Regulating Virtual Worlds: Considering Participant-Driven Approaches

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ABSTRACT
There are a number of pressing issues facing contemporary online environments that are causing disputes among participants and platform operators and increasing the likelihood of external regulation. A number of solutions have been proposed, including industry self-governance, top-down regulation and emergent self-governance such as EVE Online's "Council of Stellar Management". However, none of these solutions seem entirely satisfying; facing challenges from developers who fear regulators will not understand their platforms, or players who feel they are not sufficiently empowered to influence the platform, while many authors have raised concerns over the implementation of top-down regulation, and why the industry may be well-served to pre-empt such action. This paper considers case studies of *EVE Online* and the offshore gambling industry, and whether a version of self-governance may be suitable for the future of the industry.

KEYWORDS
Regulation, Policy, Virtual Worlds, Self-Governance

INTRODUCTION
Topics frequently discussed as potential triggers of regulation in Virtual Worlds, and the gaming industry more broadly, include ownership and value of property held within online environments, intellectual property, boundaries of acceptable play, and automation (or botting) to optimally collect resources. All of these issues raise key questions for the future of online environments. It is not yet clear what form regulation may take in this industry, nor the impact on platforms and their participants, including platform operators.

Solutions proposed, both in the academic literature and elsewhere, include industry self-governance, top-down regulation and emergent models of platform self-governance such as EVE Online's (CCP Games 2003) "Council of Stellar Management" (CCP Games 2006). However, none of these solutions seem entirely satisfying; facing challenges from developers who fear regulators will legislate with little consideration of designer freedom (Bartle 2004; 2006), or players who feel as if they are subject to developer fiat, without the ability to influence platforms in which they have invested a great deal of capital; financial or social.

This paper considers case studies of *EVE Online* and the offshore gambling industry, with a focus on the day-to-day governance practices in both cases. There are several common

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factors between these studies; including the presence of a regulatory gap between company representatives and the legal system. Many offshore gambling operators, located outside US jurisdiction, marketed heavily towards the US market through their betting selection and promotional offerings. Similarly, EVE Online's terms of service refers players to the district court of Reykjavik, making access to dispute resolution challenging, on the basis of language and geography, for many of the participants who are located outside of Iceland (as of May 2008[1], 37% were from the United States, 13% from the UK, and 8% from Germany, with less than 0.6% from Iceland). Both platforms also have strong communities, facilitated by forums and blogs such as Sportsbook Review and *Eve News 24*, and have seen disputes arise over ambiguity in the terms of service, and differences between formal rules and practiced community norms (Suzor & Woodford 2013).

Mediation in the offshore gambling industry offers prompt outcomes based on norms negotiated between operators and participants, with elements of natural justice and contract law underlying the decisions of emergent participant-driven mediators. Those mediators operate through the power of public perception; recognized as fair and equitable by the players, with the coercive power to harm the companies by publicizing wrongdoing.

It is particularly interesting that gambling industry participants have often chosen to utilize emergent participant-driven regulation forms such as Sportsbook Review in preference to sanctioned governmental bodies such as IBAS (Independent Betting Arbitration Service) in disputes involving United Kingdom operators, primarily due to the speed of reaching decisions and a track record of operator compliance. Whilst no such evidence exists with other online platforms, it seems reasonable to accept that participants would utilize a proven, fast-acting, dispute resolution system in preference to slow and expensive court procedures, and thus this paper considers the factors necessary for such a system to operate, and the extent to which it is applicable to contemporary virtual environments such as *EVE Online.*

METHODOLOGY

In order to gain a better understanding of how day-to-day regulation currently operates in contemporary online platforms, and what alternative modes of regulation based around self-governance may look like, I conducted two case studies, each seeking to understand the norms within a particular platform. My approach to selecting these environments, as well as the specific data within each environment to collect, was heavily influenced by readings in Grounded Theory (Charmaz et al. 2001) and theory building from case studies (Eisenhardt 1991, Eisenhardt & Graebner 2007; Dubois & Gadde 2002).

