

Op-Ed/Editorials: The New Anti-Internet Gaming Law

December 20, 2006

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Senator Bill Frist (R.-TN), doesn't want to be President - he wants to be Dictator. Frist, the majority leader of the U.S. Senate, used his position of power to ram through the Unlawful Internet Gambling Enforcement Act of 2006. He didn't even give the members of Congress a chance to read the bill. They were told about it late Friday night, mere minutes before they recessed to campaign for reelection. Frist cynically attached his pet anti-Internet gaming bill to a completely unrelated bill dealing with port security, so no one would dare vote against it. No matter how you feel about Internet gaming, this is not the way laws should be made in this country. The only good thing to come out of this fiasco is we now know what type of hypocrite Bill Frist is. Frist is one of the most active advocates of American values. Well, one American value is that people get to know what they are voting for. Even giving him the benefit of the doubt, that he really cared about Internet gambling, he appointed himself the decider of how America should handle the issue. But, in fact, Frist never showed any interest in Internet gaming until he decided to run for President.

Having run political campaigns, I can tell you he first conducted polls and focus groups and hired campaign consultants. They told him that he could score a few points with his right-wing religious base by coming out against online gambling.

So Frist threw the idea of outlawing Internet gaming into a speech in Iowa, where the first presidential caucuses will be held in 2008. The post-speech polls and focus group must have been positive, because he next announced it as a legislative priority, even though almost no one else in Congress, or America, cares much about the issue.

The bill immediately spooked the entire industry. Giants like PartyPoker

announced that they would no longer take bets from the U.S. Frist actually managed to cause as much economic damage as an Islamist terrorist attack: billions of dollars were wiped out overnight, when online stocks fell more than 50%.

This was probably an overreaction, since the new law will not actually do much. The only new crime created is accepting funds for unlawful Internet gambling, defined as violating some other federal, state or tribal law. It doesn't make operators much more guilty than they already were.

For example, David Carruthers, Chief Executive of BetOnSports, was arrested changing planes in Dallas, and served with a 27-page long indictment. Now the indictment would be 28 pages.

On the other hand, Internet poker operators have claimed that they are not violating any federal or state law. If that is true, they are still not guilty of a crime.

This law is supposedly designed to stop money transfers. Bizarrely, banks and payment processors cannot be charged with this new crime.

The federal regulators have 270 days to come up with new regulations for these money transferors. But the biggest player, Neteller, will take the position that it is not subject to U.S. regulations, since it is not an U.S. financial institution. The only danger is that banks might be told they can't send money to Neteller.

Prosecutors can get injunctions to prevent Internet Service Providers from hosting gambling sites and affiliates, but these already are, or will be, on foreign servers.

Can anything be done about this new law? Unfortunately, no. Using its police powers, Congress can do just about anything to any form of gambling.

It just would have been nice if they had read the bill before they voted.

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