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# America Doesn't "Like" Facebook Casinos

## *Why the Federal Government Should Not Get into the Internet Casino Gambling Business*

### Fact Sheet Summary



- Public opinion polls show an overwhelming majority of Americans don't want internet poker casinos or other forms of internet casino gambling legalized. They don't "Like" Facebook casinos.



- If Facebook casinos are legalized, they would have a devastating impact on America's children who are under 18 and deeply worsen the nation's epidemic of gambling addiction.



- Deceitfully-titled, "The Gambling Prohibition, Poker Consumer Protection Act" (also referred to as the Reid-Kyl bill) is the latest example of the casino gambling lobby's playbook which has been based on presenting seemingly-innocuous gambling bills to legislators, yet in reality resulted in epic expansions of casino gambling onto Main Street across America.



- Gambling investment analysts have admitted the internet poker casino business model by itself is "clearly unsustainable" and the key to the future lies in expanding into other forms of gambling, affirming that this current massive "poker-only" lobbying push is *really* about legalizing casinos on Facebook and the rest of the internet.



- If Congress legalizes internet casinos, it would put the federal government into the gambling business for the first time in modern U.S. history. For those concerned about the supposed ambiguity of the Wire Act, a simple legislative fix broadening the scope of the Wire Act to include all forms of gambling and all types of communication facilities, including the internet, is all that's required.

### **1) Public opinion polls show an overwhelming majority of Americans don't want internet poker casinos or other forms of internet gambling legalized. They don't "Like" Facebook casinos and very few citizens are even gambling on the internet.**

- 67% of Americans want internet casino gambling to remain illegal.<sup>1</sup> Recent statewide polls in New Jersey, California and Iowa also show strong majority opposition.<sup>2</sup>
- According to a *Wall Street Journal* report, only 1.8 million people played poker for money in the U.S. in 2010 - *that is only 1/2 of 1% of all Americans.*<sup>3</sup> The reason for the costly lobbying push is gambling operators want tens of millions of Americans, especially our nation's youth, to lose their money gambling online...a lot more than a tiny 1/2 of 1%.

## 2) Legalizing Facebook “casinos” would have a devastating impact on America’s children who under 18 and deeply worsen the nation’s epidemic of gambling addiction.

- No demographic is a bigger target for the casino operators lobbying for internet gambling than America’s kids. In a very short time, social gaming has mushroomed into a multi-billion dollar industry. Zynga which accounts for 12 per cent of all Facebook’s revenues due to its games such as Farmville, launched Zynga Slots in the UK in June 2012, while the world’s biggest online gambling company, bwin.party, announced it launched its own social gaming operation.<sup>4</sup> Zynga is one of the most aggressive advocates lobbying for the so-called “Gambling Prohibition Act” (the Reid-Kyl bill.)
- Facebook takes around a 30% cut of all virtual credits sold. The Daily Mail reported that real money gambling is a major future strategy for Facebook as it looks to generate new revenue streams.<sup>5</sup> Over the past year, Facebook has made Britain a testing ground for games that would let users gamble on virtual fruit machines, bingo, poker and roulette to prepare itself in case the U.S. legalized online casinos.<sup>6</sup>
- More than 20 million American kids under 18 actively use Facebook; 7.5 million of them are younger than 13 and more than 5 million are 10 and under, according to projections from Consumer Reports’ 2011 State of the Net survey.<sup>7</sup> This despite Facebook’s terms of service that require users to be at least 13 years old.
- Gambling operators like Zynga deliberately use cartoon characters to pitch their online slots directly at children. (Screen shots of Zynga slots on Facebook and the cartoon characters they use can be found at the back of this Fact Sheet.)
- There are hundreds of virtual slot machine and poker games on Facebook and other sites that are almost identical to adult gambling games. While these games are free to play at first, players are asked to spend their own money if they want to keep gambling or get the chance to increase jackpots. Kids are also incentivized with extra virtual winnings to tell their friends about the games, which have names such as DoubleDownCasino, JackpotJoy and Slotomania. The games frequently describe themselves in terms such as ‘the most addictive game ever’.
- It’s well-established that the younger the children start gambling, the more likely it is they will become habitual gamblers and also problem gamblers.<sup>8</sup> The Reid-Kyl bill sets up these kids to be problem gamblers as they go through life.
- While a limited number of tech-savvy parents use parental controls to block gambling sites, this does not prevent young people from gambling on Facebook because, along with similar social media sites, it would not get flagged.
- It’s patently untrue when proponents say “regulating” internet gambling would lessen the amount of addicted citizens. Land-based casinos- owned by most of the very same gambling operators lobbying for internet casinos – take as much as 60% of their profits from problem gamblers.<sup>9</sup> With their long track record of exploiting problem gamblers as a major part of their business model, how can any credible person conclude giving these casino operators the exclusive right to run internet casinos would have a different result?
- Internet gambling is the most addictive form of gambling. Almost 1 out of 2 internet gamblers (42.7%) can be classified as problem gamblers, according to a report by prominent international gambling addiction researcher Dr. Robert Williams who presented at the National Council on Problem Gambling Conference in 2011.<sup>10</sup>