Essentially, I sought to draw conclusions from the gaming and gambling case studies, together and independently, to generate an understanding of how regulation, and particularly self-regulation, works in these environments. It is important to note, however, that the two case studies contained within were, and are, likely to be insufficient to create any new theory, or, as Eisenhardt & Graebner (2007, 25) state, "to create theoretical constructs, propositions and/or midrange theory from case-based, empirical evidence". This research stands as two case studies towards that ultimate goal, with each case study

[1] Per CCP figures: http://oldforums.eveonline.com/?a=topic&threadID=782711

also standing as an informed description of how topics such as cheating and dispute resolution are handled within those spaces. As with the work of Ostrom (1990), both the individual studies and the whole have merit.

The first case study; EVE Online, is a science fiction, massively multiplayer, persistent world that has operated since 2003. It is notable for its hands-off governance structure in which both developers and the player community understand that fraud and corruption is as equally valid an approach to participating in the environment as would be concentrating on ship-to-ship combat or mining resources from planets. This is significant because it explains a pervasive undercurrent of mistrust that underlies much of the activity in, and norms of, the environment; a commonly espoused motto is "trust no one".

The second study focused on the offshore gambling industry, which refers to those operations that from the late 1990s through to the present day have operated outside of US jurisdiction (for the United States declares such online gambling, with certain exceptions, to be illegal). Amongst the participants of this industry, a form of mediation has been developed that offers prompt outcomes based on a set of standards negotiated between the operators and the participant base with elements of natural justice and contract law underlying the decisions of the mediators. While disputes can take years to resolve via the legal system, decisions mediated in the offshore gambling industry were frequently resolved in under a week.

The case studies identified and explored the norms present within these environments, particularly with regard to participants' understanding of fair and foul behaviour (cheating) and the means for resolving disputes between and among environment participants. Additionally, the research considered the common factors in both environments, and whether these were sufficient to form a theory of how self-regulation may work more widely in online communities and platforms.

Each of the case studies was backgrounded by a period of participant observation, which informed my knowledge of the environments. However, for practical reasons (Woodford 2012) in the case of EVE Online, and ethical reasons in the case of the Offshore Gambling industry, my analysis relied primarily on data made publicly available through forums, blogs, social networks and other online resources. The data collection and scope of each study changed iteratively throughout the three-year research period as the questions and topics of interest developed. Through theoretical sampling, I selected interesting and extreme examples where the norms of the platform came into dispute. During the time period of my research, these were predominantly around real money trading – the illegal use of real money to gain an advantage within *EVE Online* – and the use of software to automate activities and generate revenue within the platform – botting.

I collected data around the governance models deployed in both case studies. In EVE Online, I considered how, despite a formal procedure which required any disputes to be settled at a district court in Reykjavik, participants were able to influence CCP through the 'court of public opinion', utilizing blogs, forums and protests to communicate a viewpoint and persuade CCP to take particular enforcement action, or, in another case, change the corporate focus of the company. Similarly, with the case study of the offshore gambling industry, I collected and analyzed historic data, which considered a number of different modes of participant-based regulation that had emerged throughout the history

of the industry, to ascertain where each was able to succeed and fail, and how those experiences could be applied to other online platforms.

The approach I adopted to identifying governance issues, which has become more visible in recent years through the work of Suzor (2010), Humphreys & de Zwart (2012), Lemley (2012) and others, is that of norms. As a working definition of norms, I take that of McAdams (1997, 340), who defines them as "informal social regularities that individuals feel obligated to follow because of an internalized sense of duty, because of a fear of external non-legal sanctions, or both", and it is through identifying norms in both case studies that I consider the communities possibilities to self-govern.

