



New House Hearing Shows Strength of Hill Support for Legal Online Gaming

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On Nov. 18, 2011, the House Energy and Commerce Committee Subcommittee on Commerce, Manufacturing, and Trade held its second hearing on the legalization of online gaming. The subcommittee had [held an initial hearing on the subject last month](#).

The hearing began with an opening statement from subcommittee chair Rep. Mary Bono Mack (R-Calif.), who noted that online gambling already exists in many forms and the question is now for Congress to decide whether online gaming across state lines is legal. Mack raised a few issues of concern in the legalization of online gaming, including consumer protection, the effect on state lotteries, and the effect it would have on Native American tribes.

Rep. John Campbell (R-Calif.) testified on the benefits of legalizing online gaming: “Passing legislation like ours would foster the development and growth of a new American industry, which would bring along with it thousands of jobs and billions of dollars of economic activity, the revenues of which could be taxed to assist our ailing federal budget.”

Campbell acknowledged that there can be social costs associated with gambling, as there can be with other legal products such as tobacco and alcohol, and in order to address concerns on the issue he is co-sponsoring a bill that would allow government agencies to research, prevent, and address problem gambling.

Nevada Gaming Control Board Chairman Mark Lipparelli testified that online gaming could be effectively regulated to protect consumers, address problem gamblers, and verify the age of the players. There were also suggestions that any legislation to legalize gaming could also include self-exclusion lists for individuals that want to put their names on them and cooling-off periods to limit the amount of time or money an individual can spend on gaming.

Several witnesses agreed that the crackdown on online gaming sites has pushed the industry further underground, making it even harder to regulate. Campbell testified that, “If anything, Internet gambling is less safe today because of the UIGEA ban, not in spite of it.”



Everyone seemed to agree that online gaming will also continue to exist in some form no matter what the government does. Under legalized gaming, consumers would be protected and the government would be able to collect revenues from the games. “I also believe that licensing and regulation of Internet gambling will provide real consumer protection in an area that is currently vulnerable,” said Rep. Barney Frank (D-Mass.).

There was also testimony discussing states’ rights to regulate gaming as they see fit, including the option for a state to opt out of federal regulations and enact its own regulations.

Mack said that for anything to move forward there would need to be more hearings. Some suggested that the hearings would need to include federal officials who would play a role in overseeing online gaming. Mack indicated that it would probably be early next year before she decides on any next steps.

Rep. Joe Barton (R-Texas), [who has authored a bill to legalize online poker](#), said that the votes are there to pass his bill. A spokesman for Barton said that he is hoping for a markup of his bill this year, but Mack gave no indication that a markup of the bill is imminent. Sen. Harry Reid (D-Nev.) is also working on a separate bill to legalize online poker.

The issue of legalizing online gaming was also considered by the bipartisan “Supercommittee,” whose efforts to work out a revenue-raising and debt-reduction deal failed last week.

These hearings show that there are members of Congress who are serious about getting legislation passed to legalize online gaming. We will continue to follow all developments here.

Crime in the Suites is authored by the [Ifrah Law Firm](#), a Washington DC-based law firm specializing in the defense of government investigations and litigation. Our client base spans many regulated industries, particularly e-business, e-commerce, government contracts, gaming and healthcare.

The commentary and cases included in this blog are contributed by Jeff Ifrah and firm associates Rachel Hirsch, Jeff Hamlin, Steven Eichorn and Sarah Coffey. These posts are edited by Jeff Ifrah and Jonathan Groner, the former managing editor of the Legal Times. We look forward to hearing your thoughts and comments!