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Friday, September 26, 2008

## Muddy Waters

by [Emily D. Swoboda](#)

One cheating scandal at an online poker site could be considered an isolated incident, but when a virtually identical scam is being executed at another online poker room owned by the same company, the events may be too similar to be considered coincidence. And as it turns out, suspicions may have been validated.

The two scandals, which involve Absolute Poker and Ultimate Bet, have drawn the ire of poker players, concern about the industry's propriety, doubt about the sites' licensing jurisdiction and, of course, the curiosity of investigative reporters.

After conducting interviews over the last two months with poker players, forum moderators, the Kahnawake Gaming Commission and the commission's investigatory agent, IGamingNews below sets out the convoluted chronology of both scandals.

First, a review of the Absolute Poker fiasco.

In September 2007, members of Two Plus Two, a popular poker discussion forum, began posting allegations of cheating at the Web site, claiming that a so-called superuser was able to gain access to other players' hole cards in Absolute Poker's high-stakes No Limit tables.

The claim, however, was initially rejected by Absolute Poker, or AP, which said on Sept. 17 in an e-mail to customers that it had not found any evidence to substantiate the allegations.

On October 15, AP maintained that a superuser did not exist in the system, but that they had found evidence of chip dumping. Four days later, AP said it had identified an internal security breach that compromised the system for a short time, but that the cause had been determined and resolved.

Meanwhile, an unofficial independent investigation was underway, led by Serge Ravitch and Nat Arem, who moderate forum discussions on Two Plus Two, in cooperation with other members of the site. Forum users had been following the activities of players using the screen names "Graycat," "Steamroller" and "Potripper," who would all turn out to be involved in the scandal.

The rogue investigators managed to create a model of how "Potripper" fared, hand-by-hand, against opponents in a \$1,000 buy-in tournament on AP's Web site, which was then posted on YouTube.com. The model was recreated using hand histories of the



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tournament.

In the same month, the Kahnawake Gaming Commission, or KGC, which licenses AP, initiated an investigation hiring Gaming Associates, an independent third party, to conduct the audit.

Gaming Associates has worked with the commission for the last seven years performing regular audits of its licensees and has offices in Australia, Antigua and Malta.

In late October, a statement was released by Joseph T. Norton, former grand chief of the Mohawk Council of Kahnawake and chief executive of Tokwiro Enterprises ENRG, the owner of AP -- and, as it would turn out, Ultimate Bet.

Mr. Norton said that the poker room had suffered an internal security breach by a "trusted consultant" and that the problem had been resolved. He said that in addition to the commission's audit, Tokwiro had submitted its own audit report and apologized to players for not being more forthcoming in the interim.

Mr. Ravitch and Mr. Arem, in the meantime, had traced the I.P. address of another username, "user363," to Scott Tom, a founder and possible part-owner of Absolute, arousing their suspicions that the cheating was an inside job.

But AP maintained that it was a "trusted consultant," not Mr. Tom, who perpetrated the breach.

On Jan. 11, 2008, the KGC issued its final report on the investigation along with its decision.

The investigation determined that for approximately six weeks beginning Aug. 14, 2007, nine AP user names were used to employ software to view the hole cards of other players. The KGC subsequently ordered AP to remove the users from any official role within the company and prove that it had done so.

In addition, the company was ordered to immediately implement a compliance program and pay a \$500,000 fine to the KGC within 60 days.

Meanwhile, a discussion thread was growing on Two Plus Two that would begin the process all over again.

With the help of a former Two Plus Two moderator, who requested anonymity, IGN has attempted to construct a timeline of the complex series of events that comprised the second Tokwiro cheating scandal -- this time at Ultimate Bet.

Allegations of cheating at Ultimate Bet, or UB -- AP's sister site -- began flying around the forums on Jan. 8, 2008. The claims mirrored the ones made just a few months prior. A superuser -- this time called "NioNio" -- was accused of seeing players' hole cards and using this information to win games unfairly.

