

Let Market Forces Regulate Internet Gambling

In June 2010, the 2006 Unlawful Internet Gambling Enforcement Act (UIGEA) was implemented after years of delays. The law regulates banking and credit processes related to online gambling. This does nothing to protect Americans from crime. Instead, it increases the regulatory burden on American banks and obscures the legality of Internet gambling in the United States. Other federal laws, including the Wire Act (which bans interstate wagering) and the Professional and Amateur Sports Protection Act (which bans most states from sports gambling), prevent Americans from operating within the law.

People enjoy gambling and can legally do so in 48 states. Regardless of its legality, Americans gamble for money online and will continue to do so. Banning the activity or making licensing prohibitively difficult will simply encourage gamblers to play on foreign sites and take greater risks. In a country where gambling has become a respected, mainstream pastime, these laws make no sense.

Online gambling of all kinds should be legalized. Letting the free market regulate

Internet gambling will result in the best outcome for gamers, Internet casino owners, and payment processing companies. Governments should enforce existing contract and criminal laws against force and fraud. Companies based in the United States and income earned by players should be treated by the U.S. tax code like income from any other lawful endeavor.

Because gambling is essentially an entertainment activity where participants enjoy the possibility of profit, there is no reason to assume that private market oversight or certification programs would be insufficient. Like cruise ship casinos, which voluntarily abide by specific regulations and agree to audits of their operations, Internet casinos could submit to review by a regulator. Inevitably, competition among private auditors would result in greater oversight than one federal watchdog. Auditors could offer a certificate or rating to guide consumers to the sites at which they are most likely to have fair play.

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