



State of New Jersey

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Office of the Attorney General
Department of Law and Public Safety
Division of Gaming Enforcement
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Atlantic City, NJ 08401

Matthew J. Platkin
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Director

January 10, 2023

Via Certified Mail, Return Receipt Requested, and E-Mail

Donna B. More, Esq.
Fox Rothschild, LLP
321 N. Clark St., Ste. #1600
Chicago, Illinois 60654

RE: Operation of PredictionStrike, Inc.'s "Sports Stock Market" Platform in New Jersey

Dear Donna More:

This letter concerns a request dated November 28, 2022 from the Division of Gaming Enforcement ("Division") to your client, PredictionStrike, Inc. ("PredictionStrike"). The Division's letter of November 28, 2022 specifically requested "a detailed description of the services that PredictionStrike is offering in New Jersey, as well as any legal opinions you may have concerning the legality of this activity in New Jersey without approval by the Division, or any other state agency."

On December 6, 2022, you represented via email that PredictionStrike would take all necessary steps to prevent New Jersey residents from signing up and utilizing the PredictionStrike website, to cease marketing to New Jersey residents, and to close all New Jersey accounts. A timeline to accomplish such actions was not provided. On December 6, 2022, the Division renewed its request for the above information and documentation regarding the services offered by PredictionStrike.

By letter dated December 9, 2022, you confirmed PredictionStrike's intention to wrap up its operations in New Jersey. You specifically represented that PredictionStrike "will begin wrapping up its operations in NJ as of December 15, 2022." You further represented that PredictionStrike would no longer target its marketing to New Jersey residents as of that date. Finally, you represented PredictionStrike "will begin to shut



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down NJ residents' accounts on December 16, 2022," while stating "this will take a bit more time to complete." No explanation was given as to why it would take several days for PredictionStrike to begin closing its New Jersey operations, nor was a definite timeline given as to how long it would take.

In your December 9, 2022 letter, you provided the requested description of the services offered by PredictionStrike. PredictionStrike "allows users to purchase, trade and sell shares in real-world athletes in various professional sports leagues." Users can purchase shares in an athlete from PredictionStrike through an initial public offering ("IPO"). Notably, "the initial IPO share price is set based upon how the athlete is projected to perform in their first season by the Data Provider, a third-party provider of projected sports statistics." Once such IPO process is complete, users can buy and sell shares in athletes "based on prices set by a combination of market demand and on-field performance." No response was given regarding the requested third-party legal opinions, which required Division staff to follow up regarding that portion of its request. During a call on December 16, 2022, you advised PredictionStrike is not in possession of any legal opinions regarding its activities in New Jersey.

The New Jersey Sports Wagering Act ("SWA"), *N.J.S.A. 5:12A-1 et seq.* allows wagering at casinos and racetracks on the results of certain professional or collegiate sports or athletic events. A "sports event" is defined as: "any professional sport or athletic event, any Olympic or international sports competition event and any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events . . ." *N.J.S.A. 5:12A-10*. Wagering is not permitted on "any collegiate sport or athletic event that takes place in New Jersey or a sport or athletic event in which any New Jersey college team participates regardless of where the event takes place," which are specifically excluded from the definition of "sports events" and defined instead as "prohibited sports events." *Ibid.*

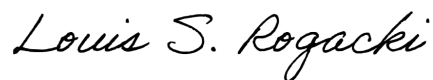
Under the SWA, sports wagering can be offered to the public at a retail sportsbook or online only by a sports wagering licensee, an applicant for such license, or an Internet sports pool operator. *N.J.S.A. 5:12A-11c*. Only a New Jersey casino or racetrack can hold or apply for a sports wagering license. *N.J.S.A. 5:12A-11a*. Applicants for a sports wagering license must establish the qualifications of certain officers, directors, and owners. *N.J.S.A. 5:12A-12b*. Furthermore, all employees directly involved in wagering-related activities within a casino or racetrack must be licensed as a casino key employee or be registered as a casino employee, as appropriate. *N.J.S.A. 5:12A-12d*. An Internet sports pool operator can offer sports wagering only where it is licensed as a casino service industry enterprise (or issued a transactional waiver) and where it has a partnership with a sports wagering licensee. *N.J.S.A. 5:12A-11c* and *N.J.S.A. 5:12-92a(1)*. Applicants for a casino service industry enterprise license must establish the qualifications of their owners, managers, and supervisory personnel. *N.J.S.A. 5:12-92b*.

As the “share price” offered to the public depends upon the performance of individual athletes, particularly in the IPO process, the Division finds that the services offered by PredictionStrike are online sports wagering as defined by the SWA. Accordingly, PredictionStrike may engage in such activity in New Jersey only if it holds the requisite license. PredictionStrike does not hold a sports wagering license; nor is it eligible to apply for such license as it is not a New Jersey casino or racetrack. At this time, PredictionStrike does not hold a casino service industry enterprise license or transactional waiver, and it does not have the requisite partnership with a sports wagering licensee. PredictionStrike’s Chief Executive Officer Deven Hurt has not been found qualified. Therefore, the Division has determined that PredictionStrike is likely engaged in illegally offering gambling in New Jersey, and every day it continues to do so is an ongoing violation of New Jersey law. Despite the representations made on December 6 and 9, 2022, there is no indication or disclaimer on PredictionStrike’s website expressing any intent to cease New Jersey operations or close New Jersey accounts, and the Division is unaware of any steps being taken in this regard. On December 16, 2022, the Division accessed PredictionStrike’s website and was able to create an account while physically located in New Jersey.

PredictionStrike is required to immediately cease and desist from operating in New Jersey. The Division has been made aware that the New Jersey Bureau of Securities is also reviewing the services offered by PredictionStrike. By copy of this letter, the Division is notifying the New Jersey Bureau of Securities as well as the New Jersey State Police of the Division’s findings and action. Additionally, the Division is notifying regulators in other jurisdictions so that they may also evaluate your business model based on their state laws. Finally, the Division is notifying all New Jersey operators and vendors that they may not conduct any business with PredictionStrike, as such business may negatively affect their suitability for licensure in New Jersey.

Thank you for your assistance with this matter.

Sincerely,



Louis S. Rogacki
Deputy Director

LSR/avs 1/10/23

c: David Rebeck, Director, Division of Gaming Enforcement
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