Bodog.com Founder Calvin Ayre's 1st Post Retirement Interview

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Point-Spreads.com lands the first post retirement interview with Bodog founder Calvin Ayre. We caught up with Calvin Ayre over the phone from his Antiguan beach villa just after the news broke earlier today that Morris Mohawk Gaming Group had acquired the Bodog.com domain name portfolio.

Here is the exclusive interview Point-Spreads.com had today with Calvin Ayre:

TJ: The big question...how did Bodog get its domains back?

CALVIN AYRE: Credit has to go to Alwyn Morris and the Morris Mohawk Gaming Group for that. As you know, the MMGG has the exclusive license to the Bodog brand for online gaming in the US.

It is a matter of public record that default judgment was obtained against a long-defunct supplier in Costa Rica that, among other things, provided domain registration and management services. They were – regrettably – allowed to include “Bodog” in their corporate name to make registration of domains simpler. In retrospect, that was obviously a mistake. So, rightly or wrongly, when the patent trolls got their judgment, they also seized control of the domains that were registered by the supplier.

The MMGG had nothing to do with that lawsuit or the domain seizure – they were never a party to that process in any way. However, since the supplier was never going to have the resources to buy the domains back and since the US business had already been transitioned to the MMGG at that point, the only party that had any interest in the domains or that case was always going to be the MMGG.

It’s not surprising, but the details of the brand licensing model aren’t necessarily understood by players or suppliers, so there was ongoing market confusion about who was subject to this judgment and what its impact might be. Alwyn made the right business decision, I believe, by acquiring the domains and removing this distraction.

It’ll be great for the MMGG and great for the Bodog brand… bodog.com is back!

TJ: So, if the domains were acquired by the MMGG, what does this mean for Bodog?

CALVIN AYRE: What did this mean for Bodog? Only good things. As you may have already heard, the MMGG has just cut a deal with the Bodog licensing group to use several of the core domains. Since Bodog simply licenses the brand and doesn’t operate anything anymore, the decision was made, outside of the MMGG’s territory, to redirect www.bodog.com to the appropriate brand licensee site. Anyone world wide can type in bodog.com and they will end up on the right site run by the right Bodog brand licensee.

Geo-targeting will be used to direct visitors to the correct licensee sites – so, someone in the MMGG’s territory will be directed to the one and only www.bodog.com, someone in the UK will be directed to www.bodog.co.uk, someone in Asia will be routed to Haydock’s to-be-launched site, and so on.

This way, the marketing efforts of every licensee to promote bodog.com benefit all of the licensees, creating a virtuous circle that ultimately reinforces and strengthens the global brand. I think it’s brilliant.

TJ: So, what were the terms of the settlement?

CALVIN AYRE: I have no idea, actually. Other than the fact that the MMGG acquired all the seized domains and the default judgment was satisfied, I don’t know anything more than anyone else. Alwyn told me that the details of the settlement agreement were strictly confidential, so I respect that.

TJ: Why did it take so long to settle – why didn’t this happen earlier?

CALVIN AYRE: Again, after I retired, I really wasn’t involved, so I can’t say with certainty. I do know that the supplier that was subject to the default judgment was out of business since 2006, and I heard they made some attempts to settle. But, I imagine that the limited resources they would have been able to scrape together would have

been barely enough to pay their lawyers, let alone negotiate a settlement.

TJ: What’s your perspective on the “patent trolls” that stole them in the first place?

CALVIN AYRE: Honestly, I don’t waste energy thinking about them any more – they never really had much of an impact on the organization while I was still involved. The US business had already been taken over by the MMGG under their brand license deal by the time this happened, so I was already winding down my transition obligations anyway.

It’s no secret, though, that their “business model” is designed to take advantage of the overworked patent office and the insanely litigious environment in the US. Just try to find an article about patent trolls that isn’t written by a contingency-fee lawyer, which doesn’t use the words “extortion” or “blackmail” to describe the practice – the Harvard Business Review had a good piece about it in June of last year, actually.

