

Gambling industry pushes efforts to legalize online betting

May 13 2009, By Ben Meyerson

Backed by a powerful House member, the online gambling industry is waging a campaign in Congress to legalize Internet betting, saying it will continue regardless of its legal status and can be regulated and taxed if not outlawed. Opponents are raising moral objections.

Rep. Barney Frank, D-Mass., head of the House Financial Services Committee, is leading the fight for the gamblers. Although a previous effort by Frank failed to get out of committee, the combination of grass-roots and corporate support, as well as the last election's weakening of the socially conservative Republican Party, may improve proponents' chances, advocates say.

"The [poker](#) players and other online gamblers have gotten organized, and there's a powerful grass-roots effort going on here, and it just takes awhile for that to happen," Frank said.

Frank said he supports the legislation because he sees the right to gamble online as a matter of personal freedom.

I. Nelson Rose, a professor at Whittier Law School in Costa Mesa, Calif., and co-author of the book "Internet Gaming Law," thinks Frank will have the power to push legislation through the House this time around.

"My position has been very consistently that yes, it will pass, although there will be changes," Rose said. "Very few people in Congress really

care at all about Internet gambling."

The bill's prospects in the Senate, where Majority Leader Harry Reid, D-Nev., has opposed it in the past, are not clear.

The Poker Players Alliance, which claims more than a million members, has enlisted former Sen. Alfonse D'Amato, R-N.Y., in its campaign.

In the past, the bill's biggest opponents have been socially conservative organizations and professional sports leagues.

At the conservative Focus on the Family, analyst for gambling research and policy Chad Hills said the group is gearing up for a fight.

Online gambling "preys on what we call the more vulnerable sector of society; in all senses it is a regressive form of taxation," Hills said.

"There's something to be said for people having to get in their car and actually go to a casino. Availability and accessibility are two key components of addiction, and if you have this available in your living room and it's accessible 24/7 ... this is like the perfect storm for addiction."

John Pappas, executive director of the Poker Players Alliance, acknowledged gambling's social issues, but said the best way to help addicts is to legitimize online poker sites, as many are already operating outside of government regulation.

"As with anything, people abuse it -- online shopping, eating, drinking, smoking," Pappas said. "Playing poker is not immune to vice, but we truly believe that the best way of addressing problem gaming is to license and regulate the industry, not drive it underground."

Sites like Party Poker and Poker Stars that advertise nationally in the

United States operate questionably with regard to the law, experts say. Each has two sites -- one with an Internet address that ends in ".net" where players play with fake money and cannot bet, and one that ends in ".com" that instructs players in the U.S. how they can transfer money to and from their accounts. The Justice Department has long maintained that such transactions are illegal under a 1961 law aimed at bookies, but at least one federal judge has ruled the law does not apply to online transactions.

However, Congress in 2006 passed a law banning U.S. banks, credit card and financial companies from processing online gambling transactions. Regulations governing enforcement of the law were adopted by the Bush administration in January and will take effect Dec. 1 if Frank's legislation does not succeed.

A 2007 study for the gambling industry claimed another benefit for legalization: tax revenue. That study predicted that Frank's 2007 bill -- which, though similar to the 2009 bill, is not identical -- could have brought in \$8.7 billion to \$17.6 billion from 2008 to 2017.

The Senate may present a more difficult hurdle for the gambling industry than the House. Reid has opposed online gambling, as many prominent Las Vegas casinos have in the past. Reid's spokesman, Jim Manley, said that while gambling is "a very important industry to the state," the senator has concerns about whether online gaming can be properly regulated, and will review Frank's bill.

However, not all casinos would oppose the measure. Harrah's has been lobbying in Washington for online gambling, according to Senate records, and the American Gaming Association, which represents many of the major Las Vegas casinos, is officially neutral on online [gambling](#) because of its members' "divergent views" on the issue.

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