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On the Run With the Queen of Hearts

For a fee, Kristin Wilson's Poker Refugees relocates online poker pros to a country beyond Uncle Sam's reach. *By Caroline Winter*

Illustration by Gluekit

Etc. Poker Exiles

A glistening swimming pool, fed by waterfalls and flanked by fat palm trees, lies 20 steps from Matthew Stout and Joey Cappuccio's new apartment in San Jose, Costa Rica. Temperatures in the high 80s would make the private pool seem an obvious refuge for the longtime friends from New Jersey, but neither has been swimming once since moving in three weeks ago. During early September they've barely left their apartment at all, except for grocery store runs. They've been too busy playing online poker. It's what they do for a living, and it's why they've left the U.S. Like thousands of other professional players, Stout and Cappuccio have been denied their source of income since Black Friday—Apr. 15, 2011—the day when, without warning, the Justice Dept. blocked access to the three top online poker sites in the U.S. Relocated and logged in, they're making up for lost time.

"It took me a while to admit to myself that things aren't going to get resolved anytime soon and that we were eventually gonna have to do something about it," says Stout, who's perched on a plaid chair in his new home, laptop in hand, registering for the day's games. He barely finishes his sentence before Cappuccio, six-foot-three but the quieter of the two, blurts out: "By 'eventually,' we meant 'now.'"

In mid-August, after playing live in the World Series of Poker, the friends, both 26, made a spur-of-the-moment decision to head south, expediting a passport for Cappuccio, who'd never traveled outside the U.S. To facilitate the move, they signed on to become the first clients of P5s Poker Refugees, a fledgling San Jose-based startup specializing in setting up professional American players in Canada, Panama, and Costa Rica. The service, run by Kristin Wilson, a 29-year-old MBA and former pro surfer from Florida, helps players find apartments, set up bank accounts, and, crucially, a reliable Internet connection

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abroad. The fee is \$1,000 a head, which seemed fair to Stout and Cappuccio, who say they have made about \$1 million and \$500,000, respectively, from poker since 2006. "Without Wilson, we wouldn't have been online in time for the [PokerStars] World Championship," Stout says. "I would have just been here banging my head against a wall."

Since officially launching on Aug. 16, Poker Refugees has relocated 14 Americans and received queries from nearly 100 more players; a rival business, Tico Tours, also launched in Costa Rica. No one knows for sure the size of the potential market, but according to the online poker community and information site PocketFives, players who rely on poker for a salary number in the tens of thousands. (PocketFives hosts Wilson's website.)

"If you're an actual professional player, you're going to move," says Matt Plecki, a 21-year-old chemical engineering major who took a leave of absence from the University of Southern California to pursue poker. He also hired Wilson to help him set up in Costa Rica. Since playing live games in legal, state-side casinos doesn't generally allow players to earn enough income, the alternative is finding a regular job. "No one wants to go in at 9 o'clock wearing a suit and making like a quarter of what they made playing poker while working five times as many hours," says Plecki. "It's just not happening."

Over the past decade, poker exploded as an online phenomenon. Easy around-the-clock access meant more players and the opportunity to play exponentially more hands in less time. Some professionals can handle 20 games at once, and upwards of 120,000 hands online per month (while they'd likely be able to finish only 6,000 playing in person). The game became less psychological and more quantitative, with online players using computer software to track their opponents' actions and tendencies. Online poker also provided an opening for a new crop of talent composed largely of clean-cut college kids, and the possibility for those with skill—especially those playing cash games instead of tournaments—to earn steady money by taking on more hands and exploiting hoards of amateur competitors (disparagingly referred to as "fish").

Despite a boom in players, online poker in the U.S. operates in a legal gray area, and most of the major U.S.-facing poker rooms are based overseas. The three biggest prior to Apr. 15—PokerStars, Full Tilt Poker, and Absolute Poker/UltimateBet—are headquartered in the Isle of Man, Ireland, and Costa Rica, respectively. In 2006, Congress enacted the Unlawful Internet Gambling Enforcement Act, making it a federal crime for businesses to knowingly accept payments in connection with online bets or wagers, but authorities didn't act on the legal changes in a big way until this year. On Black Friday, the Justice Dept., led by Preet Bharara, U.S. Attorney for the Southern District of New York, indicted 11 men in connection with the three sites, charging them with bank fraud,

The Real Money's Online

Never mind its dubious legal status in the States, online poker is booming. Here, a few milestones in the game's evolution ...



1998

The first online card room to use real money, Planet Poker, deals its first hand on New Year's Day and advertises as a way to "play in your pajamas"



2002

PokerStars holds the first World Championship of Online Poker, featuring \$730,000 in prize money—a pittance compared with last year's \$63 million



2003

An American aptly named Chris Money-maker becomes the first person to qualify online for the legendary World Series of Poker ... which he wins



2011

In the wake of Money-maker's \$2.5 million win, throngs join online poker sites and the industry's estimated worth balloons to \$6 billion



Costa Rica poker people (clockwise from top left): Wilson; Plecki; new Refugees client James Kim Doherty; Cappuccio and Stout

money laundering, and illegal gambling offenses. The charges came as a surprise. “It had gotten to a point where it seemed like online poker was illegal but tolerated,” says Stout. Along with the site seizures and indictments, DOJ also froze millions of dollars in player accounts. Star player Daniel “Jungleman” Cates may have \$6 million frozen in a Full Tilt account, according to several poker sites. PokerStars is the only one of the three sites to cash out U.S. players to date. (None of the companies responded to questions from *Bloomberg Businessweek*.)

Today, Americans can still access smaller sites such as Curaçao-based Cake Poker and Netherlands-based Lock Poker, which saw its numbers increase fivefold following Black Friday, according to Stout, who’s a salaried pro for Lock. Plecki and others, however, say that investing large sums is risky: No one knows where the DOJ may strike next.

Many players, including Stout and Plecki, suspect that Black Friday is part of a government plan to legalize and tax online poker in the U.S. American casinos stand to profit. A bill currently on the table, introduced by Representative Joe Barton (R-Tex.) on June 24, would legalize online poker for eligible companies that already have a gambling license in at least one state. “[The Barton bill] ensures that sites like Harrahs.com or MGM.com will be best positioned to attract American players at the outset,” says Olivier

**Daniel
 “Jungleman”
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Busquet, a poker celebrity and occasional poker commentator for ESPN. “This is a huge advantage, since having a large player base is invaluable.”

Outside the U.S., Black Friday had a ripple effect, with thousands of poker industry employees losing their jobs. In Costa Rica, a major hub of the gaming industry, Absolute Poker laid off most of its workforce, as did a handful of smaller gaming enterprises. “Almost everyone I know who worked for the sites down here is gone,” says Wilson, who was introduced to the small nation’s gambling world in 2008 when she began work as a real estate agent in Escazu, the posh expat district of San Jose. “It’s ironic—I used to help people who worked for the sites find houses, and now I’m helping the players.”

In San Jose, Stout and Cappuccio recently bought into a \$1,000 tournament with a pot of around \$1 million. The contest starts at 3 p.m. and will run until midnight. They’re wandering around their apartment carrying open laptops, staring at their screens and evaluating the competition while fixing a pizza lunch. Stout is boisterous. He’s been on a winning streak and has big plans. Cappuccio’s on edge. He’s lost most of his \$500,000 in earnings by staking friends who failed to make back his money, and he’s nervous about having to leave poker and go back to a job at his father’s ketchup factory. “I’m broke,” he says, sheepishly. “I need to win.” **B**