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**SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, MERCER COUNTY
DOCKET NO.:**

STATE OF NEW JERSEY,

Plaintiff,

V.

**Civil Action
COMPLAINT**

**ROYALCLUBCASINO.COM,
GLOBAL INTERACTIVE, LTD.
and JOHN AND JANE DOES,**

Defendants.

Plaintiff, State of New Jersey, acting by and through its Department of Law & Public Safety, having its offices at the Richard J. Hughes Justice Complex, 25 Market Street, Trenton, New Jersey, by way of Complaint against defendants states:

JURISDICTION AND PARTIES

1. The State of New Jersey, by and through its Department of Law & Public Safety, is now and at all times referenced herein has been charged with the responsibility of enforcing the Constitution, Art. IV, § 7, ¶2, and the laws of New Jersey, including the Code of Criminal Justice, *N.J.S.A. 2C:1-1 et seq.* (hereinafter referred to as the "Criminal Code"), Gaming and Lotteries, *N.J.S.A. 2A:40-1 et. seq.* (hereinafter referred to as the "Antigaming Act"), the Casino Control Act (hereinafter referred to as the "CCA"), *N.J.S.A. 5:12-1 et seq.*, and the Consumer Fraud Act (hereinafter referred to as the "CFA"), *1V.,1:S.A. 56:8-1 et seq.*, and the regulations promulgated there under, *N.J.A. C.) 3:45A-1.1 et seq.* This action seeking injunctive and other relief is brought pursuant to the Attorney General's authority to prevent unauthorized gambling activity, as

recognized in *State v. Fiola*, 242 N.J. Super- 240, 243 (App. Div. 1990), and the provisions of *N.J.S.A.* 56:8-8, 56:8-11 and 56:8-13.

2. Defendant Royalclubcasino.com (hereinafter referred to as "Royal" is an entity that operates a website from which any individual with a computer and Internet access can participate in a variety of online gambling. This gambling includes traditional casino games such as blackjack and slots, which have instant payoffs or losses, and sports betting.

3. In order to place wagers with Royal, the user must initially register. The first web page for registration asks for personal information, such as name, address, country, telephone number and birth date. On June 28, 2000, and May 3, 2001, Royal accepted applications and wagers when the United States was the user's country and New Jersey the user's state of residence. Royal, therefore, solicited bettors throughout the United States, including New Jersey.

4. The situs of gambling activity in an online casino is where the bettor is located when he or she logs into the Internet casino, enters the wagers and makes gambling-related decisions.

5. Defendant Global Interactive, Ltd. (hereinafter referred to as "Global"), Herbert Office Complex, Bird Rock Road, Basseterre, St. Kitts, is registered with Tucows, Inc., a company responsible for registering Internet domain names and maintaining information, as the Internet registrant for Royal. Global, Orion House, Wellington Road, P.O. Box 1281, Basseterre, St. Kitts, telephone number 869-466-1822 and fax number 869-466-3554, is identified as Royal's Internet administrative, technical, zone and billing contact.

6. Defendants John and Jane Does are the named operators of Royal who are unknown to Plaintiff at this time.

BUSINESS PRACTICES

7. A joint investigation by the New Jersey Division of Consumer Affairs (hereinafter referred to as "Consumer Affairs") and the New Jersey Division of Gaming Enforcement (hereinafter referred to as "Gaming Enforcement"), both of which are divisions within the Department of Law & Public Safety, has revealed that defendants' website not only violates the New Jersey Constitution and New Jersey civil and criminal laws but also allows and encourages its New Jersey users, including those under the age of 21 (hereinafter referred to as "Underage Gamblers", to participate in unlawful gambling activities.

8. From at least June 7 until approximately July 24, 2000, and again from on or about May 3, 2001, Royal has operated a website accessible to New Jersey users that allowed and continues to allow illegal casino-type gambling and sports betting. Defendants' website was and is available at the Internet site "www.royalclubcasino.com" to all persons in New Jersey who have access to a computer and the Internet. Anyone who accesses defendants' website was and is able to participate in a variety of online casino games and betting on a variety of sports. All such betting is illegal in the State of New Jersey.

