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NAADAC

BLURRED LINES: THE CONVERGENCE OF GAMING AND GAMBLING

MAY 8, 2019

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>> SAMSON TEKLEMARIAM: Welcome to today's webinar on Blurred Lines: The Convergence between Gaming and Gambling. Presented by Dan Trolaro. It's good you can join us today. My name is Samson Teklemariam, and I'm the Director of Training and Professional Development for NAADAC, the Association for Addiction Professionals. I'll be the organizer of today's event.

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only if you take these following four steps. Number one, watch and listen to this entire webinar.

Pass the online quiz, which will be posted at the website you see on this slide later this evening or by tomorrow morning at the latest. If applicable, submit payment to NAADAC. The fee is \$15 for one CE. And then a link to download the certificate will be emailed to you within 21 days of submitting the quiz.

We are using GoToWebinar for today's live event. Here's some important instructions. You have entered into what's called "listen-only" mode. That means your mic is automatically mute to do prevent any disruptive background noise. If you have trouble hearing the presenter, I recommend switching to a telephone line because some Internet connections are not strong enough to handle the webinar. If you have questions, just type into the question box in the webinar panel. It's just like the one you see here on the slide. We will collect and gather all the questions, and if time permits, we will pose these questions to our presenter so he can answer for you live.

Otherwise, we will get the answers for you after the webinar. Let me tell about you our today's very skilled presenter. Patrol patrol is the assistant Executive Director for 800-GAMBLER and holds his science degree from coast of California university. And of mobile and device gaming as well as emerging trends, and addictions from various advantage points. Whether speaking on the underlying disease, prevention, strategies, emerging trends, responsible or gaming recovery resources, Dan discusses the concept of addiction switching, co-occurrence, and behavior associated with many addictions.

NAADAC is delighted to provide this webinar presented by this wonderful profession. So, Dan, if you're ready, I will hand this over to you.

>> DANIEL J. TROLARO: Thank you very much, Samson. Good afternoon, everybody. For any of you have seen me present, you know I like to move around and being behind the screen is a different approach. But we're going to have a great session for the next 50 minutes or so to talk about a topic that is really lively not just around the State of New Jersey but around the country. Because I want to take a look

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at three different areas we have. I want to look at the connection, and progression from gaming and gambling. And the psychological aspects, especially as we start talking about Loot Box. And some terminology, we talk about today you you may or may not not be familiar with. Again, on a webinar, I'm going to go with one speed and pace. I encourage questions. I'm always happy to answer questions.

And whether during the webinar if time permits or at the end as Samson indicated with a follow-up email. Very reachable also through our agency website in New Jersey at [800gambler.org](http://800gambler.org) on the contact us page as well. And lastly, we want to take a look at video gaming and the impact it might have on developing a gambling problem.

So, as we take a look at gambling markets, first we want to understand what are some of the top trends that we're seeing around the state and country? And this is the side, the trend of, say, sports page. We know that's the biggest trends impacting game markets on various fronts, in terms of controlling use of data, ownership of data, sports betting legislation, et cetera. But I'm talking more about what are some of the other trends impacting gambling market that over reach into the gaming sector, and we can see that we're seeing a growing number of online women gamblers, but we're also seeing morpheme participation in the gaming circles. And some of that has to do with the fact we're seeing more colleges and universities start their own eSports league and we're seeing college scholarships given to students for full rides right from high school to be a part of a college eSports team.

And we'll talk a little bit about eSports in a bit. But we're seeing increase in participation. We're seeing Avatars within individual players that can create an image in the likeness of themselves as well. And it's very empowering. In the work that we do around the State of New Jersey, when we're talking to females about their gambling and gaming habits, for a time, going back just a few years, there was a desire for connection with, say a boyfriend or if married, a spouse. Because the male would be the gamer or the gambler and the female just wanted to spend some time. Now we see the female actually participating and in some case running the show where the male wants to spend time with the female.

So we're seeing a growth there. And we're seeing more use of credit cards and Bitcoin and cryptocurrency. So things just changing and shifting. And understanding eSports is shifting consumer gambler habits and spending patterns, because we go from social gaming and Internet gambling, and it's sports, and it's all wrapped up into one. ESports is competitive video gaming for money in real-time. Electronic sports. It's looking to be added in the Olympic events in 2020 or 2022. So we can also look at alternative options to cash like Bitcoin. And marketing strategies.