**3) Deceitfully-titled, "The Gambling Prohibition, Poker Consumer Protection Act" is the latest example of the casino gambling lobby's playbook which has been based on presenting seemingly-innocuous gambling bills to legislators, yet in reality resulted in epic expansions of casino gambling onto Main Street across America.**

- The Reid-Kyl bill purports to fix something not broken: no one presently is barred in the United States from playing poker online—they just can't legally gamble on it for money or other assets of value. People can, however, play poker online without wagering assets or, if wager they must, they can wager valueless points, for example, and still entertain themselves, compete, sharpen skills, and gain prestige as superior players. Thus, the bill's true purpose is *not* to enable online poker but to enable online *gambling*.
- In 1988, Congress passed the Indian Gaming "Regulatory" Act – in the lame duck year of President Reagan's second term – which many members were led to believe they were supporting small tribal bingo parlors and card clubs in rural areas of the country. In reality, IGRA was the starting gun for the massive and unrelenting wave of casino gambling that has spread across most states.

Because of the purposely vague way the proponents of IGRA defined the various forms of gambling permitted under the law, casino interests pushed the scope of the law to unimaginable proportions never intended by Congress. While nearly every state has its own story about the failure of IGRA, Connecticut's may be Exhibit A. Anxious to take advantage of the state's position between the metro New York and Boston population centers, gambling interests used IGRA to build two of the biggest casinos in the world, hijacking the state's "Las Vegas Night" law which had allowed charities to conduct occasional social, small stakes gambling nights for fundraising purposes.<sup>11</sup>

- Another highly-relevant example of the casino gambling lobby's playbook in action is "bingo." Like "poker," most would consider bingo a less extreme form of gambling. Yet in a deliberate effort to circumvent gambling laws, casino interests designed "electronic bingo machines" which are virtually indistinguishable from casino-style slot machines and forced them into states across the U.S. that permitted traditional bingo games.<sup>12</sup> A similar "slotification" of online poker is entirely predictable.
- Internet poker casinos represent a very minor portion of the casino business, largely because the house collects a small part ("the rake") of each pot. For example, live poker in Nevada makes only a tiny piece of overall gambling revenue.<sup>13</sup> The major profits to be had are in online slots which make up 65%-80% of all gambling traffic. <sup>14</sup> Legalizing internet poker casinos is simply to build the framework for casino interests to bring in online slots.
- Legalizing Facebook casinos represents the biggest expansion of casino gambling in history, opening a Las Vegas casino in every home, office, dorm room and smart phone in America, 24 hours a day, seven days a week, 365 days a year. Only the uninformed and the willfully ignorant would conclude that the national casino companies and their trade association are investing so much money in lobbying to "prohibit" themselves from making billions of dollars if internet casinos were legalized.

