

Casinos Cautioned Over Mixed Messages On Internet Gambling

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[Tony Batt, GamblingCompliance](#) [1]

By sending mixed messages to U.S. Congress, the casino industry threatens efforts to pass a strict and comprehensive Internet poker bill, and might provoke a federal crackdown that could shut down the online gaming market, according to a former Republican congressman from Nevada.

Jon Porter, a gaming lobbyist who represented Nevada in the U.S. House of Representatives from 2003 to 2009, told GamblingCompliance he was disturbed by inaccurate information conveyed at a [July 17 hearing on Internet gambling](#) [2] by the Senate Commerce Subcommittee on Consumer Protection, Product Safety and Insurance.

Members of the subcommittee and witnesses repeatedly criticized the U.S. Department of Justice for its 2011 decision to [reverse its longstanding position](#) [3] that all Internet gambling is illegal under the Interstate Wire Act of 1961.

Comments during the hearing linked Internet gambling websites to money laundering, terrorism, drugs, human trafficking and pornography.

“The industry needs to be very careful here because Congress has the power to amend the Wire Act and restore the ban on Internet gambling, and I don’t think the industry wants that,” Porter said.

As one of the most tightly regulated industries in the United States, casinos should be doing more to collectively educate lawmakers about the safeguards available to protect consumers, according to Porter.

He said the online gaming industry’s safeguards are comparable to methods used to protect electronic financial transactions in banking and the purchase of stocks.

The hearing was another example of why it is crucial for leaders of the gaming industry to come together and decide what they can agree on about Internet gambling, Porter said.

“When I was a congressman, members of a group would come to me asking for something and then other members of the same group would come to me asking for something else,” he said.

“The result was that nothing would get done,” Porter said. “My experience is that Congress can get something done when a group has a unified message, and right now, I don’t see that when it comes to Internet gaming.”

While Caesars Entertainment has spent millions lobbying Congress to authorize federal regulation of Internet gambling, [Las Vegas Sands and its owner Sheldon Adelson](#) [4] are campaigning against it.

Porter is not alone in his opinion that a divided house cannot stand.

Although he has been [frustrated by the lack of progress in Congress](#) [5], American Gaming Association (AGA) president and CEO Geoff Freeman said, “the fault for inaction lies with the industry for its inability to get unified behind a position.”

“I believe [Senate Majority Leader] [Harry Reid](#) [6] and [Senator] Dean Heller and others have done everything humanly possible to try and get this done,” Freeman said.

Freeman sought to add some clarity to the industry’s position in a July 24 news release by the AGA which called for “a federal ban on Internet casino games of chance.” The language on the ban was included to make it clear the industry is asking only for a federal online poker bill.

“I decided to be more explicit. You can’t be half pregnant,” Freeman said.

Still, prominent groups within the casino industry support recently passed laws in [New Jersey](#) [7] and Delaware that allow casino games online in addition to poker.

AGA members Caesars and Boyd Gaming are among Atlantic City casino operators looking to deploy casino websites in New Jersey later this year, with Delaware’s three racetrack casinos looking to get into the online game too.

“As one method to help our casino industry stay competitive in the face of increasing competition from surrounding states, [a 2012 gambling law] authorized the [Delaware] Lottery to operate casino-style iGaming through the websites of the casinos, with the revenue distribution percentages mirroring the casinos’ legislated brick and mortar revenue splits,” Delaware Lottery director Vernon Kirk said in an e-mail to GamblingCompliance.

Guy Michael, a prominent gaming attorney in Atlantic City, said the industry’s support for online casino games within a state’s borders while calling for Congress to pass a federal ban could be problematic.

“On the other hand, if New Jersey and Delaware and other states are successful in regulating casino games on the Internet, that could become an incentive for Congress to pass broader Internet gambling legislation,” Michael said.

The Poker Players Alliance takes no position on the licensing and regulation of casino games online, according to PPA executive director John Pappas.

“We recognize that at the federal level, casino gaming is more controversial than poker,” Pappas said. “Because of the nature of casino games — house banked versus peer to peer — state by state licensing of this activity makes sense, and we are already seeing states move in that direction.”

Brian Gallini, a law professor at the University of Arkansas, said states like Delaware and New Jersey may need to tread carefully in making sure their online casino games do not violate federal law.

“I think states are going to have a difficult time keeping online transactions wholly intrastate,” Gallini said. “If they inadvertently accept an interstate wager, will that automatically trigger federal concerns? I would certainly be worried.”



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