Although the majority of the issues discussed relating to the offshore gambling industry are detailed through statements made in the public domain, on community forums, using aliases, they are informed by discussion with participants involved in all three major roles: the complainant, the gambling operator and the mediator. The nature of the industry, and the US prosecution of its participants, prevents direct quotations from these discussions being offered herein.

IMPENDING REGULATION

Both the Complete Gacha case in Asia, in which games utilizing a specific mechanic (through which participants receive a bonus for collecting a set of in-game artifacts which must be purchased in a random mechanism akin to opening a pack of trading cards) were invited to self-regulate under methods akin to gambling legislation (Purewal 2012) and the academic literature, including Reynolds & de Zwart (2011), suggests that regulation for online platforms is impending. Primarily, the academic argument is that there is too much at stake for the current developer fiat (or tacit acceptance of the status quo by formal legal mechanisms) to continue as the standard operating procedure in such spaces. Given a trend towards regulation, I considered the approaches to regulation that have been proposed by a range of authors for contemporary online environments. These range from a continuation of 'developer fiat' to self-governance mechanisms either overseeing the industry (such as eCOGRA) or within a particular environment, and to proposals such as that of Reynolds and de Zwart (2011) for an Online Dispute Arbitration Board based on the Court of Arbitration for Sport.

Among self-governance mechanisms that are currently emerging from the companies themselves is EVE Online's Council of Stellar Management (CSM). In the case of the CSM, elected members of the *EVE Online* community are invited to the headquarters of CCP (developers of the game) in Reykjavik, Iceland, one or two times per year, at the developer's expense, in addition to holding regular online meetings and having a contact within CCP with whom they can raise topical issues. This community panel is invited to discuss issues, for example: lag (the delay between client and server) and botting (the use of computer software to automate play within the environment), as well as being invited to give their opinion on future developments of the platform. Ultimately, however, the body only has consultancy power, and there remains the feeling in segments of the *EVE Online* community that the CSM does not reflect the true concerns of the community. This has particularly been the case in recent years where block voting has come to the fore; where alliances instruct their members to vote for specific candidates who they feel will benefit the alliance's objectives.

Community managers also have an important role to play in mediating the relationship between players and companies, as highlighted by Banks (2009). Community managers

often participate on the forums of games, and this is true of EVE Online. Community managers, in effect, provide a form of informal dispute resolution between the players and those with the power to impact on the design. They can also provide some form of compensation or resolution to a player's issue, being in the unique position of hearing these problems from the players and having a direct internal chain to those making the decisions. However, this approach may be insufficient to resolve high-stake disputes that arise between platforms and participants, and the options available to participants should they be unhappy with the result of these existing processes are extremely limited.

Legal scholars (Duranske 2008; Lastowka 2010) contend that the existing legal framework could be adapted to consider these disputes. However, there is a substantial risk in introducing legislation to the marketplace too early. The introduction of government regulation before norms have had time to evolve, and before a clear understanding of the relationship between the participants and the platform provider has been established, brings the significant risk of limiting the design freedom available to platform providers. There is also the risk that governments are unlikely to have a full understanding of the issues within the environment, and are highly susceptible to being impacted by the moral panics surrounding the games industry. The unintended consequences of overly pre-emptive regulatory interventions may well have unfortunate consequences on the players and the industry, and thus a careful and rigorous understanding of the norms emerging among players and industry in these environments should inform whatever form regulation in the industry ultimately takes.

Designers often contend that rather than any outside service, participants should utilize existing channels (game-masters, customer service departments) and that the designers' decision should be final (Bartle 2004). Allowing designer fiat to continue as the predominant form of regulation appears, however, unsatisfactory for the future of online platforms, and thus neither the legal system nor a customer service department is entirely satisfactory.