**4) Gambling investment analysts have shown the internet poker casino business model by itself is “clearly unsustainable” and the key to the future lies in moving into other forms of gambling, affirming why this current massive “poker-only” lobbying push is really about legalizing casinos on Facebook and the rest of the internet.**

- A UBS Investment Report candidly described the internet gambling business in its analysis of PartyGaming, a internet casino operator which merged with another major online operator Bwin:

*“Attracting poor players - the fish - to feed the good ones - the sharks - is the only way the online poker model works. With advertising restrictions growing globally, we believe that customer acquisition will become more difficult. Our models show a decline in the growth of new customers, leading to falling revenues and profits. Diversification remains key. We believe that diversification into other forms of gaming will help the group.”*

*The common conception is that a poker site is a forum for casual players to have some fun playing poker, and that this generates most of the income. In our view, a relatively small number of people generate the majority of the revenue. These customers play for money – with many of them using it as their main source of income. If the site became so competitive that they did not make any money, these players would change sites or give up. The company itself defines its players into two categories:*

*Sharks: These are good players that generate a substantial amount of the rake for poker sites. Party stated at its IPO that 10% of customers generate 70% of the income. This has risen to 77% currently. These players are experts, play multiple tables, analyze results and play patterns. They can make a reasonable living out of the game.*

*Fish: These players tend to be new sign-ups with limited experience and who lose money. Over time, a number of them tend to become either disillusioned or bored with the game.*


*We believe they conclusively demonstrate that finding new fish to feed to the sharks is the most important requirement for PartyGaming to succeed over the next few years. In other words, while the sharks generate most of the income, the real driver of growth lies in finding as many new fish as possible: without these fish, the model falls apart.*


*Effectively, this means that simple new customer acquisition is not an important measure: the only way the system can continue to grow is if new customer growth in a given year is higher than the growth seen in the previous year. This is clearly unsustainable in the long term, as it would ultimately require more people coming into the system than there are on the planet.”<sup>15</sup>*

**5) If Congress legalizes internet casinos, it would put the federal government into the gambling business for the first time in modern American history. For those with genuine concern about the supposed ambiguity of the Wire Act, a simple legislative fix effectively broadening the scope of the Wire Act to include all forms of gambling and all types of communication facilities, including the internet, is all that is required.**

- At the heart of this phony and manufactured “crisis” narrative by the gambling lobby is an *opinion* – not a *ruling*, an *opinion* -released on the eve of *Christmas weekend* by a new-to-the-job Department of Justice staffer re-interpreting the Wire Act. If Congress feels compelled to act, it can undo the opinion with a simple legislative fix that returns the state of the law to a settled half-century of practice and precedent.

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## Zynga Slots

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Highlights

**Zynga Slots**  
Yesterday

Happy Friday Slots Fans!

Be sure to head onto the App Store and download our latest update - with more improvements to help performance!

<http://zynga.tn/kc>

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28 people like this.

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App Page

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**Zynga Slots**  
Wednesday

Tiptoe over to the Ninja Nights machine for a chance at 1 MILLION coins! Use your ninja skills to spin and win!

5 Lucky players will win!!!  
<http://zynga.tn/kc>



**You already have 71 friends playing!**

To start, we've given you

# \$2,000

[GO TO LOBBY](#)

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ould appear here.

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Zynga Slots

★★★★☆

Games, Casino

Spin the reels to win coins and dash across a variety of different exciting and magical worlds. Join hot jackpots with your friends, then get lucky and grab the cash before they do!



