



MEMO TO MEDIA: Myths vs. Facts in Internet Gambling Debate

As Internet gambling has received attention in Congress, the **Coalition to Stop Internet Gambling** rebutted claims made at a recent hearing on Internet gambling before the House Energy and Commerce Subcommittee on Commerce, Manufacturing and Trade.

CLAIM: Prohibition didn't work with alcohol 100 years ago so it won't work with Internet gambling today.

FACT: No one is trying to prohibit gambling completely – Americans will still be able to gamble as they have for many years. Thoughtful regulation and prohibition are very different things. You can drink at a bar, but you can't get a Jack and Coke from a drive through. It is also legal to buy cigarettes, but you cannot buy them online.

CLAIM: There has not been a single reported incident of underage access in Nevada's online poker system.

FACT: Of course there hasn't been a reporting of an underage gambling incident in Nevada because law enforcement doesn't have the tools to police these activities. Law enforcement can't prevent a parent or older brother from handing his smart phone to a minor. Moreover, the FBI has warned that the technology to prevent minors from accessing Internet gambling is easily defeated. As Internet gambling spreads, young people will likely devise new and even more creative ways to do an end-run around the current technology, which we already know is insufficient.

(FBI, Letter to Congress, [U.S. Department of Justice](#), 11/13/09)

CLAIM: Online gaming is here to stay because the government cannot put Internet gambling back in the bottle.

FACT: All we are proposing is a 'time-out' for Congress to more closely consider the issue. Internet gambling has only been legalized in 3 states and there are very few sites

that are even up and running at this point. The folks who invested in developing and operating these sites did so knowing full well that Congress had not had a chance to fully consider the issue, and that the Justice Department could change its position on the issue at any point during this or a subsequent Administration. History also tells us that we can rather easily shut down rogue sites. Again, there are also many legal products you can't buy on the Internet – cigarettes and pharmaceuticals from Canada come to mind.

CLAIM: –There is enormous pent up demand for online gambling. 50,000 people signed up for New Jersey's online gaming sites in the first week of operation.

FACT: We don't make laws based on demand for products and services if those products and services are shown to have devastating economic, social, and law enforcement consequences. The fact that casino companies believe there's a market for the product doesn't mean it's ok. The serious social and policy ramifications of Internet gambling ought to be thoughtfully considered before racing into the market.

CLAIM: Other countries are already using technology effectively to protect online gamers and prevent unauthorized use.

FACT: The fact that Internet gambling is already being regulated in Europe doesn't tell us how effectively it's being done. American law enforcement -- including the FBI -- believes it poses a threat. According to the FBI's Cyber Crimes Division, Internet gambling could be used for fraud and money laundering, and that age and geo-location technologies can be defeated.

In addition, brick and mortar casinos also don't really exist in Europe, so comparisons with the US gambling market are not all that instructive. Given the \$2.6 billion illegal on-line market in the US, it's also a safe bet a portion of those bets are being wagered on European sites which aren't effectively fire-walled to prevent unauthorized bets.

(FBI, Letter to Congress, [U.S. Department of Justice](#), 11/13/09)

CLAIM: Americans spent nearly \$3 billion with illegal offshore gambling operators in 2012.

FACT: According to the AGA's own commissioned study, the actual figure is less – it is \$2.6 billion and it's declining. It was \$2.8 billion in 2011. Poker has fallen to only \$219 million from \$1.6 billion in 2006.

(“Americans spent \$2.6 bn gambling online in 2012,” [Global Post](#), 9/24/13)

CLAIM: Europe has regulated Internet gaming for more than ten years.

FACT: Despite the European experience, American law enforcement believes that Internet gambling poses a threat. In a letter to Congress, the FBI stated that Internet

gambling could be used for fraud and money laundering, and that age and location verification technologies can be defeated.

(FBI, Letter to Congress, [U.S. Department of Justice](#), 11/13/09)

CLAIM: The only way to address privacy or consumer protection issues is by legalizing and regulating Internet gambling.

FACT: Internet gambling is worlds apart from the controlled environment of a casino. It also opens the doors to criminal organizations that can use it to move money and fund their activities. Our experience over the past six years has also shown us it's far easier to shut down illegal sites than it will be to regulate them.

(FBI, Letter to Congress, [U.S. Department of Justice](#), 11/13/09)

CLAIM: New Jersey is proving that Internet gaming can be regulated effectively.

FACT: Internet gambling in New Jersey is in its infancy – it is far too early to draw sweeping conclusions from that experience. Published newspaper reports have also indicated that geo-location glitches have arisen in that state.

The Coalition to Stop Internet Gambling's mission is to restore the long-standing federal ban on Internet gambling. It will engage the public and policymakers on the threat posed by Internet gambling.

For more information or to arrange interviews with any of the Coalition to Stop Internet Gambling National Co-Chairs, please contact Dan Wilson at dwilson@mercuryllc.com.

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