



The Internet gamble

Effective study and regulation of online gaming would do more good than prohibition

In May, the House Judiciary Committee, by a 25-11 vote, approved legislation that opponents of Internet gaming hope will prove the death knell for Americans' online wagering activity. The legislation aims to essentially update the 1961 Federal Wire Act to prohibit Internet wagering as well.

The Wire Act, of course, was part of then-Attorney General Robert F. Kennedy's mission to cripple organized crime in America. The Act was meant to prohibit the use of telephone lines to transmit bets or gambling activities, in effect making it illegal for bookies to operate across state lines. The Internet, however, is a different vehicle of communication than simple telephone lines, and since the inception of online casinos, debate has raged in the halls of Capital Hill over whether Americans should be banned from betting online. In the center of this all has been the Federal Wire Act.

Opponents of online wagering point to high-profile instances where unscrupulous characters operating online casinos have defrauded bettors. They also note that by allowing bets to be made from people's home computers, chances for compulsive gambling and wagering by minors increase and cannot be effectively regulated.

Leading this most recent charge against online wagering have been Virginia Reps. Bob Goodlatte, a Republican, and Democrat Rick Boucher. They argue that unregulated, offshore online casinos have pilfered millions of dollars from Americans' pockets. They may be right to some extent. But their legislation, which may or may not make it to the Senate floor this year, will do little to solve the problem.

Like with previous attempts at prohibition of "vices" such as alcohol and gambling, consumers—and the offshore casinos—will find a way around such bans. Plus, while it may be convenient for elected officials to pass a law banning online gaming, it seems they want our nation's financial institutions—banks, credit cards companies et. al.—to police gamblers by blocking gambling transactions. The financial industries have argued this task would not be easy, as many transactions could be masked or otherwise hard to identify.

It also puts the Justice Department in the role of policing outside the borders of the United States by attempting to prosecute offshore casinos that take American bets. In May, money-laundering charges were filed against two people—one of them an American—who operated an Antigua-based online casino that received \$250 million in bets on professional sports. Antigua has since filed a complaint with the World Trade Organization, arguing that the United States cannot ban the activity.

The bottom line here is that online gambling is currently a \$12 billion industry, and one I don't think our elected officials should just thumb their noses at. Wouldn't effective study and regulation of such an activity be far better suited to address concerns? The technology exists today to effectively monitor and regulate Internet bets. There are people with both the regulatory and technological expertise to assist in setting up a thoroughly regulated and taxed American-based online gaming industry. And wouldn't tax dollars collected on the billions of dollars wagered annually via the World Wide Web be better spent here at home on social and economic programs of need? One only needs to look as far as the UK for an effective model. There, after one year, Internet gaming has already proven to be a viable and safe economic stream.

While much of this nation's commercial casino industry has remained neutral on the topic, the two largest companies—Harrah's Entertainment and MGM Mirage—are seeking to have Internet wagering studied, legalized and regulated. These companies know the opportunities a legalized online gaming venture can create.

In a recent study by the American Gaming Association, an estimated 15 million Americans were found to be currently placing bets with offshore online casinos. Of those 15 million, 81 percent were unaware of the Wire Act. How many do you really think would stop, knowing that their bets were illegal?

Maybe it's time for our nation's leaders to connect to—and with—the modern age, and work to find reasonable solutions rather than attempt to isolate us from things they can't control. **CJ**

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