

PROFILE

Scott White's dot com

Entertainment Group is a survivor in an era when so many other Internet-based ventures have failed

By Bill Rogers
Toronto

Back in 1996, when the “dot com” bubble was inflating, it seemed that every day an Internet start-up company was born. Many turned out to be unworkable, many were hare-brained, and many failed just because the bubble burst. But some survived and prospered. Toronto lawyer Scott White's company was one of them.

The idea came in 1996 when White was sitting on his deck with high school friend Perry Malone, who wondered if it would be a good idea to create an online bingo game.

It turned out to be a very good idea. Online gaming has proved to be a dot com survivor because there is very little capital investment: no shipping, no handling, no physical product, and — so long as people come and play — there's reliable cash flow.

Creating an attractive game was crucial. White, Malone and third founding partner Ted Colivas were savvy enough about the “bingo subculture” to do it right. Their company, “dot com Entertainment Group” (DCEG), has been so successful that White had to give up his day job as managing partner of Toronto's Bush Frankel White, where he specialized in corporate immigration, so he could run the business full-time.

He never became an overnight, latte-toting, loose-panted dot com billionaire with a skateboard. But he also never went belly-up. No, the company has been profitable since the beginning, and it keeps growing: in 2000 sales were US \$1.8 million, and are expected to double this year. “Things are good,” says the 38-year-old, although he denies he is rich.

White was born in Smith's Falls, Ontario, home of the Hershey's chocolate factory, where his dad worked. He lived nearby and would run across the field “to get my



daily supply.” It was paradise, he says.

The family moved to Toronto when he was six, and his entrepreneurial streak began to manifest itself. “I was one of those kids with three paper routes,” he recalls. “I was selling photocopies of *The Globe and Mail* down at Maple Leaf Gardens on Saturday nights for 50 cents a pop.”

His legal training has helped him in many ways, not least of which is keeping him on the right side of the law. “Internet gaming is an unlawful activity right now in the United States,” he says, “and it's an unlawful activity in Canada. We had to be very, very careful when we first started.”

Operating a gaming website runs afoul of the Canadian *Criminal Code*, which forbids “conducting and managing” gaming facilities without government permission. White's company doesn't operate anything — it merely creates bingo and other gaming software, licensing it to operators whose servers are physically located in jurisdictions where online gaming is legal, such as Antigua.

But White predicts it's just a matter of time before online gaming is legalized in North America. After all, governments could then regulate and, more importantly, tax it.

The state of Nevada is moving in that direction, but White reckons it will be two years before the technology is viable to maintain what is called a “nuclear” standard of control.

There are three main bugaboos: under-age gambling, gambling by persons located in jurisdictions where it's prohibited and gambling addiction. White thinks these issues can all be addressed in the online environment: a player's location will be pinpointed by a Global Positioning System (GPS) to make sure they're in Nevada and not in, say, California. The player's identity and age will be verified, and his or her betting activity will be monitored for indicia of addiction.

Bingo happens to be one of the most wholesome forms of gaming — it started in the 16th century in church basements of Italy. The stakes tend to be low, so it's not as easy to lose your shirt playing bingo as it is playing, say, online slot machines. You can play bingo all night for \$10 or \$20, says White, although he acknowledges that “the reality of any kind of gaming environment — even bingo — is that if the player plays for a certain period of time, generally speaking they will leave their money in the hall.”

Online bingo, of course, has no hall. So where's the social element? Bingo is all about getting together with friends, smoking a few packs of butts and inhaling the fumes of your bingo dauber. Well, DCEG thought of that. To satisfy the need for socializing, they introduced chat rooms.

Chat rooms mean that players are not isolated. They can engage the “auto-daub” function which marks their bingo cards automatically so they can yak with other players. News of the day is discussed, helpful information about medical conditions is shared and friendships are forged.

“You have Mom playing from the United States, with Grandma playing in Australia, and Daughter playing from the United Kingdom, all chatting and enjoying the community nature of the game,” says White.

If you visit www.bingomania.com, you can see the whole thing in action. White's company not only provided the software for this site, it helped with the branding, the visuals, the whole environment.

They run a tight ship. As chat room Rule #3 stipulates: “No cussing or off-colour remarks.”