There’s no question that it’s difficult not to be emotional when you’re basically being blackmailed, but ultimately until the US addresses the flaws in the patent system, the cancer will go untreated. Companies just need to adapt their development models and their legal structures to accommodate the threat and to mitigate any potential risk. Railing against it is useless.

TJ: Where do you live now?

CALVIN AYRE: I am resident here in Antigua now – I have been since 2006. Antigua really is an incredible place and it absolutely feels like home now.

TJ: Do you get bored - what have you been doing?

CALVIN AYRE: I have been relaxing, reading, exercising and spending time on a number of my charity causes. I still follow the online gaming industry closely and it’ll always be my first love. I am also doing a bit of consulting in Asia and Europe and have a small coffee business that I am having a bit of fun with. So, to answer your question directly, I am absolutely not bored… yet.

TJ: Speaking of Antigua, has the Alan Stanford situation damaged Antigua or online gaming?

CALVIN AYRE: That story is still unfolding, but I certainly don’t think anyone who really looks at the facts can see it that way.

Alan and his management team are all American and their head office is in Texas, and he was involved in banks all over the region – Antigua is just a handy scapegoat in some people’s minds. I hear he had subsidiaries in at least five countries and I don't hear anyone suggesting that any of these other countries are in any way implicated by a situation that essentially originated in the US.

I find it hard to see Antigua as anything other than a victim here, just like all the investors sold into this by the US-regulated brokerage chain Alan ran. I myself have never met Alan and do not bank with any of his outlets, so can not comment much beyond this.

I personally love Antigua and my experience with the Directorate of Offshore Gaming (which is an arm of the FSRC) has been that they are a professional, serious, and extremely competent group.

TJ: Antigua was white-listed by the UK last November. Any thoughts on what that means for the region?

CALVIN AYRE: Well, as you know, white-listing essentially means that the UK reviewed Antigua’s regulatory controls and concluded that they were sound and trustworthy. I can tell you from first-hand knowledge that the Directorate of Offshore Gaming here is a world-class and no-nonsense group. Player protection, anti-money laundering, and regulatory compliance is taken very, very seriously. So, I wasn’t surprised to see them white-listed.

It’s a phenomenal feather in their cap, though, as it means that Antiguan licensees can advertise in the UK alongside UK and EU-licensed operators. Antigua was the first jurisdiction to license online gaming, and with this white-listing I would imagine that we will see a lot of new operators looking very favorably at this jurisdiction. World-class operators look at their markets from a global perspective, so Antigua would have to be on everyone’s short-list

now.

I just hope the beaches don’t get too crowded as a result…

TJ: Speaking of global perspectives, would you like to comment on the recent press about an Asian venture Bodog is connected with?

CALVIN AYRE: That press release is only one element of a much bigger story, the details of which will become increasingly public in the coming months. As you know, “Bodog” is not a company – it is a brand. The brand is owned by a licensing group – which is what I generally mean when I say “Bodog” - that licenses intellectual property rights in the brand to approved licensees for specific purposes.

While not a perfect analogy, the model is not unlike the Virgin-branded venture capital organization founded by Richard Branson. At a high level, Bodog identifies partners that share a common vision and that can bring to the table specific expertise, infrastructure, or products. They then enter into tailored brand licensing relationships. Under these deals, Bodog licenses the globally-recognized brand and, in some cases, gives access to funding, creative assets and/or marketing consulting.

In fact, this model began to develop back in 2005, when Bodog first licensed the brand in support of the “Bodog Music” and “Bodog Fight” initiatives, and was extended to online gaming in early 2007 with the brand license to the Morris Mohawk Gaming Group.

So, what’s happening in Asia is that Bodog has partnered with the Haydock group, which holds its own gaming license that was granted by the Philippines. In fact, Haydock already operates 9play.com, which is a relatively new but extremely well-run and successful operation in Asia. Haydock will be offering a “Bodog” suite of online gaming products to the Asian market within the next few months and will be re-branding 9play.com to bodog even sooner.

TJ: There's been speculation and rumour about sources in Asia that you actually own Haydock, and that you funded it with a flip you did on a 737 jet. True?

