

WASHINGTON STATE GAMBLING COMMISSION

2ND OLDEST GAMBLING REGULATORY AGENCY IN THE NATION



What's New and What's News

A NEWSLETTER FOR THE LEGISLATURE & OTHER GOVERNMENTAL AGENCIES

January 2011

This newsletter is dedicated to keeping the legislature and other governmental agencies informed of "What's New" in the Gambling Commission and "What's News."

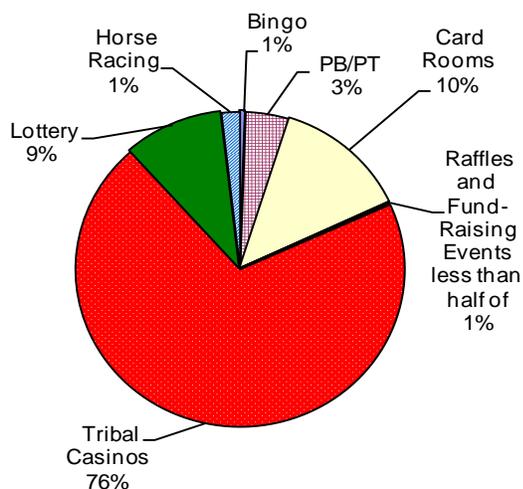
2011 Legislative Session

We do not have any agency request legislation for the 2011 session.

In the 09-10 sessions, three bills to redefine gambling were introduced, due to a controversial Court of Appeals' ruling on the Betcha.com case. However, the State prevailed in a 9-0 Supreme Court decision and we will not pursue these bills (see recent Supreme Court rulings on the back page).

We look forward to being a resource, as other gambling related bills are filed.

FY10 Gambling Net Receipts Increase by \$150 Million from FY09



Bingo	10.7	Million
Punch Boards & Pull-Tabs (PB/PT)	72.8	Million
Card Rooms	228.6	Million
Raffles and Fund-Raising Events	4.4	Million
Tribal Casinos (estimated)	1,745.9	Million
Lottery	199.2	Million
Horse Racing	30.6	Million
Total	\$2.292	Billion

FY 2005: Total net gambling receipts - \$1.695 Billion
 FY 2000: Total net gambling receipts - \$863.4 Million
 Net receipts = wagers minus prizes paid.

Federal Internet Gambling Bills Die

Congress has introduced several bills dealing with Internet gambling. To date, none of the bills have passed. Here's a brief summary of them:

To prohibit Internet gambling, to regulate Internet poker, to provide consumer protections, and for other purposes:

During the last few weeks of the 2010 Session, Sen. Majority Leader Harry Reid (D - NV) worked on legislation to allow Internet poker, which was a proposed attachment to the 2010 tax-relief bill. The Internet poker legislation was never introduced and days before the tax relief legislation passed, Sen. Reid withdrew his proposal.

H.R.2267 Internet Gambling Regulation:

On May 6, 2009, Rep. Barney Frank (D - MA) introduced a bill to allow the Secretary of the Treasury to license Internet gambling activities. The bill had several hearings and made it out of committee. The bill was added to the Union Calendar, which listed appropriation and revenue measures that were eligible for floor consideration by the House prior to January 5, 2011.

H.R. 2268 Internet Gambling Regulations and Tax Enforcement:

On May 6, 2009, Rep. Jim McDermott (D - WA) introduced a bill to amend the Internal Revenue Code and to tax and regulate Internet gambling. The bill was referred to House Ways and Means and did not pass out of committee.

S. 1597 Internet Poker and Games of Skill Regulation:

On August 6, 2009, Sen. Robert Menendez (D - NJ) introduced legislation to allow the Secretary of the Treasury to license Internet poker and other games that are predominantly skill. The bill was referred to Senate Finance and did not pass out of committee.

Our Mission: Protect the Public by Ensuring that Gambling is Legal and Honest.

State Prohibition on Internet Gambling Upheld by Supreme Court

Internet gambling has always been illegal in Washington State and in the U.S.A. It is illegal to:

- Operate an Internet gambling site
- Gamble on the Internet
- Install or maintain equipment to send or receive gambling information
- Facilitate Internet gambling in any way

Internet gambling is risky business:

- Players have no idea who is operating the gambling website, or if:
 - Games are run dishonestly
 - Winnings will be paid
 - Money lost will be used for criminal activities
- Players have no recourse if they are not paid or cheated.
- Players risk credit card fraud and identity theft by disclosing personal information that should be kept secure.
- Creates an uncontrolled environment for problem gamblers and minors.



In 2006, the State Legislature increased the penalty for Internet gambling from a gross misdemeanor to a class C felony.

Penalties range from a gross misdemeanor to a felony, depending on the factual circumstances. The actual punishment for any felony conviction is controlled by the State's sentencing guidelines.

Punishment for a conviction is from zero days to one year in a county jail (the same possible jail sentence as a gross misdemeanor).

The standard range sentence that a court is authorized to impose on a "first offender," absent aggravating circumstances, is 0 – 90 days in jail for a violation of the amended statute.

Enforcement is focused on gambling websites and payment service providers. However, Internet gamblers also run the risk of a felony conviction.

We are part of a multi-state and federal task force working on education, awareness and coordinating enforcement activities to deter Internet gambling.

Two Recent Supreme Court Rulings:

Rouso vs. State of Washington

Rouso challenged the constitutionality of the State's Internet gambling law based on the dormant commerce clause. In a unanimous 9-0 decision, the Supreme Court found the law does not violate the clause.

The Court unanimously held that the State can allow an activity in one venue (brick & mortar casinos) and not in others (the Internet) and that the State's prohibition on Internet gambling did not violate the interstate commerce clause.

The Court stated:

"Internet gambling and brick and mortar gambling are two different activities, presenting risks and concerns of a different nature, and creating different regulatory challenges; a state can regulate different activities differently."

In response to the court case, a few prominent Internet gambling companies have said they will no longer take bets from Washingtonians. They have the technology to block the bets.

Betcha.com vs. State of Washington

In a unanimous 9-0 decision, the Supreme Court upheld the State's position that Betcha.com is an illegal bookmaking operation.

Betcha.com was an Internet betting website that charged customers for connecting them to other customers to wager on various events.

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