

<http://www.app.com/article/20101219/OPINION/12190343/Are-sports-betting-and-online-gambling-a-smart-bet-for-New-Jersey-No>

By Carl Zeitz

December 19, 2010

Sports betting and online gambling are not a smart bet for New Jersey

The state Legislature's rush to salvage Atlantic City's casino industry from competition from Pennsylvania and other states that has devoured a third of its market share now includes sports and Internet gambling.

Putting aside the fact that under federal law full sports betting is illegal in virtually every state except Nevada, as is Internet gambling, ignoring the question of whether one or both would require amending the state constitution and being mindful that pending legislation permits only intrastate Internet wagers or Internet wagers from foreign jurisdictions, would these expansions of gambling be the salvation of Atlantic City's gambling market?

No, they would not. Sports betting would be only an incremental benefit. What the Legislature should consider but seems to be ignoring is that Internet gambling raises not only business issues but profound legal, regulatory, moral and ethical questions that deserve full consideration before enacting a law that can put a casino in every home in New Jersey.

Sports betting is like bread and milk in supermarkets. It gets people in the door. That's always the objective of a retail business, and casinos are retail businesses. But it will not produce vast new revenue. In Nevada last year, gamblers bet \$2.57 billion on sports, of which the casinos kept \$136 million — 5.3 percent. Would New Jersey's casinos welcome that much new revenue? Of course. But more than that, they would welcome the people making the bets to wager at their other games, eat in their restaurants, see their shows, shop in their stores and stay in their hotels.

But in the unlikely event Congress passes a law legalizing sports betting and the president signs it, it won't be unique to New Jersey, east of the Mississippi. Expect it in every state that has commercial or Indian casinos, including Atlantic City's competitors, diluting the benefit.

Ironically, the bill to allow intrastate Internet gambling puts the regulatory responsibility chiefly on the Casino Control Commission at the same time other legislation barreling to passage all but

dismantles that agency and disembowels regulatory accountability that would be more essential than ever to control what may lie beyond real control — online gambling.

The state Legislature's rush to salvage Atlantic City's casino industry from competition from Pennsylvania and other states that has devoured a third of its market share now includes sports and Internet gambling.

Putting aside the fact that under federal law full sports betting is illegal in virtually every state except Nevada, as is Internet gambling, ignoring the question of whether one or both would require amending the state constitution and being mindful that pending legislation permits only intrastate Internet wagers or Internet wagers from foreign jurisdictions, would these expansions of gambling be the salvation of Atlantic City's gambling market?

No, they would not. Sports betting would be only an incremental benefit. What the Legislature should consider but seems to be ignoring is that Internet gambling raises not only business issues but profound legal, regulatory, moral and ethical questions that deserve full consideration before enacting a law that can put a casino in every home in New Jersey.

Sports betting is like bread and milk in supermarkets. It gets people in the door. That's always the objective of a retail business, and casinos are retail businesses. But it will not produce vast new revenue. In Nevada last year, gamblers bet \$2.57 billion on sports, of which the casinos kept \$136 million — 5.3 percent. Would New Jersey's casinos welcome that much new revenue? Of course. But more than that, they would welcome the people making the bets to wager at their other games, eat in their restaurants, see their shows, shop in their stores and stay in their hotels.

But in the unlikely event Congress passes a law legalizing sports betting and the president signs it, it won't be unique to New Jersey, east of the Mississippi. Expect it in every state that has commercial or Indian casinos, including Atlantic City's competitors, diluting the benefit.

Ironically, the bill to allow intrastate Internet gambling puts the regulatory responsibility chiefly on the Casino Control Commission at the same time other legislation barreling to passage all but dismantles that agency and disembowels regulatory accountability that would be more essential than ever to control what may lie beyond real control — online gambling.

As a business proposition, does anyone know whether Internet wagering would be incremental or reduce wagering and traffic in the casinos? Is something sold online something that would have been sold in a store or something that never would have been bought otherwise? Will

Internet wagering reduce real casino visits and strand more of the casino industry's capital investment, discourage new capital investment or cause further reductions in on-site employment? And what of the ethical and legal questions inherent in making it possible to gamble every day, all day, from wherever you are in New Jersey, even on mobile devices? Or don't we care about things like that anymore?

The legislation is replete with extensive requirements that need a full set of new regulations concerning how wagering can be offered, controlled and tabulated. But legislators are not regulators, and if they leave the messy complexity of regulations to others, Internet gambling could be a real mess.

The enormous potential for social and economic harm and criminal activity inherent in Internet gambling, the heightened potential for cheating, the explicit need for the tightest systems of internal and accounting controls, and the fact the legislation essentially limits online gambling to New Jersey make this a dubious proposition of questionable benefit to Atlantic City.

If something ever needed long, thoughtful, comprehensive examination, it is Internet gambling. The question to be asked is not only what it would do for Atlantic City, but what it would do to New Jersey and the nearly 9 million people who live here.

Carl Zeitz was a member of the New Jersey Casino Control Commission from 1980 to 1988.