CALVIN AYRE: Yes, I heard that as well. What has always baffled me is how these rumours get this kind of traction. In any other industry, reporters are required to fact-check rigorously before publishing speculation. My assumption is that a Haydock employees saw me in one of the supplier offices in Asia - make no mistake, as a potential licensee of the brand we don't just sign over rights to the brand in a region without a very ruthless review of the operation. I was there a lot, there were some staffing changes as a result, and I'm sure I ruffled some feathers.

Listen, at the end of the day, these are private organizations and a publication has to ask itself - would this "source" have access to the kind of information they profess? Would even a senior manager at one of these suppliers have access to the structure of the deal between Bodog and Haydock, or insight into how it's financed? Of course not - these are details understood by only a handful of people worldwide.

And funding the operation with a aircraft flip? Simply categorically false. It would be a clever way to do it, but that's an example of pure fantasy that gets retold because it sounds good. First of all, anyone that thinks long-range jet positions are moving in this economy is delusional. I would challenge anyone who makes this type of claim to justify it, because this is a good example of total fabrication. In any other industry, publishing these sorts of fabricated rumors generate libel suits and demand letters, but unfortunately the bar seems to be set somewhat lower in the gaming sector. Gaming industry media profits from our industry and I think they have a duty to live up to in protecting the standards of coverage and I am now calling on them to live up to these standards. But to be honest, its the lack of professionalism in media in on-line gaming that is causing me to be working on getting into this space. I see a business opportunity there to put up a trusted site that is also entertaining.

TJ: So, does Bodog still offer online gambling services?

CALVIN AYRE: Again, the mistake here is to identify the brand “Bodog” with a specific brand licensee’s products or services – it’s like asking whether Donald Duck is still making animated films.

Gaming services are marketed by the brand licensees under the brand “Bodog”, yes. The Morris Mohawk Gaming Group is the longest-standing licensee in that market, but as I said, Bodog recently announced the brand license agreement with Haydock in the Philippines, which will offer services to certain Asian markets.

Stay tuned for some very interesting developments in Europe, and discussions have already begun with potential licensees for the Canadian and other markets.

TJ: Is the Bodog licensing group only focusing on online gaming, then?

CALVIN AYRE: Absolutely not. Of course, the Bodog brand was born in the online gaming space so obviously that is where the brand is strongest and is most valuable.

However, Bodog is often approached and is considering brand license arrangements with a number of potential partners, including a clothing line in the UK and certain retail offerings. They’re also in the process of formalizing a process for potentially interested partners to make this submission and evaluation process simpler – they will be launching a website at www.bodogbrand.com shortly, which will tell others who think they have a product that will suit an edgy street brand like bodog, how they can enter into discussions with us. We hope to have this up over the next few months as I think there are a ton of products that can be in the market under the bodog brand.

TJ: What is Bodog's relationship with MMGG now?

CALVIN AYRE: Well, it’s public knowledge that Bodog of Antigua left the US market after the passing of the UIGEA in the US, just like the UK public companies. Instead of just abandoning the market, though, it sold some of its infrastructure to the MMGG and then entered into a brand license agreement with them, which allowed the MMGG to use the Bodog brand to promote their online gaming services in the US. As part of the arrangement, I agreed with Alwyn to do some transitional media relations for a period after Bodog withdrew, but at that point I was already committed to retiring for a while to recharge after a great but exhausting run.

It’s funny - I often hear people say that “Bodog” never left the US market following the passage of the UIGEA. I suppose in a way that’s true, as the brand continued to thrive there, but in a deeper sense, the operation that was “Bodog” pre-2006 did, in fact, leave the US. The fact that the customer experience was seamless is only testament to the enormous efforts of the MMGG transition team as they moved everything to the MMGG offices in Kahnawake.

TJ: Where do you see online gaming going? What is the next new thing in sector?

CALVIN AYRE: First of all, I think online gaming is here to stay. I still track the industry in Europe and Asia and see a lot of opportunity out there for well-run and well-branded organizations that focus on the customer experience.

New big thing? I think the success of live dealer casino operations in Asia will spread to Europe more in the coming years. I also see strong evidence of vindication of my theories as online gaming and other forms of entertainment become more integrated. I also foresee Poker expansion in Asia. Lastly, maybe the biggest change of all will be the entry of large US companies into online gaming space.