The business angle of these ventures needs to focus more on those demographics that are participating in these events. And as I've mentioned, growing online female gamblers, we see different cultures participating and all the way down to the middle schools where they're starting to groom students for high school eSport leagues on into college, and then to short-term professional life after. Typically, the average eSports gamers are 21 to 28. So one wonders what they do after that? And that's something we have to see.

Online female gamblers to just chat a little bit further, in 2015, roughly 40% of women gambled. Tend to prefer gambling in private and that tends to speak to passive forms of gambling and more intimate setting because of fear of judgment. If any of us sat around a Blackjack table in Vegas, or Atlantic City, or another jurisdiction, if someone makes a bet over a wrong play, there can be a lot of anger, a lot of nasty words. When you're playing online behind the comfort of your own tablet or mobile device or laptop, you're free of stigma.

Females also typically use personal electronic devices. We typically found in 2015 that female gamblers around the nation under age 35 or more are active. And we see over a short term, female-centered casino and tagline "Made by Women for Women."

So there's a big marketing push to draw more dollars from females. They talk about funding sources. We have seen an increase use of credit and debit cards. What's tricky is when you're talking about illegal offshore accounts and gambling on illegal offshore account does not disappear with the advent of illegal gambling. In 2013, New Jersey legalized offshore gambling. That didn't mean they switched to onshore

legal gambling site. It did drive some of the dollars from offshore back onshore, but there's still a billions of dollars being wager offshore part of which the reason is that there are no limits. So when you have someone gambling offshore who desires to deposit thousands of dollars, they can.

Whereas, within certain jurisdictions, there are limits to the deposit. There are also limits to the daily spend. So there's more oversight the ability when have you an onshore online gambling account. There's recourse. If the operator does not pay the individual, there's recourse back to the operator. In the legal market, there's no recourse. I recall a phone call to our 800-GAMBLER helpline where an individual probably won just over \$25,000 on an illegal offshore site. Well, they didn't pay him. He got upset, and he called his state regulator.

The state regulator said, well, you shouldn't have been gambling offshore. That's illegal. So what you're admitting to is gambling offshore and that can be a federal offense. So we know there's no recourse when you're gambling offshore illegally. We know through the use of wire and both domestic and international, money laundering becomes a big issue with sites offshore so, when we look at funding sources, we have to look at the credit processor having the global consumer and they should also be part of the conversation for responsible gambling. Because the credit card process has the global view by Social Security number to understand how many accounts and how many cards an individual might be using.

So, what are eSports? Many of you on the call may have heard of this terminology. It's a global industry. It's electronic and it's a competitive video gaming and real-time for money. We know in 2015, the audience was approximately 225 million and this had increased more than 65% to 380 million. Revenue almost tripled. And one of the things that's very interesting is you take a look at what Amazon did in 2014. Amazon bought a website called Twitch. Twitch is an online website that streams competitive eSports tournaments in real-time. They sell advertising and that's where a lot of the big gamers will play to try to raise money. Amazon bought them for \$1 billion in 2014.

Typically what Amazon buys is very insightful. And I think it's very telling of the video game market. Since 2014, we've seen tremendous growth and explosion even into last week where Google announced their vision for the future of video gaming, which includes warehousing all video games on one Server, kind of in the Cloud, and then you can access those games from any device. You no longer need an Xbox or PlayStation. You can have free rein of those games no matter which device you own. And it shifts the landscape, and this allows for an unlimited amount of increasing graphics, and player participation from around the world.

So it would be very interesting to see what happens there. I'm showing a picture now of eSports stadium. For those who are not familiar with the eSports, I guess the eSports world, it's competitive. It's intense. It has followers and fans. Imagine going to your local team, basketball player sharing 20,000 people for an NBA or NHL team. Now you have 20,000 people sitting in arena cheering for their favorite video gamer. Someone might be think, wow, that's crazy. But it's the sign of the time. One thing I've been able to conclude, and anything many of you will draw the same conclusion is that, youth today consume media differently than perhaps many of us on the call did.

I remember coming home from school. Putting on the T.V. Using the VCR. Just consuming media mostly through television. Now television stays off most of the time. And it's through a Smartphone, a tablet, a Kindle, or we're watching Netflix or watching a PC. Or we're watching a Mac book. And we're livestreaming video games. One of the things youth and adolescents like to do when they're not playing video game is they like to watch other people play video games. So it's an interesting phenomenon we're seeing. And it's just a form of entertainment.

