

Chairwoman says go slow on legalizing Web poker

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STEPHENS WASHINGTON BUREAU

Posted: Oct. 25, 2011 | 4:55 p.m.

WASHINGTON -- A House chairwoman urged Congress on Tuesday to go slow in considering whether to legalize online poker, saying it is a complex issue that should not be rushed into action this year. The comments by Rep. Mary Bono Mack, R-Calif., came after a hearing in which lawmakers heard familiar arguments for and against proposals to regulate poker over the Internet, and some new ones, too.

Bono Mack, chairwoman of the commerce, manufacturing and trade subcommittee, said she plans to hold another hearing on online gambling. That could complicate efforts by some legalization proponents to get a bill accepted by the special House-Senate "supercommittee" that faces a Nov. 23 deadline to form a \$1.2 trillion plan to reduce the federal deficit. "There's just way too much here that has to be fleshed out to rush it and to put it into the work of the supercommittee," Bono Mack said. "We have to find a balance of moving it and balancing the technological problems with the policy problems. I think to rush it would be a mistake."

The California lawmaker said it may end up best to embrace Web gaming to avoid what happened to music companies and others in the entertainment industry that were slow to adapt to the online world. They were plagued by piracy downloads and Web services that allowed consumers to bypass the providers.

"I think it is a mistake to stand in the way of the Internet the way the content industry did," she said. "I think we could be bowled over." But at this point on poker, she added, "A lot of questions need to be fleshed out further."

The hearing was the first in the current Congress to explore Internet gaming. It was seen as a precursor to action on a leading bill by Rep. Joe Barton, R-Texas, Rep. Shelley Berkley, D-Nev., and others to allow U.S. companies to operate legal Web poker sites. Two leading coalitions, the Poker Players Alliance and FairPlay USA, which is backed by MGM Resorts International and Caesars Entertainment Corp., told lawmakers federal involvement would allow games to be policed and ensured to be fair. Even as Congress passed a 2006 law that sought to prohibit Internet gaming by restricting payments to online sites, offshore operators continued play and millions of Americans continued to take part. In April federal indictments targeted executives at PokerStars, Full Tilt Poker and Absolute Poker. In August, prosecutors further accused Full Tilt Poker of defrauding customers of more than \$300 million.

"The status quo is badly broken and benefits no one," said former Sen. Alphonse D'Amato, chairman of the Poker Players Alliance, which represents 1.2 million participants.

"Internet poker has not gone away and it is hard to envision a scenario where it will," said D'Amato, a Republican who represented New York.

The promise of billions of dollars in federal licensing fees is tempting for lawmakers, said Rep. G.K. Butterfield, D-N.C. Barton estimated legalizing online poker would raise somewhat less than \$40 billion over 10 years.

"Games like poker and bingo are as ubiquitous as baseball or football," Butterfield said. "It could prove a great boost to the national economy and a great boost to our federal and state coffers."

But there are competing interests as well that demand to be involved so as not to be left behind or left at a disadvantage. If Congress legalizes online gaming, for instance, Indian tribes must be allowed to run their own games free of taxation and with regulations separate from the states, said Ernest Stevens Jr., a chairman of the National Indian Gaming Association.

"Congress should not pick winners and losers if or when it desires to establish a new industry such as Internet gaming," Stevens said. "(Any bill) must allow tribal governments to have an early entrance into Internet gaming."

Rep. Charles Bass, R-N.H., questioned whether state lotteries would be harmed by new competition, and if lotteries themselves might operate poker sites. Also, Rep. Brett Guthrie, R-Ky., said "no matter how you cut it, Internet gaming will affect the horse-racing industry. We can't afford to overlook the impact." Parry Aftab, an advisory board member of FairPlay USA, said federal legislation will allow for the deployment of sophisticated tools to shut down illegal sites, keep children from playing online and protect consumers.

But Kurt Eggert, a professor at Chapman University School of Law in Orange, Calif., warned that consumer protection is becoming more difficult as cheaters use "poker robots," advanced intelligence programs, to tilt the tables.

"I know of no way to prevent somebody from having a bot on one computer telling him what to play on another computer," Eggert said. "This is a huge problem for the industry in that recreational gamblers don't want to go on their poker sites and get killed by somebody using a bot, and that is going to happen more and more as bots get smarter and smarter."

"There are international competitions now to design the best poker-playing bots and they are doing a darn good job," Eggert said.