9. From at least June 5 until approximately July 5, 2000, Royal actively solicited New Jersey users to participate in its illegal gambling activity by advertising its website on a billboard located on the westbound side of The Atlantic City Expressway where Doughty Road crosses the Expressway at approximately mile post 6.3 in Pleasantville, New Jersey (hereinafter referred to as "Royal Atlantic City Billboard"). The Royal Atlantic City Billboard could be viewed by anyone traveling west on the Atlantic City Expressway. In large letters across the face of the Royal Atlantic City Billboard was the phrase "royalclubcasino.com." In small letters above this phrase was "Take Home the Excitement Online." Beneath "royalclubcasino.com" was the phrase "10% Real Cash Bonus!" On the right-hand side of the billboard was a crown with five cards depicting a full house and the words "Royal Club Casino" above the crown and the word "Sportsbook" underneath it. The background scene, which covered the entire Royal Atlantic City Billboard, was a tropical lagoon at sunset.

10. Since at least June 7, 2000, a user accessing defendants' website first viewed a screen welcoming him or her to "Royal Club Online Casino." in addition to a description of the casino games available and general advertising language, the user was advised that:

No one under the age of 18 years is permitted to wager at Royal Club Online Casino. For those under 18 years of age and those in jurisdictions where Internet gaming is illegal, we have provided a version of the game that can be played for fun and leisure.

11. Since at least June 7, 2000, when a New Jersey user accessed defendants' website, the user could view a page entitled: "Royal Club Casino TERMS AND CONDITIONS OF MEMBERSHIP." Among other terms and conditions were the following:

Legality

Royal Club Casino's games are played over the Internet which reaches virtually every country in the world. Some of these jurisdictions have not addressed the legality of Internet gaming, while some have specifically made Internet gaming illegal. In practical terms, it is impossible for Royal Club Casino to determine the state of the law in every country, state, and province around the world on an ongoing basis. Therefore, by clicking the "I agree" button, you are acknowledging that you have determined what the laws are in your jurisdiction, and that it is legal for you to place a bet via the Internet, and for Royal Club Casino to receive your bet via the Internet.

Age Restrictions

No one under the age of 18 years is permitted to wager at Royal Club Casino.

Liability of Royal Club Casino

2. Laws regarding gaming vary throughout the world, and it is the responsibility of users to ensure that they understand and comply fully with any laws or regulations relevant to themselves in their own

country. All players of the Royal Club Casino games must be at least 18 years of age.

No "I agree" button appeared anywhere on this page.

12. Since at least June 28, 2000, when a New Jersey user initially entered Royal's Sportsbook, a page entitled "Royal Club SPORTS1300K SERVICES ('Royal Club Gaming') TERMS AND CONDITIONS OF MEMBERSHIP" appeared. The terms and conditions regarding legality, age restrictions and liability of Royal Club Sportsbook were nearly identical to those of Royal Club Casino. At the conclusion of the legality section was the following:

I have read the above paragraph and agree to be bound by it and affirm that it is legal for me to place a wager via the Internet from the jurisdiction in which I will be placing my wagers.

A New Jersey user was then asked to click either "I Affirm" or "I Do Not Affirm." Finally, Royal Sportsbook's Terms and Conditions concluded by iterating that all issues, disputes and transactions shall be governed in a court in and according to the laws of St. Kitts. A New Jersey user was then asked to click either "I Do Not Agree" or "I Agree."

13. From approximately July 24, 2000, and until sometime prior to May 3, 2001, a New Jersey user accessing defendants' website and viewing the initial welcoming screen had been informed that: "We do not accept wagers from any residents of the state of New Jersey."