Well, what's interesting about this form of entertainment is that we're seeing 20,000 people at an arena and seeing them cheer. And this picture here, although a little bit grainy, in the front of the audience, you see two sections of five. Those are two teams. One on the left and one on the right. And above them is the large screen JumboTron where people are watching these two teams compete against each other in an eSports tournament. There's cheering, yelling, there's signs made. And one of the areas of eSports that is little concerning is the side betting that occurs. And this is not

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necessarily a legalized gambling, but it's a lot of side betting between say, two people might say, hey, \$1,000 I'm going to beat you today. Let's play for \$1,000 on top of the other prizes that we're playing for.

So there's that competitive nature to eSports that lends itself to good solid TV, it's winner take all, it's excitement, it's yelling, it's full of adrenaline. And if we have any gamers on the call, you'll probably be able to relate to some of the feelings that some of these people will have as they're getting close to winning. It's that excitement, it's that buildup, and what that dopamine release anchors or learning. If I play in an eSports tournament, that's near to a near miss. And the concept of gambling that we know, that almost that near miss concept, that psychological concept that I was so close, and it felt so good, I want to do that again.

And that happens in the world of video games. And, so, I think we're up to our first polling question here of the day. Samson, should I turn that over to you?

>> SAMSON TEKLEMARIAM: Yes. Thanks, Dan. So everyone, you will see this polling question pop up on your screen in just a moment. And it will give you an opportunity to interact. Let me go ahead and launch our polling question. All right. And I'll give you about 30 seconds. Question is: What are eSports. And there's options there. We've got 20% answered. So I'll give you 10 to 15 more seconds.

[Polling]

All right, everyone. We got almost 5%, three-quarter of the people here answered. I'm going to go ahead and close the poll. And we will show the results so our presenter can speak to them. And I'll turn this back over to Dan.

>> DANIEL J. TROLARO: Great. Yeah, eSports is competitive video gaming in real-time. There is side betting that goes on. But it's not sports betting. ESports is competitive video gaming in real-time. So I see that 87% had that right. So thank you, Samson.

We'll now move through. So, within the world of video gaming, we start talking about the blurred lines. We want to start getting into the hot button topic that's been in the United States and global for the past couple of years. And the phrase is called a



"Loot Box." The Loot Box is also called a "Crate." From a more technical term, it's a random reward mechanism. RRM. Random reward mechanism. And the reason that is, Loot Box, this contains something of value. But the thing is you don't know what it contains. And in order to find out what Loot Box contains, you need to pay for it with money typically or something of value within a video game, or you can spend a lot of time and try to end it.

In other words, you still have to do something in order to earn this Loot Box or crate for the most part. You will see Loot Box actually with certain food brands. For example, OverWatch is a very popular video game that uses Loot Box to help players earn rewards and cool spreads and weapons, et cetera. They partnered with Pop Tarts. If you buy Pop Tarts, you can trade in the UPC symbol, or you can go online and redeem that for Loot Box. You still have to spend money to get this Loot Box. So concept of spending something of value in order to try to win something of value certainly sounds a lot like gambling, right?

So, a Loot Box is form of monetization. And, so, we're spending money and we're getting this beautiful box or crate that I must now open. And that's the one thing that Loot Boxes have in common. You have to open them to see what's inside. Just like a slot machine, you have to pull the wheel or push the button to understand what the outcome will be.

Now, countries around the world have taken various views on Loot Boxes. The United States does not view Loot Box as a form of gambling. However, under certain Asian jurisdiction in Asian countries, it is regulated under law as an item for gambling. Belgium gaming commission says, yes. But United States says, no, it's not. What's interesting about the European gaming commission, their argument was that it is not considered gambling since the item that you're winning is a digital item used only within the video game that the individual is playing.

Well, that's partially true. What they fail to realize is that there are many third-party websites that exist around the globe, either on the deep web or the dark web, where you can take those virtual items and sell them or gamble them for real money.

So, if someone tries to indicate that a virtual item is only used in the game in which its played, you can argue against that by saying there are third-party sites, which you can gamble or sell that for real currency.

A Loot Box as I've continue to do say is a reward mechanism. This has 3 components. What makes it eligibility? There's a certain event that accomplishment, spending time, paying money. That triggering event makes the individual eligible. Then the randomness is step 2. And that's the hook. The random necessary is the hook. Because what we understand about Loot Box is that we don't know how often we will win. We don't know what we will win. And we don't know how often it will occur. Well, that's the same as a slot machine. A slot machine, I will sit in front of a slot machine gambling money and I know I will win every so often. I just don't know how much, how often, or when the next time I will win something will occur. So we're seeing a parallel between the feelings that are triggered, the behaviors, the emotions between these two very similar, yet different activities.

