



Legal gaming could rake it in

Toronto-based Fun Technologies is celebrating U.S. betting crackdown

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The next big market for online gaming could well be the proverbial "soccer mom," and a Toronto-based firm called Fun Technologies Inc. is poised to reap the benefits.

After last week's crackdown on Internet gambling in the United States, the company has been working to restore its credibility as a legal fantasy sport and skills-based gaming site.

After a conference call with a leading legal expert in online gaming yesterday, one analyst said the company could even benefit from the bill. Fun Technologies specializes in "casual gaming," a fast-growing category of online play that doesn't involve betting. Instead, participants pay a small fee to play against each other. The victor claims the pot, minus a fee to the company.

Fun Technologies' stock was beaten up last week, along with the online gambling players, after the U.S. Congress passed a bill making it effectively illegal to bet online in the U.S. The sector lost a combined \$7 billion (U.S.) in market value.

Overlooked in the carnage, however, is the fact that most of Fun Technologies' games are exempt from the act, analyst David Shore of Desjardin Securities Inc. wrote in a note to clients yesterday.

s The games are based on skill instead of risk, he wrote.

"We believe the passage of this bill will actually benefit Fun Technologies," Shore wrote, not only because it plays in the areas not covered by the bill, but also because other large Internet gambling companies that just lost a big chunk of their market will be looking to fill the void with legal activities, the kind Fun Technologies owns.

Fun Technologies' platforms include Skilljam.com, the largest of these so-called "casual gaming sites" in North America, and WorldWinner.com. The company also owns so-called fantasy sports game sites, such as fanball.com, where participants create virtual teams based on real players and earn points based on performances. Such games were specifically exempted from the bill, Shore wrote after participating in a conference call with leading U.S. legal gaming expert Anthony Cabot.

Players who don't recognize those names may be familiar with the games they support through such

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huge consumers sites as AOL or MSN.

Fun Technologies has 27 million registered users.

Even before passage of the bill, casual gaming as an emerging category of online play was garnering more attention as companies seek to expand the market for gaming beyond teenage boys and young men. That fact brought Fun Technologies to the attention of U.S. media mogul John Malone earlier this year. His Liberty Media Corp. has interests in Fox TV parent News Corp. and shopping channel QVC. Liberty Media now also owns 51 per cent of Fun Technologies.

The company also counts among its founders and current board members some of the biggest names in Canadian software and Internet investment circles, including: Lorne Abony, who founded Petopia.com, an online pet-food supplier; Andrew Rivkin, a founder of Cryptologic; Geoffrey Rotstein, chief executive officer of Cyberplex Inc.; and venture capitalist John Albright, of J.L. Albright Venture Partners.

Unlike hardcore games, such as World of Warcraft, which require more skill to master and time to play, casual games are quick and easy to learn. They are often based on well-known games, such as Solitaire, or new arcade-style games such as Zuma (shoot a ball out of a frog's mouth.)

Such game sites also differ from casino and poker sites by not involving betting. The pot is usually small, although, Skilljam.com offered a \$1 million prize last month as part of a publicity stunt, to raise its profile.

Casual gamers are often older adults, and are more likely to be women just looking for a quick and easy hit on the lunch break or after the kids are in bed, according to company reports.

"The reason we'll benefit is there has always been some uncertainty about the legality of fanball games, and particularly the skill games," a company spokesperson said. "We always thought it was legal. Now this bill agrees with us."

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