

# From the Inside Looking In

*The UltimateBet scam and its \$85 million lawsuit shook the entire online poker industry. But as Richard Marcus discusses long after the crisis, how does it resonate and what does it mean for the future and integrity of online poker?*

**B**y now, most of you online poker players have heard about the vast, long-running cheating scheme in which UltimateBet.com insiders manipulated the software to enable them to see their opponents' hole cards and rake in fortunes. As this scam purportedly went on for at least three years, it is highly probable that if you frequented medium- or high-limit games on the site, you were indeed victimised by it. And the same holds true for those who played last year on AbsolutePoker.com, which was victimised by the same scam and happens to be the sister site of UltimateBet. Naturally there has been tons of fallout from these two gigantic and horrific scams, which combined have seriously damaged the integrity of not only online poker but of online gambling altogether. So what has been the latest fallout? If you haven't heard, it's an \$85 million lawsuit filed by Blast-Off Ltd. of Malta—a private company that currently has an ownership interest in Ultimate Bet—against Excapsa Software of Toronto, the company that formerly owned and licensed the online poker software to UltimateBet and other gambling sites.

## SLEUTH FOR TRUTH

To settle this huge dispute, an independent liquidator has been appointed by a Canadian court to oversee what is now the voluntary dismemberment of Excapsa. "We're taking it seriously and are in contact with the stakeholders with a goal of settling the claim," said Sheldon Krakower, president of XMT Liquidations. "It's a very touchy situation. We're just trying to get everything done." Krakower went on to say that the amount of the claim did not exactly match the amount believed to have been stolen from UltimateBet players, but he did not give further details. He said he believed that the parties involved were close to a settlement.

This unprecedented lawsuit is the culmination of a chain of startling events that started nearly a year ago when numerous poker players around the world began posting comments on various online poker forums describing suspicious play on UltimateBet. Soon after this outbreak, a menagerie of personalities

emerged in its spread, including some of the world's most well-known live and online poker players, the former chief of a Canadian Mohawk community, and high-ups inside a mysterious Oregon internet security company. Tokwiro Enterprises, the company that owns UltimateBet and has its headquarters in the Kahnawake Mohawk Territory in Quebec, has issued some refunds based on an outside investigation and pledged to repay all players who lost money due to the cheating scam. However, many of these claimants have expressed doubts that they will ever be reimbursed the money they were cheated out of.

"Who will make them pay?" wrote one very upset player on a poker forum. "I know I'm never going to get my money back," wrote another. Many players claiming to have lost thousands of dollars each to the cheats said they have not been able to obtain the records of play from UltimateBet they say would support their claims. Nat Arem, a well known professional poker player and blogger who helped uncover both these scams seems to agree with the doubters. "Who's going to make them pay?" he also asked on his blog. "What court is this going to end up in?" Well, if I were to answer his second question, I would say to him, "It will probably end up in the Cyberspace Supreme Court" or maybe "Somewhere in the netherworld". Or more aptly, "Just plain forget it!" To understand my negativity about this, all you need to know is that Tokwiro Enterprises is owned, or at least partly owned, by Joseph Norton, the former grand chief of the Kahnawake Mohawks who helped establish the territory as North America's sole mainstay of internet gambling.

## DOUBLE TROUBLE

How obvious and glaring was the cheating once it was uncovered? Well, digest this: One account using the screen name 'NioNio' banked a \$300,000 profit in just 3,000 hands. That kind of win rate is obtrusive to say the least. MyPokerIntel.com, a website that tracks high-stakes online tournaments, provided information that NioNio had won in 13 of the 14 sessions documented there, cashing out more than \$135,000 in profits. When that

revealing information was posted, Michael Josem, a respected Australian poker player and mathematics whiz, compared NioNio's play results to those of 870 other accounts with at least 2,500 hands recorded by poker-tracking software. His analysis showed that NioNio's win rate was 10 standard deviations above the mean, or, in his words, less probable than "winning a one-in-a-million lottery on four consecutive days".

## SIGN OF THE TIMES

So what does all this mean for the future of online poker? And is the \$85 million lawsuit really 'court worthy'? Well, I cannot say whether or not Tokwiro will ever straighten out the mess and reimburse every victim. But I will say this: Just as I said back in 2006 in my book *Dirty Poker*, the online cheating scams will never stop. But that doesn't mean you should reduce your playing out of fear of becoming a victim. Let us not forget that in spite of the enormity of the UltimateBet scam, the overall picture of cheating is only a minor portion of online play. The key to its long-term integrity is that each time a scam is uncovered (and, believe me, many more of them will), the operators of the sites involved must do their best to rid their games and tournaments of the cheats as well as reimburse the victims.

In further support of this, I believe that Tokwiro will make attempts in these areas, but I also think that the lawsuit against the software company has more bark than bite. I don't see how courts would be able to hold software manufacturers liable when its product is manipulated by determined and corrupt employees of online gaming sites who have vast knowledge in the workings of online gaming software. In the end, it's going to be the continued vigilance of the sites that keeps online poker as safe as possible. The only way outside help will ever come from the courts is if the United States Government legalises and regulates online gaming, an event that would induce serious legislative action against cheating from the entire world. Let's hope that happens soon. **GOM**