

Chips are down for online gamblers as US moves toward new ban

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US authorities have begun an effort to ban all forms of internet gambling, reversing course from a 2011 decision and imperiling a burgeoning online wagering sector in several American states.

The Justice Department earlier this month released a legal opinion stating that any form of online betting, not just sports betting, would be a violation of the federal Wire Act.

That could shut down [online poker](#), casino and lottery offerings launched in a handful of states since a 2011 decision by the Obama administration to refrain from prosecuting any online betting that is not sports-related.

"It could have a significant impact but it will depend on whether the DoJ strictly enforces its new interpretation," said Jennifer Roberts, associate director of the International Center for Gaming Regulation at the University of Nevada-Las Vegas.

Roberts said a very strict interpretation could shut down fantasy sports leagues that have grown in recent years and potentially any online wagering even if confined to a single state where betting is legal.

"Even if the betting takes place in a jurisdiction where it's legal, if the communication is routed into another state that could trigger the Wire Act," Roberts told AFP.

The Wire Act is a 1961 law that bars the use of telecommunications for

gambling as part of an effort to crack down on organized crime.

Since the 2011 interpretation, various forms of online gambling have begun in Nevada, Delaware, New Jersey and Pennsylvania, with a handful of other states considering legalization.

While there is no comprehensive breakdown of US online gambling revenues, total wagers were up near 22 percent to \$298 million last year in New Jersey, which has the largest internet segment.

90-day window

In the latest opinion, the Justice Department stopped short of indicating how far it would go in enforcement. But in a January 15 memo, deputy attorney general Rod Rosenstein said prosecutions could begin after 90 days.

"A 90-day window will give businesses that relied on the 2011 ... opinion time to bring their operations into compliance with federal law," Rosenstein said.

"This is an internal exercise of prosecutorial discretion; it is not a safe harbor for violations of the Wire Act."

For many years, online gambling was opposed by the US casino industry, but recently some traditional gaming operators have joined the move to internet wagering.

Casino operators including Caesars Entertainment and Golden Nugget now take online bets where legally allowed, making it as easy to wager as tapping on a smartphone.

Betting on the future

The new Justice Department policy follows a lengthy lobbying campaign by the Coalition to Stop Internet Gambling, a group backed by Las Vegas casino owner Sheldon Adelson, a prominent backer of President Donald Trump.

The group applauded the new policy guidance, repeating its concerns that online wagering could get consumers, including minors, hooked on gambling.

"Countries around the world offer a perilous preview of where our nation was headed absent today's action from the federal government," the coalition said in a statement.

"In the UK, which is the epicenter of the epidemic... over half of 16-year-olds have gambling apps on their smartphones. Further, the iGaming industry obtains more than half of its profit from problem gamblers."

Senator Lindsey Graham, head of the Judiciary Committee, also welcomed the decision.

"Restoring the original interpretation of the Wire Act takes great strides to protect children and society's most vulnerable," Graham said in a statement.

But Michelle Minton, a senior fellow at the Competitive Enterprise Institute, said the move would just force gamblers to go to illegal sites with fewer scruples.

"Prohibition has never worked," Minton said. "It just turns law-abiding citizens into lawbreakers and reduces the level of trust in government."

Minton said the new legal opinion is likely to create further confusion, and may dissuade states from authorizing new internet [gambling](#) operations. It is likely to lead to spate of legal challenges over online betting in various state, she added.

"They may choose to not prosecute, knowing it will never hold up in a court of law, and as a result the uncertainty in the law would persist," she said. "My bet is that there won't be prosecutions."

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