The concern is that video gaming typically is done by younger demographic male in terms of purchasing and the brain is still developing until the mid-20s. So now we have the decision-making process coming full circle, maybe 25 or 26 assuming no prior substance misuse or other issues. And your normalizing the spending of money in this way on Loot Box, so, therefore, the individual might conceive that as the same feeling and emotions of behavior at the casino. Typically individual who is a gamer spending money on Loot Box is not much different spending money on gambling activity. Because there's still that risk and uncertainty. And third is the third component. Because within a video game, you will win a weapon or something of value. You will win a skin.

Now, skin, I just want to make a reference to what skin is. Skin is something that does not impact the outcome of the game. Rather, it is a way to dress up your character or it is a way to dress up your weapon to make it look cooler. This matters to middle school kids particularly who want to have the best looking weapons, the best looking outfits. I think about a 800-GAMBLER helpline call we took number of months ago from the parent of a 12-year-old who was on the Xbox 4-6 hours per day. Very

popular on the Xbox. Had a lot of friends. Yet, when this young man would go to school, none of those "Friends" would talk to him.

Because they didn't like him. He wasn't very popular in person, yet, they would only talk to him when he was on his Xbox, because he had the best looking outfit, best looking weapon. And that's where he felt most secure and self-esteem was highest. And the report was that the son missed 27 days of school this year because he was having anxiety. And it's a perpetual problem, because we continue to turn back to that thing that makes us feel good, safe and secure, but then we're not working on the other areas where we don't feel as safe and secure.

And in this way, he was hiding behind the screen as way to cope with some family issues going on. It speaks to a different topic that I do in connection with gaming, and that's the "Dis" ease of an addiction. I have an opportunity to speak about the "Dis" ease. What's not at ease. And how we can use game and gambling to cover up things that might be bothering us or the pain we might be going through. That was the case of this young man I provided.

That's what a Loot Box looks like. It looks cool. You can get 2 for \$1.99. 5 for \$5.99. And there's bulk pricing. You get 50 for \$40. Or you can get 24 for \$20. So you get couple of extra Loot Box for double the money. It's an interesting pricing structure. And in the gaming world, a lot determines, a lot is dependent upon the pricing. We know there are certain apps in games where the game will be free to play, and once you've used up your lives, or your time, you will be given an option to either wait a set number of hours, or you can spend a small amount of money to continue playing immediately.

This is called kind of the premium concept. It's free to play, but there's a lot of premium to upgrade your experience. It's very customized. Some people are content playing the game for free and playing intermediate the next day or until the bit of time that passes. Others get roped into the game and continue playing because the price point might be only \$1.99. That's nothing to some people, that's a cup of coffee. When you get hundreds of thousands of people spending a dollar or two at a time on regular basics that's when you have a thriving business.

They asked the question, what is gambling? And there's no clear answer. I have my opinion. I'm citing a reason today why I think the last term of game and gambling. But other people might have a different opinion. I'm sharing with you what we're seeing in terms of similarities and some of the concerns of what the progression might be logically from gaming and Loot Box to gambling.

This is the Star Wars Battlefront image which is similar to the OverWatch as well. So let's get into more about this psychology of gambling and Loot Box. So we understand gambling is a variable ratio payout. And the concept is you keep playing in order to win. But we never know when we will win. And that's the same with the Loot Boxes. There's also that surprise element of when the individual wins, that's the addictive quality. That's the hook that every so often I'll win something. Dr. Laurie Rubel said it wonderfully in the video she did. Gambling has the power to change people's lives. It's the one thing that can change your life. People that hit the lottery. People that hit substantial amount of money help out of poverty. Their way out of a bad situation, as Dr. Rubel said. And that's very powerful. When you couple that with that intermittent reward schedule that every so often I will win something of value, it's hard to give up an intermittent reward. It really is.

And, so, what's interesting with the Loot Boxes, they almost mirror the concept of how the slot machine was designed. Because of the uncertainty, the surprise element, and every so often, the individual does win something of value.

But what else is embedded in a Loot Box that's interesting? Well, the scarcity principal is something that I thought about quite often. And the scarcity principal basically is the FOMO principal. That "Fear of Missing Out." It's the principal that says I'm on Groupon right now, and there's only 10 hours left. And I need this 85 pack of tube socks which I may never use, but they're running out quickly. So I better buy them now, because I may not ever have a chance to buy these 85 packs of tube socks again. It's that fear of missing out. That thing that says, that's it. You've missed out. Part of our biggest fear in life. We're typically fear-based species. And we have a fear of missing out. Nobody wants to miss out. So I want to take advantage of this opportunity. Especially, there's a lot of things to choose from. Now I don't know which

one I wanted. They're all expiring. Well, if the deal is good enough, maybe I'll just buy all of them. It reminds me of a research study I heard, which I thought was kind of funny.