TJ: In a previous interview with Point-Spreads.com back in April 2008, you stated that Bodog reduced staff in Canada in order to get leaner before the impending economic downturn. Did you see the crash coming, or was this just good timing?

CALVIN AYRE: Firstly, let me be clear – Bodog never had any staff in Canada. At one point, Bodog had a Canadian software development supplier that operated from Canada, and there was some marketing consulting done there as well. However, it’s true that these suppliers were unfortunately forced to downsize. I wish I could claim that I foresaw the scale of economic meltdown coming before everyone else, but that just wasn’t the case.

The reality was that there were three things that came together at the same time that resulted in the supplier contraction. While the scope of what has since happened with the global economy wasn’t expected, there was certainly a sense that there was an economic slowdown coming.

Firstly, both Bodog and the MMGG at the time decided to make some cuts to outsourced functions to get leaner in order to weather the storm ahead. Secondly, Morris Mohawk as an additional cost-saving measure and to improve operational efficiencies, decided to take several previously outsourced marketing functions in-house, so that definitely had an impact on the suppliers as well. And finally, the software development that Bodog was still having done there was moved out of Canada as they were consolidating development centers for both economic and operational reasons.

TJ: Where does Bodog do its development now?

CALVIN AYRE: Bodog, while primarily a brand licensing organization, does still develop, own and license technology to both its brand licensees and to others, and it now gets its development done in Europe and Asia. Bodog would have loved to have left this work with the Canadian suppliers and left those jobs and tax revenue there. But, ultimately the simple fact is that the regulatory environment in these other jurisdictions is more certain.

I truly hope that Canada takes steps to clarify its stance with respect to the industry, as the potential for services exports is tremendous. That’s up to the politicians and Canadian voters now, though.

TJ: I did not see you on the Forbes “Billionaire” list this year - are you still a billionaire?

CALVIN AYRE: [Laughs] No, definitely not.

Most of my wealth was lost when the value of Bodog was significantly reduced in 2006 due to policy changes in its primary market.

I have also donated a lot to charities and causes that I’m passionate about over the years, but the journey so far has been fun, so I have no regrets. After all, I’m here on the phone looking out at the beach – it would be pretty ungrateful of me to complain.

TJ: Why did Forbes put "Catch me if you Can!" and your photo on the cover of their 2006 Billionaire Issue? Did you really say that?

CALVIN AYRE: First of all, I had no idea they were going to use that caption, and I definitely never said anything of the kind. In fact, my position on that issue was always the exact opposite – we always considered ourselves a well-run international entertainment company and we strictly followed the laws of any country in which we had operations.

Obviously, this was done to sensationalize the story and to sell magazines – no surprise there. Someone told me it was one of the highest-selling issues in Forbes’ history at that time, so I guess they were right. I suppose my actual responses weren’t provocative enough for them.

In due time I will be happy to tell more details on my experience with Forbes, and the reporter they sent to Costa Rica, Matt Miller. It is a very funny story. Maybe I will publish a story on this on the new website I am planning.

TJ: What is your opinion of the current state of the US market?

CALVIN AYRE: I don't pay as much attention to that market anymore, as it’s being serviced by the MMGG following the post-UIGEA brand license deal. However, from what I read, the US certainly appears to be trending towards liberalizing its stance, and there are many indications that intra-state poker and sports betting are being seriously considered by state governments. I thought Harrah’s hiring of Mitch Garber, who previously ran PartyGaming, was interesting timing given that the ink on the press release announcing that Party had bought itself a $105 million dollar non-prosecution agreement wasn’t even dry. Will Harrah’s look to offer online intra-state poker in the coming months? Hmmm… I wonder if they’ll license the platform from Party… It doesn’t exactly take a genius to see the writing on the wall.

All said, I do hope that the US finds a rational way forward, but the various political agendas in play make predicting a specific outcome almost impossible.

