

Reid-Kyl Internet gambling bill could enable money laundering, expert warns

December 18 2012, by Phil Ciciora

(Phys.org)—Legalizing online poker as proposed by two leading U.S. senators would be a boon to terrorist networks and organized crime syndicates, says a leading national gambling critic.

University of Illinois emeritus professor John W. Kindt says the Reid-Kyl Internet gambling bill would facilitate money laundering by terrorists and organized crime through new encryption technologies, which would allow for the potential abuse of banks' abilities to process payments to offshore gambling websites.

"What the bill allows makes it easier for mobsters and even terrorists to launder money," said Kindt, a retired professor of business and legal policy at the U. of I.

The bipartisan bill, co-sponsored by Senate Majority Leader Harry Reid (D-Nev.) and Senate Minority Whip Jon Kyl (R-Ariz.), is languishing in Congress but could be quickly revived during either the fiscal cliff negotiations or the lame duck legislative session before a new Congress is seated, Kindt says.

Although the bill doesn't appear to have much momentum behind it now, Kindt cautions that both senators are very influential in their respective parties.

"That signals to me that it could be part of a fiscal cliff deal," he said. "But the lame duck legislative period also would be an opportune time

for pro-gambling lobbyists to band together and pass it."

But passing such a bill through political horse-trading would be a huge mistake, Kindt says.

"The bill's supporters argue that the Reid-Kyl legislation is worded in a way that allows for poker while prohibiting most other forms of Internet gambling," he said. "But regulatory technologies can now be circumvented by cheaters and, even worse, by international criminal enterprises. Furthermore, gambling is gambling, whether it's poker or some other game. And Internet gambling is the crack cocaine of gambling. It would place gambling at every school desk and workstation, in every living room, and on every cellphone."

As a result of a controversial 2011 memo by the Department of Justice, some states are sure to move forward with online gambling on their own – including the state of Illinois, Kindt says.

"Illinois is the first state to legalize online lottery tickets, so legalizing other forms of online gambling would be the next logical step, especially considering the budget crunch the state faces," he said. "The statehouse is teeming with gambling lobbyists and advocates."

But cities and states cannot gamble their way to prosperity – whether it's in a real-life or virtual casino, Kindt says.

"Internet gambling in particular shrinks the consumer economy and destroys consumer confidence by promoting a ubiquitous gambling philosophy," he said. "Legalizing online gambling would allow dubious parties to create a queue of speculative bubbles in international stock markets that could collapse the already fragile financial systems and destabilize essential international economic security."

Kindt likens gambling to "an economic cancer" that would only

metastasize with more Internet gambling.

"Here's an example: The so-called Congressional Gaming Caucus used the 9/11 tragedy to cripple the 2002 Economic Stimulus Bill with \$40 billion in tax write-offs for slot machines and associated electronics – and the caucus had originally asked for \$133 billion in tax write-offs," he said. "These recurring write-offs for slots are still draining the U.S. Treasury and could easily be transposed into more write-offs for Internet gambling technologies."

Kindt is a senior editor of the United States International Gaming Report, a multi-volume series released between 2009 and 2012. The most recent publication in the series is titled "The Gambling Threat to National and Homeland Security: Internet [Gambling](#)."

Provided by University of Illinois at Urbana-Champaign

Citation: Reid-Kyl Internet gambling bill could enable money laundering, expert warns (2012, December 18) retrieved 25 April 2024 from <https://phys.org/news/2012-12-reid-kyl-internet-gambling-bill-enable.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.