Other proposals call for a new form of top-down regulation, be that judicial (forming new laws to deal with disputes in online platforms) or quasi-judicial (creating a regulator such as OFCOM in the United Kingdom or the FCC in the United States to act as an ombudsman for the industry). While this may be a solution within any one country, the international nature of these environments suggests that such a system may be hard to implement. One solution to this would be to have the quasi-judicial authority operate in the country in which a particular environment is hosted, but to accept complaints from participants around the world, as is the case with IBAS (the Independent Betting Adjudication Service) in the United Kingdom; a service set up to form a panel of experts to adjudicate on betting disputes. This could mitigate some of the difficulties in the judicial process, for example by allowing complaints to be made and responded to electronically, but it would still offer unequal access – at least in terms of awareness. It would also seem to be prone to jurisdiction shopping; the nature of offering such an online environment would mean if an operator did not like British or American jurisdiction they could relatively easily relocate the offering to, for example, Antigua or Costa Rica.

Game designers also prefer to avoid judicial or quasi-judicial regulation. Bartle (2004), amongst others, argues that to enforce top-down regulation would be to restrict design freedom and limit the range of games that could be produced. Similarly, from the US perspective, Balkin (1999, 2004) suggests "the freedom to design and play in virtual

worlds has constitutional significance. Much of what goes on in virtual worlds should be protected against state regulation by the First Amendment rights of freedom of expression and association" while acknowledging that "other activity in virtual worlds will not and should not be so protected from legal regulation" (2004, 2045-2046).

Suzor (2011), akin to Lastowka and Hunter (2003), argues for internal enforcement where possible, which ultimately means that there must be some form of dispute resolution beyond taking issues to an outside court or arbitration service. This paper demonstrates the utility of analysing self-regulation in the offshore gambling industry as an intermediary step between internal dispute resolution (such as the community manager or customer service departments) and judicial authorities such as courts, offering increased accessibility and more prompt access to justice for participants in these environments, regardless of where they are located. Further, my research suggests that this approach to self-regulation, and the lessons learnt from its development, is worthy of consideration in the context of regulatory options for other online platforms.

OFFSHORE GAMBLING

Many forms of self-governance, and more formal regulation, can be seen in the history of the gambling industry. As the industry developed, a number of different parties could be said to have acted as mediators of disputes. These have met mixed success, with one mediator becoming the industry norm, and others left as footnotes in the evolution of the industry.

Mediation through forums was to prove unsuccessful; largely due to the existence of a number of competing forums, each with a business model based on accepting sponsors upon whom they had a tendency to depend. Similarly, arbitration panels were tried unsuccessfully, a failure which was largely afforded to limitations on public disclosure, with neither operator or participants willing to disclose details of their strategies, but also because those who attempted to establish these panels lacked the coercive power to have operators abide by their rulings. When one operator (Olympic Sportsbook) refused to abide by a panel ruling in a Formula One dispute, the experiment was over.

The successful form of mediation – Sportsbook Review - emerged as a purportedly neutral third party; one that eventually was recommended to players by the hosts of the forums discussed above, and became the de-facto ranking of Sportsbooks, with information shared across the community forums. Essentially, Sportsbook Review became an arbitrator of disputes as a result of Sportsbooks fear of negative information being distributed across the community; they governed by the power of coercion.

The role of Sportsbook Review, and the reasons for players preference of it over forum communities, is summed up well by the response to one 2006 dispute, when Wilheim (then head moderator of TheRX – the prominent gambling forum of the time) stated (in TheRX 2006), "I would encourage players to take advantage of the ratings used by SBR and know full well some of their ratings are less than flattering when it comes to some Rx. advertisers. Does that cause this site to lose creditability? Perhaps it does but that is a matter of opinion and quite frankly the cost of doing business today."

Meanwhile, the gambling industry in the United Kingdom and Australia operates under a more formalized legal regime, where books require licenses (which are not, unlike in the case of many offshore companies, a simple rubber-stamp) and are forced to submit to an independent arbitration service, with judgments enforceable by the courts. In contrast,

many offshore regimes (for example, Costa Rica, Panama, Malta and Cyprus) operate a far more hands-off approach, and with these companies the only form of mediation available comes through third party dispute resolution services such as Sportsbook Review and Casinomeister, who effectively operate through the power of public perception – that is to say, they are recognized as fair and equitable by the players, and have the coercive power to cause severe damage to companies by publicizing wrongdoing.