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- <sup>1</sup> March 2010 national survey by PublicMind™ -a national research center that conducts polling, survey, and other research on politics, society, popular culture, consumer and economic trends at Fairleigh Dickinson University (NJ).
- <sup>2</sup> *Associated Press*, May 14, 2012, [http://www.nj.com/news/index.ssf/2012/05/nj\\_residents\\_oppose\\_legalizing.html](http://www.nj.com/news/index.ssf/2012/05/nj_residents_oppose_legalizing.html); *The Los Angeles Times*, May 29, 2012 <http://latimesblogs.latimes.com/california-politics/2012/05/legalizing-online-poker-california-poll.html>; *The Des Moines Register*, February 21, 2012 <http://www.desmoinesregister.com/article/20120221/NEWS09/302210018/Iowa-Poll-Iowans-narrowly-favor-bans-red-light-speed-cameras>
- <sup>3</sup> *The Wall Street Journal*, April 18, 2011, <http://blogs.wsj.com/in-charge/2011/04/18/time-to-fold-em/>
- <sup>4</sup> *The Daily Mail UK*, July 15, 2012. "Facebook 'creating a generation of gambling addicts because of site's Las Vegas style games.'" <http://www.dailymail.co.uk/news/article-2174024/Facebook-creating-generation-gambling-addicts-sites-Las-Vegas-style-games.html>
- <sup>5</sup> *The Daily Mail UK*, July 15, 2012. "Facebook 'creating a generation of gambling addicts because of site's Las Vegas style games.'" <http://www.dailymail.co.uk/news/article-2174024/Facebook-creating-generation-gambling-addicts-sites-Las-Vegas-style-games.html>
- <sup>6</sup> *The Daily Mail UK*, December 5, 2011. "Fear over plan for Facebook 'casinos' that could lure children into online gambling" <http://www.dailymail.co.uk/news/article-2069361/Fear-plan-Facebook-casinos-lure-children-online-gambling.html#ixzz2EWYrjVnY>
- <sup>7</sup> *Consumer Reports*, May 10, 2011. "CR Survey: 7.5 Million Facebook Users are Under the Age of 13, Violating the Site's Terms." <http://pressroom.consumerreports.org/pressroom/2011/05/cr-survey-75-million-facebook-users-are-under-the-age-of-13-violating-the-sites-terms-.html>
- <sup>8</sup> National Council on Problem Gambling, 2012. <http://www.ncpgambling.org/i4a/pages/index.cfm?pageid=3390#kidsteens>
- <sup>9</sup> Dr. Natasha Schull of The Massachusetts Institute of Technology, 2012. "Addiction By Design." Pg. 16 <http://press.princeton.edu/titles/9156.html>
- <sup>10</sup> "Problem gambling on the internet: implications for internet gambling policy in North America." *New Media & Society*, Vol. 9, No. 3, 520-542 (2007) Robert T. Wood University of Lethbridge, Canada; Robert J. Williams University of Lethbridge, Canada
- <sup>11</sup> *Boston Globe Magazine*, Charlie Pierce. "High Stakes." July 30, 2006 [http://www.boston.com/news/globe/magazine/articles/2006/07/30/high\\_stakes/](http://www.boston.com/news/globe/magazine/articles/2006/07/30/high_stakes/)
- <sup>12</sup> "Is It Bingo, Or A Slot Machine?" *Gambling and the Law*, Professor I. Nelson Rose, Whittier Law School, 2002. <http://www.gamblingandthelaw.com/columns/90-82nigcregulations.html>
- <sup>13</sup> *Card Player*, December 3, 2012. <http://www.cardplayer.com/poker-news/14556-commercial-casinos-in-full-court-press-to-legalize-online-poker-during-lame-duck>
- <sup>14</sup> "Why are online slots so popular?" *Casino City Times*, June 8, 2011. <http://www.casinocitytimes.com/news/article/why-are-online-slots-so-popular-197594>
- <sup>15</sup> UBS Investment Research Report on internet poker operator PartyGaming, 2006. <http://stoppredatorygambling.org/wp-content/uploads/2012/12/prty-ubs-9-19-06.pdf>