But it wasn't until March that UB acknowledged the allegations in a statement, wherein it said it had launched an independent investigation, which found that the statistics of "NioNio," the user in question, "were indeed unusual."

Two months later, Tokwiro announced that the investigators, Gaming Associates, had discovered that a number of player accounts were

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tied to multiple user names, including "NioNio," and that the users had access to players' hole cards between March 7, 2006 and Dec. 3, 2007.

The user names were linked to individuals who worked for previous owners of UB, the company said, adding that the usernames had been flushed out and technology was being implemented to prevent the cheating from happening again. Player refunds were to begin immediately.

At the time, however, Tokwiro said only six player accounts had been used to create 18 user names. But in July, the company said it had uncovered an additional 17 user names and learned that the cheating had actually begun in January 2005, "long before Tokwiro Enterprises ENRG acquired Ultimate Bet from the previous ownership."

By the end of July, the company said a total of 19 accounts and 88 user names had been discovered in the scheme but that no one currently associated with the company was involved in the cheating.

In the same month, through investigative work of Mr. Arem -- who had helped lead the previous unofficial investigation into AP -- it was discovered that at least three of the superuser accounts were directly connected to Russ Hamilton, the World Series of Poker winner and former owner of UB.

The accusations of Mr. Hamilton's involvement have not been addressed directly by Tokwiro, and the KGC has chosen to keep any comments on Mr. Hamilton's alleged involvement out of the press, according to Chuck Barnett, a member of the board of supervisors for Mohawk Internet Technologies who, at times, liaises with the press on behalf of the KGC.

In a prepared statement on July 28, 2008, the KGC said it had appointed Frank Catania Sr., president of Catania Gaming Consultants and former director of the New Jersey Division of Gaming Enforcement, to conduct a full investigation of the companies and the circumstances surrounding cheating scandals at Absolute and Ultimate Bet.

The statement made no mention of the fact that Mr. Catania in 1999 was instrumental in assisting the Mohawks of the Kahnawake Territory write regulations for Internet gaming, but Mr. Barnett told IGN that the commission has never been secretive about its relationship with Mr. Catania.

He added that Mr. Catania has led several similar investigations.

Mr. Catania agreed with IGN's assessment, however, that use of the word "independent" was not exactly accurate.

"I don't think the word 'independent' is really that good," Mr. Catania said in July. "I'm an agent of the Kahnawake Gaming Commission. I'm the one that's going in there and looking at this in-depth. I'm the one that's going to make recommendations to the commission and the commission will then decide whether or not they want to take those recommendations."

The report, expected soon, will cover both the AP and UB scandals. For both companies, Mr. Catania was given access to all employees, past and present, subcontractors and records necessary for the investigation.

The KGC has said it is exploring its legal options in this matter, but the question remains as to where prosecutions would take place, if it came to that, because the matters in question transpired across multiple jurisdictions.

So far, the only legal remedy being pursued was reported last week by MSNBC's Michael Bruner, who said that Blast-Off Ltd., a Malta company that has partial ownership in UB, has filed a \$75 million lawsuit against Excapsa Software Inc., which owned UB until Sept. 2006.

Blast-Off and Excapsa are just two companies in the labyrinthine lineage of UB owners, which also includes ieLogic, which developed software for the site, and eWorld Holdings Ltd. of Antigua.

Between July 29 and Sept. 3, IGN communicated with Anna Molley of Tokwiro to arrange an interview with Paul Leggett, its chief operating officer. After sending Ms. Molley a copy of this article for purposes of fact checking, e-mail communication ceased.

Ms. Molley later told MSNBC, however, that Mr. Leggett had stopped giving interviews at the request of the KGC until the audit was completed.

IGN has also made repeated but unsuccessful attempts since the AP scandal first broke to reach Gaming Associates.

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#### About the Author

Amazingly, Emily was concocted entirely out of soy and recycled parts from former IGN writers. The results are quite frankly nothing short of astounding . . . and environmentally friendly too! You can reach her at [Emily.swoboda@clariongaming.com](mailto:Emily.swoboda@clariongaming.com).

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