Starting from a very basic set of principles loosely based on the rules for gambling in other jurisdictions, the offshore gambling industry constructed rules as and when disputes arose. As the participant driven regulatory mechanism evolved within the industry, the rules became codified results of community discussions of the norms applicable to a situation. Often these were imitation norms, i.e. considering how the dispute would have been resolved in Las Vegas, England or Contract Law, and many Sportsbooks operated unchallenged based on this understanding, with infrequent disputes being settled by a community mediator, often to the satisfaction of both parties.

The evolution of this system of regulation, and the substantial period for which it was the dominant form of regulation for a growing industry with large sums of money at stake, warrants consideration. Whether there are unique factors at play within the offshore gambling industry, or whether the system is potentially applicable more widely to contemporary online environment remains unclear, however – as I will subsequently discuss - there are substantial overlaps between the gambling and gaming industries.

CONDITIONS FOR SELF GOVERNANCE

In order to consider whether the mode of self-regulation demonstrated through the offshore gambling industry could apply beyond that industry, it was necessary to define and understand both the conditions and the process for the development of the regulatory and dispute resolution process within the industry.

A number of key factors became apparent from this analysis. The first of these was that there was a regulatory gap that, in the case of the offshore gambling industry, came from a total lack of regulation beyond the customer service department of the company. Given the location of these companies, in countries such as Costa Rica and Antigua, places with little or no interest in intervening in company operations, participants found they had no recourse when books stole their gambling proceeds. Accordingly, players organized themselves and shared information on which operators to support and which to avoid. This became the foundation of platforms such as Sportsbook Review, which continue to operate today.

A similar gap can be said to exist in gaming platforms between customer service departments and the courts. While there is an ultimate solution in this case, that of the legal system, access to that system is problematic because of the international nature of the environment. The terms of service of most online environments require that players who are unhappy with services or who wish the company to reverse some action taken against their account do so in a specific court in a specific jurisdiction, which in the case of *EVE Online* is the district court of Reykjavik. Given that the majority of participants within an environment are not found within a short distance of that court, and are not familiar with Icelandic language or systems of justice, access to dispute resolution is expensive, if not impossible. Ultimately, this means that, just as with the early offshore gambling industry, companies often have carte blanche to operate as they wish.

Ostrom (2002), in the context of common pool resources, argues that emergent governance is more likely to be successful than top-down regulation imposed upon the environment. However, for such governance to succeed, a number of factors are required. Firstly, there needs to be a desire for regulation from the participant base. As indicated above, in the offshore gambling industry this came from participants losing money. In contemporary online environments, Taylor (2006) highlights situations in which participants felt they had been treated unfairly, and cases such as Bragg vs. Linden Labs highlight that participants have sought outside remedy.

A second key factor for such emergent self-governance to succeed is the relative concentration of participants. This is significant because if positive or negative information about a particular operator cannot reach the larger participant base, it serves no purpose. In the offshore gambling industry, the evolution of the industry, from community forums to a largely single-operator approach to dispute resolution highlights the importance of having a single service, but also how the information from that single operator is spread amongst the community by industry participants. Similarly, in EVE Online, players self organized both to take investigative and enforcement action against players accused of botting, and to protest decisions taken by the publisher, CCP, in relation to the future of the environment.

Thirdly, the existence of disputes in the offshore gambling industry did not stem merely from the refusal of particular operators to pay owed funds, but also from ambiguity around formal terms of service, community norms and player behavior. The offshore gambling industry has frequently seen disputes attempt to differentiate between advantage play (optimizing play within the rules) and cheating (breaching the rules), including disputes around automation. This bears a striking similarity to the types of disputes observed in contemporary online environments, and, indeed, as described below, very similar disputes have arisen in EVE Online, with participants automating actions within the environment in order to maximize collection of resources.

