



House Panel Hears Arguments in Favor of Legal Online Poker

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On Oct. 25, 2011, the possibility of legal online poker in the United States was aired before the House Energy and Commerce Committee subcommittee on Commerce, Manufacturing, and Trade at a hearing entitled “Internet Gaming: Is There a Safe Bet?”

The hearing was convened to discuss the “Internet Gambling, Prohibition, Poker Consumer Protection, and Strengthening UIGEA Act of 2011,” [introduced in June by Rep. Joe Barton \(R-Tex.\)](#) This bill would legalize online poker.

Witnesses presented statistics that showed that millions of Americans participate in online gaming for money and that as much as \$6 billion is sent by Americans each year to offshore gaming sites. The hearing’s tone seemed to focus on consumer protection, not on the evils of online gaming. There seemed to be agreement among all parties present at the hearing that gaming should be allowed online. Rep. Mary Bono Mack (R-Calif.) stated, unsurprisingly, that the committee would deliberate before acting on any legislation.

Several members of the subcommittee said legalizing the online gaming industry and allowing the government to regulate and tax it could provide significant revenue in a time where the federal government is looking to close an enormous deficit and to create jobs. Former Senator Alfonse D’Amato (R-N.Y.), current chairman of the Poker Players Alliance, testified that “billions of dollars that today flow across our borders and onto offshore websites could be kept here, creating tens of thousands of good-paying jobs, and yielding billions of dollars in revenue for the federal government, all without having to raise taxes.”

D’Amato also stated that the Wire Act, which banned interstate financial transactions related to gambling, was intended to prevent sports betting and not all online gaming. He noted that the highest court that has ruled on the Wire Act in this context has stated that it applies only to sports betting and not other forms of betting. D’Amato said the recent crackdown by the Department of Justice on the online gaming industry did not stop any gaming, it just pushed it further underground where players are not assured that their money will be preserved or that the game will be fair.

Several Representatives and witnesses argued that the Unlawful Internet Gaming Act of 2006 (UIGEA), which outlawed U.S. financial institutions from processing payments from online gaming sites and led to the shutdown of several major online poker sites in April, has failed. Rep. Barton called the law “unenforceable.” D’Amato noted that the Federal Reserve official responsible for drafting the UIGEA regulations testified before the Financial Services Committee that the lack of a clear definition of “unlawful Internet gambling” was one of her biggest challenges.

Many witnesses at the hearing said the UIGEA regulations should create a list of prohibited businesses to which U.S. banks should not transfer money, ending banks’ dilemma of having to determine what constitutes “unlawful Internet gambling” and who is engaged in it. The bill proposed by Rep. Barton would create such a list as well as an additional “tattle-tale” provision that would allow any affected party to build a prima facie case that a site or its financial agent belongs on the list.



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The legalization of online poker has also been considered by the bipartisan “supercommittee” on Capitol Hill charged with finding ways to deal with the nation’s debt. It is unclear if the supercommittee will take any action to recommend legalizing online poker in its November 23 report.

Vocal opposition to the bill has come from state lotteries arguing that it would reduce state lottery funds that are dedicated to education. [Earlier this week, Maryland Governor Martin O’Malley wrote to the supercommittee](#) asking them to “oppose proposals to federalize Internet poker and casino gambling.” D’Amato replied that online “people who buy lottery tickets are generally not the same people [as those who play online poker] and we don’t believe they really compete.”

Others testified at the hearing that there if this bill passes there is a need for funding to help problem gamblers. A few witnesses also pushed for a stronger way of verifying the age of the user to prevent children from gambling online.

This hearing shows that supporters of online gaming on Capitol Hill are being heard and that serious consideration is being given to its legalization. We will continue to follow any future developments in Congress.

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