They showed people two different options for ice cream. They had one group of individuals that went into an ice cream parlor and they had 100 flavors to choose from. And then they had the second group of people that went into an ice cream parlor, but they only have 3 flavors to choose from. Now, most people intuitively would say, I want to be able to choose from 100 flavors, because then I know exactly. I'm going to get exactly what I want when I can choose from 100 flavors.

What they found was that the people that went into the 100 flavor ice cream shop tended to have bigger fear of missing out. They tended to have lower rates of satisfaction. Because that next best alternative was what they kept thinking about while they were eating the flavor they chose.

You compare that to the folks that went into the 3 flavor ice cream shop, and you're either getting vanilla, chocolate, or strawberry. Pretty standard flavor and you know what they are and you know what you're getting. And there was a higher level of contentment. Because each individual only had 3 choices. They knew what they were getting. And they were content with it. There was less of a fear of missing out on that next best alternative.

It's interesting when we think about that in today's world. And we think about all of the options that are available to us. All of the different ways we can purchase, research, resources and information. And it almost feels as if we're constantly running off this fear of missing out. Did I make the right choice? What will happen if I chose wrong? What are the first questions people ask when they purchase something? What is the return policy?

Because there's that fear of commitment to the decision that we've made. And that's why people look to bullet point No. 2. Social proofing. And the home shopping network did this well, as well as Groupon. We want to understand how many people are purchasing the items we're interested in. So if you recall the home shopping

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network, you can see on the lower left-hand corner or the lower right-hand corner, you will see the 187 people already purchased this. Now it's 188. Now 200. More people are purchasing that I'm also interested in, I'm getting the proof that I need that my peers also see value in this item. That's the social proofing we look for. This item that's being purchased is desirable to other consumers just like myself who are home on a Tuesday afternoon at 2 o'clock watching home shopping network eating Cheetos.

So now I feel an affinity to that group. I will feel better about that purchase. However, Loot Box and video game companies use these two principles, the scarcity principle and social proofing within the video games themselves. Scarcity principal is easy to see. If of any you play video games or have children or grandchildren that play video games around certain holidays, the games that are being played will offer something called "Seasonal items." Maybe around Christmas there's a cool authentic Santa Claus costume you can buy. Maybe around Easter, there's a bunny rabbit you can buy. So around the season, they will offer this limited time only seasonal item, purchase it now before it's too late. You will never have another chance. And that's how they kind of use that scarcity principal. And then they will use the social proofing to show how many other people already purchased this item.

So these two concepts are alive and well in many things we do, but especially, alive also in the video gaming world.

But let's also take a look at the companies and how they also leverage psychological principles. And in case were you not aware, there are patents that are owned by Activision, for example. That's the company I will use in this example. Activision has a patent that matches players up during the video game.

And this speaks to the concept that if you've ever played a video game or had to play somebody one-on-one, or dealing with a client that plays video games one-on-one, the matchmaking is not random. If you were in the main lobby playing a game, you're not randomly matched up against somebody else. Sometimes there's an algorithm, a complex set of rules behind-the-scenes, and there's a reason why you're matched up against that person.

First example, and I usually do this much more effectively when I'm able to write it on a board. So please bear with me. I'm going to assume that I am in a lobby getting ready to fight Samson for NAADAC online in a computer game. We're in a video game. It's a one-on-one street fighter type game. And I get matched up against Samson. The problem is, Samson has this weapon that is far superior to me and to what I have. So I'm matched up against Samson. We go to battle. And predictably Samson beats me. After the battle is done, we are both returned back to the main lobby.

I'm given the option to see what weapon Samson had that he beat me with. And then I'm also given the option to purchase that weapon. Now, certain players will say, wow, that weapon Samson had was really powerful. I would love to purchase that weapon for \$2.99. So, I do. Now I purchase the weapon. I make a micro transaction. That's what is called. It's an in game purchase, a micro transaction. I purchase the weapon. Now I am matched up against somebody else who does not have that weapon. Hopefully you're all following me here in the logic behind the algorithm. I go into battle with who does not have the weapon. I beat the individual. So now it reinforces my purchase decision. I just made a good purchase, because I just won and it feels good. That individual now is given the option to purchase the weapon. And that's how the cycle goes.

