

## Is Online Gambling Officially Extinct?

Internet casinos and sportsbooks have grown immensely in popularity over the past several years. From playing cards to betting on the Super Bowl to playing roulette, you can literally have Las Vegas in the comfort of your own home. However, is it legal to gamble online? The answer is, yes and no. Currently, the law stipulates that online gambling is illegal, but given the fact that most online casinos continue to operate unfettered, it might seem that it is in fact legal to run an online betting or casino business. What forms of gambling are available online? Well, you can play poker and other card games, you can bet on sports, or you can play games of chance, such as roulette, craps, etc. Betting on sports seems like a perfectly legitimate form of online betting - the computer does not control who wins a pro football game. Games of chance should probably be prohibited. A computerized roulette wheel can easily be fixed, resulting in a few winning bets, but enough losing spins to insure the house wins. So, of these activities, which ones are legal? According to the Wire Wager Act, betting on sports is the only form of online wagering that is illegal. The Wire Wager Act reads as follows: "Whoever being engaged in the business of betting or wagering knowingly uses a wire communication facility for the transmission in interstate or foreign commerce of bets or wagers, or information assisting in the placement of bets or wagers on any sporting event or contest, or for the transmission of a wire communication which entitles the recipient to receive money or credit as a result of bets or wagers, or for information assisting in the placing of bets or wagers, shall be fined under this title or imprisoned not more than two years or both." This means that it is illegal for American based internet companies to accept bets on sports or other "contests." However, most online gambling enterprises have moved their operations offshore to countries in Central America and other countries around the world. It is common for most of these companies to be incorporated in places like Antigua or the Caribbean islands. PartyPoker, the most popular website for playing poker for money online, is licensed and regulated by the Government of Gibraltar. Online sportsbooks, often run by Americans offshore, still accept bets from Americans, and this is where the problem arises. Americans are the biggest bettors, and most of the income stream for online sports betting comes from American wagers. These companies usually provide wire instructions to the gamblers so that the player can wire money into a pre-funded betting account before they can begin wagering. So, the question is, is it legal for an offshore company to run their business offshore but still accept bets from the United States, where online sports betting is technically illegal? Yes and no. Theoretically it is illegal, but it is very difficult to compel an online sports betting service to shut itself down if they operate under the laws of a foreign government where it is legal. It is been very difficult for the Department of Justice to enforce the Wire Wager Act when it comes to offshore companies, and the offshore betting business continues to get bigger and bigger. In 1998, the sum total of all internet wagers was estimated at \$600 million, and has grown by 10 or more times that between then and the year 2006. The Wire Wager Act was upheld when the U.S. Supreme Court, during 2001 and 2002, refused to review the conviction of Jay Cohen, who had been running an internet sportsbook based in Antigua. And, even though the Department of Justice has said in recent years that that the Wire Wager Act also declares online casino games, not just sports betting, to be illegal, the Federal Appeals Court has ruled that that interpretation is not correct. However, in July of 2006, everything changed. On a vote of 317-93, the U.S. House of Representatives voted to ban financial payments to offshore casinos as part of the The Unlawful Internet Gambling Enforcement Act of 2006 H.R. 4411. The legislation also compels banks and credit card companies to cut off payments to the estimated 2,300 gambling sites located outside of U.S. jurisdiction. This legislation bans all forms of internet gambling, including card games and sportsbetting. Ultimately, the U.S. Government is just trying to protect bettors from getting screwed by online casinos that accept bets over the internet but do not pay out when someone wins. However, it does not seem fair to allow major casinos that operate in Las Vegas and Atlantic City to have a monopoly on the betting industry. Online casinos and sports betting over the internet should be permitted. The United States simply needs to implement a system whereby the online casino industry is regulated, making it mandatory for these companies to disclose the details of their operations and apply for a casino or sportsbook license.

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