

# Online Gambling a Revenue Generator? It's a Safe Bet

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I am very fortunate to have been involved with several charities in my hometown of Kimberly. Several years ago, shortly after forming one of these charities, a few of the directors were brainstorming about fundraising ideas.

One of the directors came up with the idea of having people pay \$1 for a chance at guessing the final score of a high school sporting event. The winner guessing the closest score to the actual outcome would split the pot with the charity.

Everyone agreed that this would be a great money-maker. As the lawyer, I had to be the wet blanket and nix the idea, explaining that the reason the "guessing game" would be such a great fund raiser is because it is GAMBLING, and therefore, very illegal. Even if it was legal, it would be ripe for corruption, for the first time the parent of a player won, everyone would suspect foul play.

Gambling is a tremendous revenue generator. Experts estimate that online gambling generates anywhere from \$6 billion to \$100 billion each year, but because it is illegal in the U.S., those dollars are going overseas.

That's why the states, many of which are facing huge budget deficits, were thrilled to hear the U.S. Department of Justice's announcement last month that cleared the way for states to use the Internet to sell lottery tickets within their own borders.

The announcement reverses the Department's long-standing opposition to many forms of Internet gambling. The Department issued this legal opinion in September, but only made it public last month. It was issued in response to requests by the states of New York and Illinois to clarify whether the Wire Act of 1961, which prohibits wagering over telecommunications systems that cross state or national borders, prevented those states from using the Internet to sell lottery tickets to adults within their own borders.

New York made the request hoping to proceed with expanding its online subscription service that began in 2005 that allows state residents to enter a string of Lotto or Mega Millions drawings. The state had even built a broader online gaming system, but did not implement it fearing a crackdown from the feds.

After the DOJ's decision, New York Lottery announced they plan to add two additional jackpot games, Powerball and Sweet Million, to its current online lottery subscription service, and would allow New York residents to buy single-draw tickets online for the first time.

Illinois made the request anticipating that online sales would increase participation in its lottery. Michael Jones, the superintendent of the Illinois Lottery, explained by saying, "When you look at the Internet, which is what everybody uses these days to buy everything, it seemed like a very, very logical thing to use the Internet to increase the player base."

Jones further justified the DOJ's decision by claiming Internet lottery sales will increase revenue for states without having to raise taxes. In addition, online sales would enable the lottery to regulate purchases. "Right now we can't guard against someone walking into a lottery retailer and buying too many tickets and behaving excessively," Jones clarified. "Now with credit card purchases, we can guard against excessive play."

While the Department's announcement specifically addressed lottery tickets, it created the opportunity for states to allow Internet poker and other forms of online betting that do not involve sports, which is explicitly prohibited under federal law.

Needless to say, if the states start utilizing online gambling, raising revenue will be a safe bet.

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