And that's a patent that exists within some of Activision video game. It's called a matchmaking patent. And the goal is to encourage the players to make future purchases to achieve positive or similar game results time after time to spending money.

Example No. 2. There is actually some research being done on this right now to talk about matching two people up who have certain weapon preferences. And maybe I like using a sniper rifle. And Samson uses the sniper rifle, but he's better at it than I am. So the game will match the two of us up so I can learn how he uses his weapon. It's a matchmaking patent so I can learn from him to help me or encourage me not just use my weapon, but then to purchase add-ons to my weapon. That's a different patent out there as well.



And the third patent is one that always gets me. It's called dynamic pricing. In the real world, we call it price discrimination. However, in the video game world, they call it "Dynamic pricing." And I always use the example that I used month and a half ago, I'm in Pittsburgh, I'm not from Pittsburgh. I walk into Dunkin' Donuts, and they look at me and say we don't know you. The coffee is going to cost you \$10. But someone who lives in Pittsburgh and they know the person, and is they say, for you it's only \$1. That's called price discrimination. In the video game world, they do that. It's called dynamic pricing. Two of us can look to purchase the same weapon, however, based upon skill level, length of time playing the game and numerous factor, they might charge me a different price than they would charge you. That's called "Dynamic pricing." There's no clear disclosure on how this is determined because it's not regulated. And also we don't know how many of these weapons exists. In a virtual world, there can be an unlimited number of digital items to be had.

So how can you come up with pricing when there's unlimited supply? How do you determine a price point? This is some of the reason why there has been an increase call and push for regulations around the video game industry.

So we've now reached polling question No. 2. I will turn this over to Samson.

>> SAMSON TEKLEMARIAM: Thanks, Dan. Yes, everyone, polling question No. 2. Another chance to interact with your presenter today. What is another name for a "Loot Box?" And I'll give you a chance to answer with 4 options. A, B, C, and D. D is A and B only. And we've got 40% of the people. You guys are awesome. I'll give you 10 more seconds. Great, thanks, everyone. It looks like it's slowing down. We've got three-quarter of the group here voting. I'm going to close the poll and share the results so Dan can speak to them. And then we'll turn this back over to our presenter.

>> DANIEL J. TROLARO: Great. Thank you, Samson. Great answer. I'd love to talk to the 1% of people voting. The answer is D. A and B. Because Loot Box is also called a crate. And it's a random reward mechanism. So it is D. Both answers of A and B. Letter D. So thank you for that, Samson.



So as we go through and finish our webinar about Loot Box and, et cetera and some of the psychological principles. Some of the other consumer habits with respect to gaming and gambling blurred mind is that we're seeing, again, the normalization of spending money on a game at an early age, because what we know is two things matter for those who develop addiction. There's many factors. But there's two indicators of things to watch out for. One is age of onset. How early did the activity begin? And No. 2, did the individual have any negative experience or do they see only the positive experience time and time again? Because when you start an activity at an early age, and you don't see the negative consequences, you're at a higher likelihood to kind of tuck that seed away, and then turn back to it perhaps when life throws a curve ball.

I've had several friends during their time who have gone through various traumatic experiences. And they tend to turn back to those things that make them feel good that they recall from earlier days. Whether it's childhood, teen, college, or early adulthood and our body has this amazing ability, of Bessel van der Kolk, *The Body Keeps the Score* book. And the trauma lives in the body and does not have a voice for outlet. So little tucked things away, and then physiologically, our body will react and respond as we go through life and as we get these different interactions.

And, so, the consumer habit is going back to gaming and gambling and we're starting to see more gaming apps. And sometimes they're more gambling theme apps. There's really no gambling for money going on, i.e., if there's real money, it's rather you can just get some of these random coins given to you. And then when you play through your coins, your time is up. You're given the option to purchase more coins. That's the premium feature. Or you can move on to a different app. But the mechanics are there. And that's the interesting thing. You can just sit there and play Blackjack for free for no money or poker. Or practice your skill or whatever you want to do to pass the time. And, so, we start seeing social casino games. Right? Merging with gambling.

What I mean by that is that you're starting to see some of the casino operators partnering with the non-gambling or the social casino sites, and it's almost this progression. Where the individual played on the social casino game for a period of

time, now they're given the option to play with real money and transition over to the casino operator Internet gamble site. We see that marriage of that merging.