14. On June 28, 2000, a 17-year-old (hereinafter referred to as "Royal Underage Gambler"), working with Gaming Enforcement and Consumer Affairs investigators and posing as an online consumer, was able to set up a gambling account on defendants' website from a computer located in Gaming Enforcement's offices, 140 East Front Street, Trenton, New Jersey, using an undercover credit card and a false birth date. The Royal Underage Gambler bet and played roulette, gold rush slots and the card games of blackjack, red dog and battle royale. The Royal Underage Gambler received payoffs in four games and incurred losses in five. The Royal Underage Gambler next entered Royal's Sportsbook and placed wagers on professional major league baseball games between the New York Yankees and Florida Marlins and between the New York Yankees and Detroit Tigers- The account screen, which the Royal Underage Gambler next viewed, properly reflected the gambling activity. The Royal Underage Gambler then logged off.

15. On July 7, 2000, a Gaming Enforcement investigator accessed the Royal account established by the Royal Underage Gambler. The Royal Underage Gambler had won one of the two Sportsbook wagers placed on June 28. The Gaming Enforcement investigator then logged off:

16. On May 3, 2001, two 16-year-olds (hereinafter referred to as "Two Underage

Gamblers"), working with Gaming Enforcement and Consumer Affairs investigators and posing as online consumers, were able to set up gambling accounts of defendants' website from a computer located in Consumer Affairs' offices, 124 Halsey Street, Newark, New Jersey, using an under cover credit card and a false birth date. The Two Underage Gamblers bet and played blackjack and slots. One of the Two Underage Gamblers received a pay off on one game of blackjack and incurred losses on another, while the other one incurred losses on three wagers. The Two Underage Gamblers next entered Royal's Sportsbook and placed wagers on a professional hockey game between the New Jersey Devils and Toronto Maple Leafs and a professional basketball game between the New York Knicks and Toronto Raptors. The Two Underage Gamblers than logged off.

COUNT I

17. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

18. Gambling is a highly regulated activity within the United States and is only permitted within a given state upon explicit constitutional and statutory authorization.

19. New Jersey's Constitution provides in part that:

No gambling of any kind shall be authorized by the Legislature unless the specific kind, restrictions and control thereof have been heretofore submitted to, and authorized by a majority of the votes cast by, the people at a special election or shall hereafter be submitted to, and authorized by a majority of the votes cast thereon by, the legally qualified voters of the State voting at a general election [*N.J. Const.*, art. IV, § 7, ¶ 2.]

20. The New Jersey Constitution also provides limited exceptions to this prohibition: horse racing, charitable bingo, raffles and games of chance, the New Jersey State Lottery and Atlantic City gambling houses or casinos. *Ibid.* Internet gambling is not one of the specified exceptions, and to date, there has been no public referendum concerning Internet gambling, and, therefore, no voter approval of such.

21. By repeatedly and persistently operating, managing and running an Internet gambling casino, defendants have acted and continue to act in violation of Article 4, § 7,f 2 of New Jersey's Constitution.

COUNT II

22. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

23. The Antingaining Act prohibits gambling by stating that:

All wagers, bets or stakes made to depend upon any race or game, or upon any gaming by lot or chance, or upon any lot, chance, casualty or contingent event, shall be unlawful.

[N.J.S.A. 2A:40-1, .]

24. The Criminal Code prohibits gambling by providing in part that:

A person is guilty of promoting gambling when he knowingly:

(1) accepts or receives money or other property, pursuant to an agreement or understanding with any person whereby he participates or will participate in the proceeds of gambling activity; or

(2) Engages in conduct, which materially aids any form of gambling activity. Such conduct includes but is not limited to conduct directed toward the creation or establishment of the particular game, contest, scheme, device or activity involved, toward the acquisition or maintenance of premises, paraphernalia, equipment or apparatus therefor, toward the solicitation or inducement of persons to participate therein, toward the actual conduct of the playing phases thereof, toward the arrangement of any of its financial or recording phases, or toward any other phase of its operation.

[N.J.S.A. 20:37-2a].

25. The Criminal Code's prohibition against gambling does not, however, apply to "any activity authorized by the" CCA. N.J.S.A. 20:37-9.

26. The CCA mandates licensure by the Casino Control Commission before any casino gambling games may be offered to the general public. N.J.S.A. 5:12-112.

