



Know When to Hold 'Em: An Introduction to the Legal Questions Surrounding Utilizing AI in Casinos

MARCH 7, 2022

The world's first Artificial Intelligence (AI) casino has drawn another bad hand. Despite intentions to open this year, Genting's Resorts World Sentosa in Singapore recently announced another delay. Powered by AI leader, SenseTime, the casino was set to utilize a comprehensive surveillance system to track players and to replace human dealers with machines to improve security and consumer experiences.^[1] Our previous article explored the practical limitations of AI implementation in casinos.

Although the Genting resort is among the most ambitious projects, the intersection of AI and casinos has become increasingly popular among the gaming industry. Potential applications include combatting fraud, optimizing casino floor ROI, and tracking player performance. These considerations make the intersection of AI and gambling a valuable, lucrative, and beneficial one. However, utilizing AI in casinos raises a myriad of legal questions. The second of our two-part series considers the legal implication of these questions for gaming industry parties.

Privacy Concerns

Privacy concerns are a major obstacle facing AI usage in casinos as a variety of information may be collected under an AI-casino model. In Genting, the casino sought to create a comprehensive surveillance system that would track people across the entire casino resort using a CCTV camera system.^[2] Additionally, this security system would track the hands of dealers and customers and monitor staff to detect fraud.^[3]

Besides facial recognition information, AI systems may collect a variety of identity verification and record-keeping information. For example, an AI system may keep detailed records of players and their winnings. This information could be utilized to detect cheating, improve odds calculations, and possibly even detect gambling addiction.^[4]

However, collecting this information can be a legal minefield for casinos. Depending on the location of the casino and where the information is processed, different jurisdictional requirements regarding privacy and personal information may apply. Several states, including California and Nevada, have passed legislation regarding the use of personal information by website operators. For AI casinos, creating integrated user systems for players may trigger these protections. Failure to comply can be costly—in Nevada, the Nevada Attorney General can impose penalties of up to \$5,000 per violation.^[5]

Collecting biometric information can also create compliance challenges. States may have specific procedures that control how biometric information should be transmitted, stored, and may provide consumers rights to delete such information. Casinos may be required to disclose the extent of their biometric information collection or potentially obtain consent from players before such information is utilized.

An additional privacy concern is the risk of data and security breaches—collecting extensive information can be extremely lucrative for casinos. This information could help casinos identify top spenders, create custom experiences for players, and improve casino odds. However, this information is also susceptible to hacking and privacy attacks. Casinos implementing an AI system must also ensure they securely store all privacy information and monitor and respond to any attacks. Failure to do so could lead to widespread liability.

In summary, gaming industry parties interested in implementing AI must be aware of the extensive legal privacy implications. Although AI may have valuable benefits for casinos, including better fraud protection, increased security, and earlier detection of gambling addiction, it raises new privacy questions. o that end, these parties should work with legal teams experienced in handling these cutting-edge issues.

Conclusion

Should gaming industry parties gamble with integrating AI technologies? Early proponents of AI should hedge their bets by considering the technical implementation challenges and concerns over privacy protections. However, with rapid ongoing developments in AI, automated processes can eliminate the need for extra human resources and time. Perhaps the more important topic to consider is not if or when, but to what extent AI will displace previously human-directed roles and what its ramifications on the gaming industry.

Winston’s attorneys advise clients on the evolving legal frameworks and issues related to regulations in the U.S., Canada, and the EU General Data Protection Regulation (GDPR). We are knowledgeable in AI trends related to prior litigation, government enforcement actions, and companies’ reputational risk. Our team also includes privacy and data security attorneys highly experienced in data collection, data use, and data breach issues.

About Winston’s Videogame, Gaming & Esports Group

Recognizing that emerging industries require bespoke lawyering, David Enzminger formed Winston’s Videogame, Gaming & Esports Group to provide comprehensive legal solutions to companies in these industries. This multidisciplinary group includes more than 60 lawyers across 10 practices working seamlessly to assist companies in these industries in all areas, including managing IP portfolios, assisting esports companies to establish global sports leagues, selling franchises, and developing proactive legal solutions for issues that arise from league operations. We represent videogame publishers in antitrust matters and represent both rights owners and gaming companies in licensing issues for game content. In addition, our team helps electronic game clients prepare for all types of regulatory and public scrutiny issues, such as corporate governance, data privacy, and harassment/discrimination claims that are sure to come as the industry continues to grow in both size and influence. Our offices in New York, Silicon Valley, Los Angeles, and Shanghai provide gaming clients with a global platform for their complex and evolving legal needs.

^[1] World’s first ‘AI casino’ delayed by technical hitches, <https://www.ft.com/content/8bc5fe03-03b0-4429-807f-60de1ac0293f>, (last accessed December 8, 2021).

^[2] Id.

^[3] Id.

^[4] Analytics Insight, How Can Artificial Intelligence Be Used In Online Casinos, <https://www.analyticsinsight.net/how-can-artificial-intelligence-be-used-in-online-casinos/> (October 10, 2020).

^[5] Donata Stroink-Skillrud, Nevada Revised Statutes Chapter 603A Compliance guide, <https://termageddon.com/nevada-revised-statutes-chapter-603a/> (June 29, 2021).

4 Min Read

Author

Dhruva Krishna

Related Locations

Los Angeles

New York

Related Topics

Artificial Intelligence (AI)

Gaming

Gambling

Privacy and Data Security

Related Capabilities

Privacy & Data Security

Technology, Media & Telecommunications

Artificial Intelligence (AI)

Related Regions

North America

Related Professionals



Dhruva Krishna

This entry has been created for information and planning purposes. It is not intended to be, nor should it be substituted for, legal advice, which turns on specific facts.