in the transition to the online market, the chief financial officer of Caesars Entertainment said Tuesday.

“We have a company and a leader like [Steve Wynn](#) who’s saying this is important, and we’re committed to getting involved in this [Internet gambling] industry – that can’t help but help us,” Jonathan Halkyard said at an investor conference in Las Vegas.

While Caesars Entertainment continues to prefer federal legislation to legalize Internet gambling in the United States, Halkyard said the growing number of states introducing their own online wagering bills is likely to [add momentum](#) to legislative efforts in Congress.

“It certainly could work with state- by- state legislation,” Halkyard said. “That’s not our preferred course. We think that that would result in just an unnecessary regulatory burden and redundancy on us and on our customers. But it’s certainly something that could happen.”

Speaking at the JP Morgan Gaming, Restaurant, Lodging and Leisure Management Access Forum, Halkyard recalled earlier stages of growth in the gaming industry – Las Vegas in the middle part of the 20th Century, followed by New Jersey in the 1980s, riverboats in the Midwest in the 1990s and Asia in the last decade.

“Online gaming and online poker represent the next distribution expansion and period of wealth creation in our industry, and we’re firmly committed to being a large part of that,” Halkyard said.

To date, Caesars has been [unable to profit as handsomely from the expansion of casino gaming in Asia](#) as have its rivals such as Wynn, Las Vegas Sands and MGM Resorts that each possess an interest in one of the six available casino concessions in the Chinese territory of Macau.

This means that Caesars, which owns the World Series of Poker brand, has arguably most at stake when it comes to the potential legalization of Internet gambling in the U.S., according to analysts.

“Caesars has sizable exposure to Atlantic City... while having no exposure to stronger markets such as Macau,” Fitch Ratings said in a report on the company’s debt last week. “Aside from the potential legalization of online gaming in the U.S., Fitch sees no major catalysts for growth relative to Caesars’ size.”

As far as a timeline for the legalization of Internet gambling in the United States, Halkyard said nobody knows.

“I can tell you this – that compared to a year ago, the level of constructive dialogue amongst our regulators, amongst our competitors in this industry, and our investors has all improved dramatically,” Halkyard said.

Koleman Strumpf, an economics professor at the University of Kansas who researches Internet sports betting, agreed that Wynn’s partnership with PokerStars is extremely important.

“He was an opponent of Internet gambling for many years, so this is a big shift,” Strumpf said. “He’s also a smart guy, and obviously sees a future for Internet gambling.”

Strumpf also noted that Wynn has access to Senate Majority Leader Harry Reid, another Internet gambling convert who [drafted online poker legislation](#) during a lame duck session of Congress in December.

“Senator Reid seems to have changed his mind about Internet gambling because of calls he received from important constituents,” Strumpf said.

Strumpf also agreed that economic distress historically has created opportunities for gambling expansion.

Seven years ago, Strumpf said Nevada casinos could capture 50 percent of the Internet gambling market if they were allowed to compete online.

"I still think that's true because of the power of their brand name," Strumpf said. "I think Americans would feel more comfortable playing Internet poker on a website operated by a familiar company and knowing they would have legal recourse if something went wrong."