27. Royal has never sought or obtained casino licensure from the Casino Control Commission.

28. New Jersey law prohibits persons under the age at which a person is authorized to purchase and consume alcoholic beverages, which is 21, to "enter, or wager in, a licensed casino or simulcasting facility" W5'.A.5:12-119;NJ.SA.9:17B-lb. SeealaoN.,l.SA.9:17B-lc. Casino gambling by Underage Gamblers is, therefore, prohibited under all circumstances.

29. Defendants allow New Jersey consumers, including Underage Gamblers, to place wagers in their Internet casinos in violation of N.J.S.A. 2A.40-1, M.J.SA. 2C:37-2a, N.J.S.A. 5:12-112 and N.J.S.A. 5:12-119.

30. By repeatedly and persistently operating, managing and running an Internet gambling casino, defendants have acted and continue to act in violation of N.J.S.A. 2A:40-1, NJ S.A. 20:37-2, N.J.S.A. 5:12-112, and N.J.S.A. 5:12-119.

COUNT III

31. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

32. Gaming Enforcement investigators and the Underage Gamblers, located in New Jersey, bet at Royal's website and incurred losses on some wagers, it is believed that consumers throughout New Jersey who have illegally bet on games conducted by Royal have also lost money, although Plaintiff is not aware of the amount lost.

33. A bettor who loses money in an unlawful gambling transaction is permitted to recover any money lost within six calendar months after payment or delivery to the winner. N.J.S.A. 2A:40-5.

34. Under N.J.S.A. 2A:40-6, if a loser does not seek recovery within such period,

any other person may sue for and recover the same, with costs of suit, from such winner, depository or stakeholder as aforesaid; the one moiety thereof to the use of the person suing for the same, and the other moiety to the use of the state; provided the action is instituted within 6 calendar months from and after the expiration of the [six-month] time limit[] ... for the loser to sue for the same.

[N.J.S.A. 2A:40-6.]

35. Every person who may be liable for the return of such winnings "shall make discovery pursuant to an order of a court of competent jurisdiction either before or after action is commenced concerning the money or other things so won, paid or deposited." N.J.S.A. 2A:40-7.36.

36. Pursuant to N.J.S.A. 2A:40-7, Plaintiff seeks an accounting of all movies won by defendants from New Jersey users for the past twelve months and pursuant to N.J.S.A. 2A:40-6, recovery of all movies won by defendants from New Jersey users during the period prior to the past six months.

COUNT IV

37. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

38. Section 2 of the CFA, N.J.S.A. 56:8-2, prohibits the use of employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing concealment or suppression or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale or advertisement of any merchandise.

39. Defendants' operation and advertising of an online casino at the web address "www.royalclubcasino.com" allow and encourage New Jersey consumers to participate in a variety of illegal gambling, including casino games such as blackjack, slots and roulette. New Jersey consumers who access the Royal website are also able to participate in sports betting, including the ability to wager on the

outcome of games played by professional New Jersey teams such as the New Jersey Devils as well as New Jersey collegiate teams such as those from Rutgers and Seton Hall Universities.

40. Defendants' owning, operating and advertising of an illegal online casino accessible in the State of New Jersey constitutes an unconscionable commercial practice.

41. Defendants have repeatedly violated and continue to violate the New Jersey Consumer Fraud Act, *N.J.S.A. 56:8-2* by engaging in unconscionable commercial practices.

COUNT V

42. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

43. Defendants' online casino is accessible to Underage Gamblers because it contains improper or unreliable age verification and/or no method to prevent underage gambling.

44. Defendants' operation and advertising of an online casino accessible to Underage Gamblers within the State of New Jersey is an unconscionable commercial practice.

45. Defendants have repeatedly violated and continue to violate the New Jersey Consumer Fraud Act, *N.J.S.A. 56:8-2*, by engaging in unconscionable commercial practices.

COUNT VI

46. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

47. Defendant Global is the administrative, technical, zone and billing contact for Royal.

48. As the administrative, technical, zone and billing contract for Royal, Global controls, operates and/or participates in Royal's unconscionable commercial practice of operating an illegal online gambling site accessible to New Jersey consumers, including Underage Gamblers.

