

**Gambling Law Update™**  
**By: Lawrence G. Walters, Esq.**  
**[www.GameAttorneys.com](http://www.GameAttorneys.com)**

**September 2003**

**Landmark Legal Proceedings**

In the first known case of its kind, the USA PATRIOT Act, which prohibits illegal money transmissions, is being used against credit card companies to prohibit the enforcement of debts accrued while gambling over the Internet, based on the premise that the businesses should not have processed their wagers given the alleged illegal nature of the gambling transactions. Lisa and Andrew Harding lost more than \$100,000 gambling over the Internet during 2002 and 2003, prompting a lawsuit which accused Mrs. Harding of failing to pay her bills.<sup>1</sup> The couple recently filed a countersuit with the Superior Court in Alameda County, California, against several credit card companies, including Visa, MasterCard, and Discover Financial Services. They are also suing the banks that issued the credit cards and companies they said electronically transferred funds for some of their bets, including Western Union Holdings. The countersuit claims the companies violated the PATRIOT Act and ran afoul of California's Unfair Business Practices Act by processing the gambling transactions and violated a state prohibition against providing credit for gambling. The Harding's attorney claims that two sections of the PATRIOT Act that apply to the Harding case:<sup>2</sup> First, the Act makes it illegal for companies like Visa, MasterCard and Western Union to transmit funds when they know the funds will ultimately be used in some illegal activity. Secondly, the PATRIOT Act also has a "know your customer" clause for online banking and e-commerce firms to help prevent money laundering for terrorist

---

<sup>1</sup> Lisa M. Bowman, *Online Gamblers Sue Their Creditors*, [www.CNetnews.com](http://www.CNetnews.com) (08.21.03)

<sup>2</sup> Kevin Smith, *Visa, MasterCard Target of PATRIOT Act Suit*, [www.igaminnews.com](http://www.igaminnews.com) (08.11.03)

or other illegal activities. Rothken said the e-cash systems that Internet casinos and sports books use to get around credit card transactions rules and regulations are a direct violation of this section of the PATRIOT Act.<sup>3</sup> Not only does the Harding case mark the first time the Internet gambling industry has seen the PATRIOT Act used in a case involving the sector, but it is the first time the Act has been used in a civil case in the United States. The countersuit is seeking to relieve the Harding's of their debt. If it is successful, it would not be the first case where a gambler avoided debt liability to a credit card company. In two similar suits, also brought by Rothken, both Discover Card and Visa agreed to relieve some portion of the charges that Internet gamblers had accrued. As a result of these suits and political pressure, nearly all United States' based credit card companies have adopted specific policies prohibiting the use of their cards for Internet gambling.

In another landmark case for the industry, an Internet gambler pled guilty to charges of violating North Dakota state law in relation to Internet gambling activities. North Dakota resident Jeffrey Trauman, allegedly had no idea what he was doing was illegal when he began sports wagering five years ago. In fact, he even reported to the IRS on his tax returns that his occupation was a professional gambler.<sup>4</sup> The state of North Dakota prohibits any gambling that is not done in tribal casinos or for sanctioned charities. By state law, any bet over \$25 on a private premises, is an infraction, and any bet over \$500 is a misdemeanor.<sup>5</sup> The North Dakota Attorney General's Office said it began investigating Trauman last spring, after receiving a tip. According to the Court documents, Trauman gambled on sports events at Internet gaming sites

---

<sup>3</sup> *Id.*

<sup>4</sup> CasinoCityTimes, *Man fined for Online Gambling*, [www.casinocitytimes.com/news/article.cfm?contentID=136991](http://www.casinocitytimes.com/news/article.cfm?contentID=136991) (08.12.03)

<sup>5</sup> North Dakota Criminal Code, Ch. 12. 1-28-02

from June, 2001, to April, 2003, from his residence.<sup>6</sup> The East Central District in Fargo has ordered him to pay a \$500 fee in addition to receiving a deferred sentence. A small number of states have laws that specifically prohibit Internet gambling, but prior to this decision, not one of them has attempted to take action against the casual gambler.