Finally, such a solution has to provide benefits over alternatives. As discussed previously, in the gambling industry, participants have been shown to prefer participant-based forums such as Sportsbook Review to sanctioned regulatory bodies such as IBAS; largely afforded to the speed of delivering decisions and operator compliance with rulings, generally under the fear of receiving negative publicity. While this has not been proven to be the case outside of the gambling industry, a fast-acting dispute resolution system recommended by all stakeholders does seem a suitable goal.

However, it is important to identify also the differences between the two environments. While the offshore gambling industry is largely self-contained, other online environments frequently see disputes involving third parties and assets located outside of the environment, such as claims for infringement of intellectual property. This creates a range of disputes for which the self-governance system deployed in the offshore gambling industry would not be suitable, and such disputes would therefore likely remain under formal legal jurisdiction, even if such a self-governance system were to be implemented.

The conditions detailed above represent my first attempt at understanding the state an environment must be in to make an attempt at self-governance possible. Future work will be necessary to consider other contemporary platforms and how these conditions may apply to them, and also whether participant activity within those environments might add

further conditions or otherwise develop an understanding of whether, and how, self-governance is likely to operate in contemporary online platforms.

EVE ONLINE

Between 2010 and 2012, *Eve* saw an increase in the proliferation of botting and real money trading. While this was brought about through a number of factors, it provides an example of competing norms in two senses: firstly, between two different groups of players and, secondly, between one of those groups and the company itself, with each of the three parties attempting to achieve different objectives.

The majority of the players and the company ultimately sought some form of harmonious existence, while the third group was motivated by real world profit, with the continued availability of that profit, at least in part, reliant on the continued operation of the environment. To examine those norms I, firstly, consider that final group and their motivations before considering the community norms that sprung up to resolve this, and then, finally, the (re-)codification of those norms and its enforcement by the publisher, CCP.

During 2011, the player-operated blog *Eve News 24* published a series of exposés on large-scale botting operations, as well as companies operating large-scale real money trading within the *EVE Online* Environment. While real money trading is problematic, and through my involvement with the environment it became apparent a community norm existed against the activity, it is an activity from which other participants do not see a direct impact. By contrast, botting actively removes resources from the environment that other players could obtain, and allows those partaking in the activity to quickly accrue more resources than other players, and EVE is ultimately a game about controlling resources.

Thus, when *Eve News 24* exposed a large real money trading operation, IskBank, in EVE, the focus of a large section of the community was on how they acquired the resources they sold. In theory, the proprietors of the site, and their contacts, could have manually participated in the environment themselves or hired people to do so, in the fashion of traditional 'gold farming' operations frequently discussed in the context of *World of Warcraft (*Blizzard 2004). Experience of the environment, though, led to the conclusion that it would be extremely difficult for IskBank to acquire the currency at the rate they did, and indeed, in an interview with *Eve News 24* Vadim, proprietor of IskBank admitted using botters (Lapham 2011). Through the response to the *Eve News 24* investigation, and more widely on the CCP forums, it is clear that a community norm exists against both botting and real money trading, and given the lack of enforcement action from CCP, the community took it upon itself to enforce this norm.

'Riverini' (2011) started investigating these issues following a controversy that received widespread community attention in early 2011. In his account, he describes how he trained a "cloaky Loki with a probe launcher to go hunt some bots", and "looked at the starmap, colored the stars by population, and noticed one nearby constellation where there were 2-4 people in every system. Then, I travelled there, spamming directional scan [an *EVE Online* tool to locate ships, or other anomalies, within space]. In each system, there were ravens named 11 and exequrors named 1111 or 1113, or sometimes 2121 or 1616. Some systems had two ravens and two exequrors, and some only had one of each. Strange, I thought. Worse, the ravens disappeared from d-scan within seconds of my arriving in the system."