For now, I am going to stick to the stuff I am doing...though I have been working on doing some commentary and industry analysis, especially when I read an article that has opinions in it that I do not share. I think I will put up an industry tabloid site and have a bit of fun with this - I love the creative process and there is clearly a lack of good content in this area on the ‘Net.

TJ: I would be remiss if I didn’t ask you this - Forbes published a story on its website last year linking you to money seized by the US government from what they said were Bodog accounts. Can you comment on this?

CALVIN AYRE: No, it’s fine - I don’t mind. The truth is, there was a lot of misinformation circulating about those seizures in the US and, of course, someone did forward that article to me when it was published. I suppose I

shouldn’t have been surprised given what happened after my first interaction with Forbes, but this was really fairly ridiculous.

First of all, it’s hardly a secret that I’m not involved in running any online gaming sites anymore, and anyone with access to the web and ten seconds to kill could figure out that the Bodog branded gaming site operating in the US is being run by the Mohawk Group in Kahnawake. It’s common knowledge that I haven’t been involved even in a “brand ambassador” capacity for a long time. But, that’s obviously the downside of the high profile I had for years: attaching my name to something just makes it more salacious, I suppose.

Even so, the most painfully obvious distortion here was that these accounts were owned by payment processors in the US not the MMGG or any other operator, and if these payment processors were processing for online gaming sites – and truthfully, I just don’t know – the funds were actually the players’ funds on its way to them. I can understand why the US government would want to represent that this money belonged to “Bodog” – they’d need to spin it that way so that they could support the seizure. But why Forbes couldn’t be bothered to check their facts instead of just regurgitating the government’s position … who can say?

TJ: So, are you avoiding the US for now?

CALVIN AYRE: I’m not “avoiding” it – for the moment, I just don’t have any reason to travel there. I’ve never lived there, have no business interests or family there, and there’d be no cause for me to go unless it was for a holiday of some kind.

I do like the US, but after all I live on a beach and most of my holidays and travel these days takes place in Europe and occasionally in Asia; there are a lot of places in the world that I’ve yet to visit that are higher on my list than the US, which I’ve already traveled extensively.

I do like many places in the US, though, and I’ll likely get back there one day.

TJ: What are your personal plans for the future?

CALVIN AYRE: For now, I am staying on course with my existing life, while continuing to monitor what is happening in the online gaming industry. As I said, the one exception is that I am working on producing a website to cover industry news in a light hearted and entertaining way as I am always wishing there was a reliable site like that out there and can never find it. This site will cover Europe and Asia as well as the North and South America so should get quite a following.

I am also involved in a small coffee business, and will continue to work with the Bodog brand licensing group to identify and evaluate new brand licensing opportunities in the future, both online and offline.

TJ: Do you have a girlfriend now or are you still an eligible bachelor?

CALVIN AYRE: [Laughs] I guess you got me there. As Jack Nicholson once said when asked why he didn’t live with the mother of his children..."I am too old to change". I guess I’ll plead the same defense. I have no plans of settling down any time soon.

TJ: What did you think about the US President Obama getting a dog named Bo?

CALVIN AYRE: [Laughing] Who would not want a dog named Bo? In fact, there is a dog named Bo Da Dogg who is going to be making an appearance as an industry analyst on the new industry news site I’m working on. He is a year-old British Bulldog with a sharp tongue, a big heart and a face only a mother could love. The girls do seem to love him, though. Maybe President Obama and his family heard about Bo and were inspired… a Labrodoodle, though? I’m not even sure what that is, but it sounds like a treat I’d give the real Bo to make him do a trick.

TJ: Last question: Why did you decide to do this interview?

CALVIN AYRE: It’s odd – I occasionally read these reports about how I “disappeared” or I’ve “vanished”. I’m not really sure why people think that. The truth is, being the Bodog brand ambassador for years and living under constant scrutiny was exhausting at times. I had retired as an executive long before I formally retired as brand ambassador after the MMGG deal, but the demands on my time were still very, very significant. I didn’t vanish – I just stopped living my life in front of a camera. I certainly never said that I

would never do another interview.

And, hey, maybe next time you can come down here and we can do the interview live and you can tell me whether all my post-retirement wake-board practice is paying off…