Marketing matters a lot. And we're definitely seeing blurred line of marketing. I have a 9-year-old daughter on the Kindle and she keeps getting pop up ads for Bible slotmania. Which is crazy to me. And the pitch is that you can have a slot machine game based on your favorite story from the Bible. I mean, there are games that will tailor to anyone's interest. There are games that also confirm shaming. What I mean by that is that if you're given the option to spend money on a game, and you say, no, I don't want to spend money. One of two things happens.

Either, A, the little character on the screen begins to cry, because you don't want to spend the money. Or B, you will get a little message that says, and I quote, "I'm sorry you don't want to be awesome today." And that's a form of confirmed shaming. Just because you don't want to spend the money. And the argument I have there nor marketing, as parents, educators, as clinicians, as professionals, we don't always see those messages that our kids see. Because we only see the money spent on the statement. We only know from what's told. But if someone is regularly getting the little pop up messages and they don't talk about them too much, we have no idea this stuff goes on. But these are all ways to shame or have a confirm shaming of a person. And it's very marketing matter. And it needs to be addressed.

We talked about alternative funding method before. I wanted to go a little bit deeper in this, because especially with virtual currency, there's a lot of talk right now in the United States how you value virtual currency. What's the value of a digital coin in a video game?

There has been some talk as I've mentioned before, if virtual items are only used in the game itself, there's very little value to that item. The problem that I highlighted before was that oftentimes, these virtual items can be sold for real cash or real currency on a third-party site. Additionally, they can also be gambled. Maybe a simple coin toss. There was a website for a time called "CS go lotto." It was counter strike global offensive. And it was a game where you can gamble against people for some of the

virtual items. So these things occur. It may not be legal, but the mechanics are still there.

So what's interesting about the funding method, in the digital world, there's real-time feedback. The gaming manufacturer, the platform on which the game is being played, like Xbox, they all have real-time feedback. They know how many hours you were online. They know how many levels you've completed and how much you spent. And they know the consumer habit. That allows them to track and tailor marketing messages, basically target market their consumer and they know what works. In the end we're on on this call, we're on the research end. We're on the help side and we need to do a good job of keeping up with the technology.

Unfortunately, sometimes we run into issues with surveys, and the delayed responses. We need to continue to stay right at the heels to identify where also the problem areas are. And a lot of times, you can see it in the funding side. I know there are algorithms and I won't go into much detail, but in order to identify a problem gambler with an Internet gambling account, there's been some studies done to look at how many credit cards the individual has at any one time. And also how many times did the individual request a payout from his or her account relative to how many times he or she canceled that payout request? In other words, if I requested that you send me \$5,000 from my gambling account. And then I turn around and cancel that request, and lose that money, there are some research looking to see can we identify problem gamblers from the currency, the spending that they do on the online side? And I think the payment processor and the funding company need to be part of that research.

We also know marketing matters. We've talked about this before. In New Jersey, for gambling accounts that are online, we have self exclusion. Self exclusion is a wonderful tool. It not only prevents or does not allow for the individual to gamble online on the legal site. It also stops the marketing. And that's what really matters. Because if an individual receives a marketing promotional piece to come on down to a casino for free play and a free hotel room, that could be the thing that sets an individual back. But on the gaming site, there's also a lot of marketing. Sign up for a Twitch account, and get 5 free Loot Boxes. That's one promotion Amazon started when they

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bought Twitch in 2014. If you signed up for Amazon Prime, you would also get a reduced rate on Twitch, and then they rolled out Twitch Prime, where you can get discounted rates on Loot Boxes, and you can get various incentives for gaming. So Amazon really folded the concept of gaming. Marketing matters.

We talked about Amazon and Twitch. Twitch TV and Twitch Prime. Livestreaming and music broadcast. And video gaming is a \$30 billion to \$50 billion industry if not more and Amazon and Twitch had over 100 million visitors. There's a livestreaming service in the world and it was bigger than YouTube gaming for the first time. I mention this, because when we're talking with our clients or families, and these are things that go across-the-board between personal and work. If someone is spending a lot of time on Twitch, we want to understand what they're talking about. We don't have to all become experts, but we want to be able to have a conversation or recognize when someone is spending a lot of time on something, especially, if they're starting to spend money or if we're starting to see relationships go south. Why is that? Well, it's the video gaming. What's the harm? Well, we know harm can come from abusive use of anything. And condition in DSM-5 is under further review, however, the World Health Organization recently named gaming as a form of disorder. And you can do some more research on that. But the WHO has now said that gaming is a form of disorder recognized and classifiable. DSM not in order but under review. We're now at polling question No. 3.