49. Global has repeatedly violated and continues to violate the New Jersey Consumer Fraud Act, *N.J.S.A. 56:8-2*, by engaging in unconscionable commercial practices and deceptive commercial conduct.

COUNT VII

50. Plaintiff repeats and realleges all of the paragraphs enumerated above as if fully set forth at length herein.

51. Defendants Jane and John Does are the as yet unidentified owners and operators of Royal.

52. As owners and operators, Jane and John bogs control, operate and/or participate in Royal's unconscionable commercial practice of operating an illegal online gambling site accessible to New Jersey consumers, including Underage Gamblers.

53. Jane and John Does have repeatedly violated and continue to violate the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-2 by engaging in unconscionable commercial practices and deceptive commercial conduct.

PRAYER FOR RELIEF

WHEREFORE, based upon the foregoing allegations, Plaintiff respectfully requests that the Court enter judgment:

- a. Finding that the acts and/or omissions of defendants constitute multiple instances of unlawful conduct in violation of the New Jersey Constitution, Art. IV, § 7, ¶ 2.
- b. Finding that the acts and/or, omissions of defendants constitute multiple instances of unlawful conduct in violation of New Jersey law, *N.J.S.A. 2A:40-1, N.J.S.A. 2C:37-2a, N.J.S.A. 5:12-112 and N.J. S.A. 5:12-119.*
- c. Finding that the acts and/or omissions of defendants constitute multiple instances of unlawful practices in violation of N.J.S.A. 56:8- 1 *et seq.*
- d. Permanently enjoining defendants or anyone acting in active concert or participation with them or acting on their behalf from engaging in, continuing to engage in, or doing any acts or practices in violation of the New Jersey Constitution, the Antigaming Act, the Criminal Code, the CCA and/or the CFA and the regulations promulgated thereunder, including, but not limited to, the acts and practices alleged in this Complaint;
- e. Permanently enjoining defendants or anyone acting in active concert or participation with theirs or acting on their behalf from engaging in or continuing to engage in any advertisements for online gambling within the State of New Jersey, including, but not limited to, billboard advertisements of an online gambling website;
- f. Permanently enjoining defendants or anyone acting in active concert or participation with them or acting on their behalf from accepting any

wagers or allowing any other gambling activity from individuals or entities located in the State of New Jersey;

- g. Directing defendants to give to Plaintiff an accounting of all money won from New Jersey users for the past 12 months and recovery of all movies won by defendants from New Jersey users during the period prior to the past six months;
- h. Directing defendants at their own expense to restore to any affected person, whether specially pruned in this Complaint or not, any money or property acquired by means of any practice alleged herein to be unlawful under N.J.S.A 56:8-8;
- i. Assessing the maximum statutory civil penalty against defendants in the amount of \$7,500 for each and every violation of the CFA in accordance with N.J.S.A 56:8-13;
- j. Directing the assessment of costs and fees, including attorneys fees, against defendants for the use of the State of New Jersey as authorized by N.J.S.A 56:8-11 and N.J.S.A 56:8-19; and
- k. Granting such other relief as the interests of justice may require.

JOHN J. FARMER, JR.
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiff

John Peter Suarez
Assistant Attorney General
And Director, Division of Gaming Enforcement

Dated: June 18, 2001

RULE 4:5-1 CERTIFICATION

I certify that the matter in controversy in this action is not the subject of any other civil action pending in any other court of this State or of a pending arbitration proceeding, nor is any other civil action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action

DESIGNATION OF TRIAL COUNSEL

John Peter Suarez, Assistant Attorney General and Director, Division of Gaming Enforcement, is hereby designated as trial counsel for this matter.

**JOHN J. FARMER, JR.
ATTORNEY GENERAL Or NEW JERSEY
Attorney for Plaintiff**

**John Peter Suarez
Assistant Attorney General
And Director, Division of Gaming Enforcement**

Dated: June 18, 2001