He subsequently warped to the belts to find some with "partially looted and salvaged wrecks", before attempting to probe [a more refined version of directional scan] one of the ships, only to find it safely docked at a POS (player owned starbase). He comments that he thought these "were surely bots, and they were impossible to catch. Just for grins, I cloaked up and just hung out 70km off of a belt. I may not be able to kill them, but at least I can deny them revenue! Then I went to the gym, had some lunch, and did a bit of shopping. When I got back several hours later, they were still safed up [docked at the starbase], and hadn't left local."

Riverini subsequently stepped up his operation, taking data from Dotlan (a service which provides statistical overlays onto the Eve universe map). He then "went constellation by constellation on the Eve star-map, colouring stars by system, and took a snapshot census at 08:00. This took a couple hours, but I found it more interesting and challenging than shooting at an IHUB. Then, I went to bed. The next day, I had a great breakfast, hopped back on at 21:00 [Eve Time] and took another snapshot census. I ignored constellations that were empty on the first go round, so it only took about a half an hour. I found […] most of the systems were empty. Another good chunk of systems displayed the kind of variation that suggests normal player activity […] however, several constellations had systems with the same number of players as they had 13 hours earlier."

While there could be several logical explanations for the lack of variance, he "noticed a pattern in the systems which had the same # of players 13 hours later [and] consulted dotlan for the suspicious systems. A system with bots would display a consistent NPC kill count […] It is relatively unlikely that a human would have the patience to chain belts [repeatedly visit a pattern of asteroid belts] for 13 consecutive hours and produce a smooth, even NPC kill count with low volatility."

From this, he had a "handful of suspicious constellations to go and visit", noting that "visiting the suspicious constellations was very similar to that of visiting the first constellation where I discovered the raven/exequror bots. In fact, that was the dominant bot type I encountered. The ravens were usually named "-=-" and the exequrors were commonly named "=", though sometimes they had the default names (Bob's Raven) or just Raven". He continues to describe a number of typical and atypical ship formulations in these systems, concluding that some were confirmed as bots while others were likely typical players.

He "took down the name of every bot character that I noticed. Clicking on their info, I noticed that bots in the same system would almost always belong to the same corp. Sometimes, the same corp would own all the bots in the constellation. Further, looking at the characters, almost all of them had little-to-no corp history: they joined their current corp directly from an NPC corp. Lastly, they very often all had the same character born-on date, or very close ones. For example, there would be two raven pilots created on December 20th and two exequror pilots created on January 26th […] All told, I discovered 82 toons [characters] that I was pretty certain were bots [so] that means that approximately 18% of the players online in the DRs [drone regions] were bots."

Riverini is just one of a number of players who took it upon themselves to enforce the community norm. That action took a number of forms – players both attempting to kill botters and joining the botters in an attempt to draw additional attention to the topic. One corporation, Clan Shadow Wolf, contacted *Eve News 24* to tell of their efforts in policing one particular region. While this started as a vigilante action, "they were getting so good

at it, they actually convinced the botters to pay them to not roam their systems". In response, the DRF (Drone Russian fleet, who patrol the drone regions discussed above) decided it would be cheaper to defend the bots than pay the extortion being demanded, thus causing Clan Shadow Wolf to go public with the information.

This player led-campaign drew further attention to the issue of botting and real money trading, and at the October 2012 *EVE Vegas* event, CCP presented information on their ongoing response to both real money trading and botting. During the *Eve News 24* blog on the event, they noted the presenter as identifying that "Botting and RMT has become socially acceptable because of the inaction on the part of CCP" (Kyle 2012), and indeed subsequent months saw increasing investigation and account sanctions for participants participating in these activities.