>> SAMSON TEKLEMARIAM: Thanks, Dan. This is Samson, everyone. I'm going to go ahead and launch our poll. True or false. DSM-5 recognizes gaming as a formal disorder. I'll give you 10 more seconds here. All right. Everyone, I'm going to go ahead and close the poll. Thank you for your participation. We've got almost three-quarter of the people voting. We'll share the results. And turn this over to Dan to wrap-up. Just a heads up. We need to wrap-up in 2 to 3 minutes.

>> DANIEL J. TROLARO: Thank you, Samson. So DSM-5 recognizes gaming as a formal disorder. It does not recognize gaming as a formal disorder. It's under review for consideration. The World Health Organization recognizes gaming as a formal disorder. So thank you for that, Samson. And we'll now take the last moment or

two here to wrap-up. So as we conclude here, some of the warning signs of problem gambling are similar to that of gaming. Neglecting family and work. Loss of reliability. We can see gaming can lead to more fights. We had the issues in New Jersey fights occurring before or after gaming tournaments. We're starting to see increased level of anxiety and depression from not being able to game. Or having Xbox and PlayStations taken away. Sometimes the gaming is what's used to help cope with certain issues. I think anxiety and depression gets thrown around very loosely at time. But we know there's a "Dis" ease. I prefer to use the language that something is not at ease and what are we doing to try to cover up that fear or pain? And any time we're seeing this at the core of central tenant, there's an issue. When you start lying about the behavior, that's becomes concerning. We highlighted some of the risk with gaming. And I want to just really center on bullet point No. 4.

The brain develops the gas pedal faster than the braking system. We know the frontal is the last to develop. And that's the braking system. So adolescents and teens want to go, go, go, and we tell them to slow down. The problematic cognition with gaming. One of the things that we see is that it leads to escape. There's power and status throughout the game. And the concept of leveling up is a dopamine boost. And dopamine anchors our learning. We understand that Internet gambling similarly to gaming is very convenient, accessible. We understand that it's easy to do. It's quick. And there's a lot of selection and variability and whether I'm behind my gaming console or terminal or gambling machine from the comfort of my own home, there's comfort and lack of stigma. It makes it difficult for prevention because when we start talking about gaming and gambling, we don't know if we're converging and connecting the two words. So we have to be very careful about our language, because language matters.

But both can create harm through excessive involvement. And we're starting to see those boundaries and blurred lines because of the spending of money on things like Loot Box which are mirrored such as slot machines, it starts to become very tricky. Both gaming and gambling can lead to social connection, positive experience, rewards, and especially for gaming when we normalize the purchase at an early age, we can

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carry that into adulthood. I've highlighted the five E's of why people play or gamble. Which you'll be able to see on the webinar.

And then a summary of the blurred lines between gaming and gambling, because it comes down to the illusion of control, the intermittent reinforcement, social proofing, the scarcity principal, and the hook. I hope you found this a valuable use of your time. I'm happy to field questions as time permits now and after to give you those answers. Samson, thank you very much.

>> SAMSON TEKLEMARIAM: Dan, thank you. This was an excellent webinar. Everyone, please go ahead and use the questions box to submit your questions. We will make sure to get them to Dan Trolaro in his email. And he will get a chance to answer the question and submit them online in a Q & A in about 2 weeks. So you'll see that online in about 2 weeks. We have some great questions coming in. We have just a couple of more minutes to send the rest in. And just to remind you that everything you need to know about this presentation is owner the NAADAC website. You see the website here at the top of our screen. You can always just go to NAADAC.org. Click on the education tab. And then of course click on webinars. And here are those instructions again in case if you missed it earlier for those Who are not NAADAC members. There's a \$15 charge to take the CE quiz and get the continuing education credit. Some upcoming webinar we have. In May 22, Dr. Karyl Sabbath will present on Guiding Clients in Self-Awareness for Authentic Identity Management. And we will have a conference. Northwest in Portland. Take a look on our website. Search Northwest Regional Conference. You'll see outstanding speakers like Carla and I will be presenting as well. Feel free to bookmark NAADAC/webinars. And we offer webinars. You can join us at [www.naadac/join](http://www.naadac/join). Some tremendous benefits are NAADAC conference and mini certificate programs. And face-to-face webinar series. And independent study courses. Thank you, again. And Dan, thank you for your valuable expertise on this topic. I encourage you to take time to browse our website and learn about how NAADAC help others. You can always stay connected with us on Facebook, LinkedIn and Twitter. Have a great day, everyone!

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[End of webinar]