CONCLUSION

The community of *EVE Online* demonstrated through the botting example that they were capable of developing, publicising and enforcing a norm themselves. Players taking action against botting providers were, arguably, enforcing a forgotten rule – which I liken to Ostrom's (2002) theory of memory loss – however, they were enforcing it as a norm that had established itself because of an increase in botting presence and subsequent effects on the Eve economy and other players. In doing so, the players of *EVE Online* succeeded in enforcing a desirable rule, in much the same way as participants in the offshore gambling industry enforced rules when devoid of formal regulation.

It thus seems clear to me that despite operating in a commercial, as opposed to a commons, environment, both the principles of norms and Ostrom's observations have validity. I believe that the reason for this is fairly simple: in EVE Online, as in the offshore gambling industry, it is to the benefit of all participants that the environment and community continues to exist and prosper, whether that be for the commercial benefit of the company or for the social and financial capital invested by the participants.

One limitation of this approach, however, lies in involving a representative group of participants in the regulatory approach. The most vocal participants in any community may not be representative of the wider player base, and particularly of participants new to the environment, instead concentrating on end-game issues as seen in the *EVE Online* community with players branded "bitter vets". However, I do not suggest that such a regulatory mechanism should be the driver of design decisions, rather that it has the potential to resolve disputes when they arise, be that over formally coded rules or non-predicted participant behavior.

CCP's subsequent enforcement, lagging behind the community enforcement, also showed that a norm can act as a signal to a rule, and indeed the community pressure exerted has shaped several CCP policy decisions. This mirrors the description of Curtis (1992) in one of the early text based multiplayer games, LambdaMOO, where he details the requests he received from players to codify norms so that they could be enforced. In both these cases the response was due to community growth, as Ostrom (2008) suggests from the commons situations she studied.

Many of the issues in disputes discussed by other authors (such as Taylor (2006)), and those identified within EVE Online, would not be new to observers from the gambling industry. In particular, disputes around cheating, and the use of software to automate play or to gain an advantage, apply in contemporary gaming environments just as they do in

poker, casinos or sports betting. In both cases such activity could be described as either cheating or not, dependent on the terms and conditions, or norms, in play within the environment at the time. Similarly, the exploitation of bugs in the code follows similar patterns, and rules and norms are again required to decide when this crosses the boundaries of acceptable behavior. Thus, the definition of 'advantage play' commonly found in the offshore gambling industry (Woodford 2013) also appears useful in other online environments to distinguish between acceptable and unacceptable behavior; advantage play and cheating.

It is also increasingly the case in these platforms, as it has been for a number of years in the gambling industry, that developer fiat or the 'god' approach is no longer acceptable or suitable as the means of regulation and dispute resolution. Even when the terms of services are crystal clear, enforcement of these terms is not simple – botting, for example, is frequently difficult to detect, and even more difficult to prove to any degree of certainty. Participants in these environments need a way to resolve disputes where they either disagree with the enforcement action taken by the platform operator or they feel that they have been victims of mistaken identity (e.g. their activity looks like botting but was in fact performed manually).

The conditions identified for the successful implementation of self governance in the offshore gambling industry, and their existence in the online gaming industry, serve to suggest that contemporary online platforms have enough in common with the offshore gambling industry to make it worth considering the successes and failures of regulation in the offshore gambling industry, so as to avoid repeating the mistakes of the past. By sheer volume of participants, if not actual capital, an approach to regulation of contemporary online platforms has much at stake.

The 'Complete Gacha' example in Asia highlights the increasing interest governments are taking in online activities, and the importance for the industry and its participants of agreeing on a form of regulation before one is imposed on them. However, even with that understanding, there is a question over what form this regulation should take. Through an analysis of the alternatives proposed, and the problems of implementing them, I propose that a form of self-regulation may be the most appropriate pre-emptive approach to shape the future of the industry. Further, the types of issues we are seeing in contemporary gaming environments are only a short step from being realised more widely on social networks and other platforms, which seem to be one future form of community. Dealing with the issue sensibly now will help shape the regulatory environment for other industries that are still emerging.

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