### **Wagering Woes**

Bill Saum, the National Collegiate Athletic Association's ("NCAA") director of gambling activities, is trying to beat the odds in preventing wagering on college sports. Unlike professional players, who risk losing millions of dollars in earnings because of bets, college athletes get only the basics: scholarships that cover tuition, fees, room and board, and books. The issue surrounding college athletes now is money, which is causing concerns at NCAA that the lure of quick money could tempt a college athlete. Two high-profile cases this year have added to the NCAA's worries. Former Florida State University ("FSU") quarterback, Adrian McPherson pled no contest recently to gambling and theft charges after being accused of betting on FSU football games. Additionally, Washington football coach Rick Neuheisel was fired after participating in a high-stakes NCAA basketball tournament pool and then lying about it. Some studies, Saum said, reveal that 25 percent of football and basketball players wager on games, including 4 percent on the game in which their team is involved. Many use student bookies.<sup>7</sup> To confront the issue, Saum's game plan is to educate and reiterate the NCAA's policy, which prohibits all forms of gambling: no betting on one's games, no betting on other games, no pools, no exceptions. The NCAA has routinely held seminars and encouraged schools to use the NCAA's gambling position in media guides and programs. In January, the NCAA will speak

---

<sup>6</sup> North Dakota v. Jeffrey Trauman, June 9, 2003.

<sup>7</sup> Associated Press, *NCAA Stepping Up Attempts to Crack Down on Gambling*, [www.AZcentral.com/arizonarepublic/sports/articles/0818.html](http://www.AZcentral.com/arizonarepublic/sports/articles/0818.html) (08.18.03)

directly to college football coaches at their annual convention. But Saum believes the problem continues to grow, and the NCAA does not plan to back down on its policy.

College sports wagering is not the only betting venue that has sports enthusiasts up in arms. Several Internet gambling sites are taking wagers for Little League games as well. The Little League is taking steps through the Justice Department to stop betting on World Series games via the Internet. In recent years, live and taped television coverage of Little League games have exploded, with ESPN airing several dozen regional and national matches this year, prompting several Internet betting parlors to take wagers for these games. Nevada sports books are not allowed to accept Little League World Series bets, nor are they allowed to place lines in accordance with Nevada Gaming Commission regulation 22.120(a), which bars wagers on any “amateur noncollegiate-sporting or athletic event.” One Website operation known as Pinnacle, [www.PinnacleSports.com](http://www.PinnacleSports.com), was reportedly taking bets and allowing gamblers to wager on runs scored. “People have been sending us emails asking about it. If people are asking us to put lines up, we will take a look, and if information is available, a line will go up,” said Javier Van Derbiezen, Marketing Coordinator at PinnacleSports.com, in a report by USA Today.<sup>8</sup> He went on to say, “There is a limited amount you can wager. People do not wager \$1,000, \$5,000. It has to be for fun, to have a team to root for. People don’t do this like it’s the NFL. It’s more recreational. We try to keep it low-profile.” However, recreational gambling is exactly what Massachusetts CEO Mitt Romney had in mind when he made a gentleman's bet with Jeb Bush last week on the outcome of the Little League World Series game between the Saugus Little Leaguers and the Boynton Beach, Florida, team. The diamond heroes from Saugus fought their way back more than once in the tournament to face Florida in the national finals, but couldn’t

---

<sup>8</sup> Jeff Zillgitt, *Big-League Web Wagering Trickles Down to Little-League Level*, USA Today [http://usatoday.com/sports/columnist/zillgitt/2003-08-21-zillgitt\\_x.htm](http://usatoday.com/sports/columnist/zillgitt/2003-08-21-zillgitt_x.htm) (08.21.03)

beat the team twice in the tournament. That meant instead of Bush sending Romney a chunk of Angus beef and some fresh-squeezed Florida orange juice, Romney & Co. enlisted the help of Legal Sea Foods to pay up, which sent two lobsters, some littleneck clams, a pint of clam chowder with oyster crackers, corn on the cob, bibs, lobster claw crackers, and a lobster pot to the Florida Governor.<sup>9</sup> So, the question is where do we draw the line (no pun intended) on amateur wagering? Is a friendly bet, where the total cost of the items wagered equals an excess of hundreds of dollars, on par with a casual gambler placing a \$25 wager on his son's Little League team?

### **Gambling Around the States**

Internet gambling has become a hot topic among state and federal lawmakers. Following the House's passage of a similar bill in June, a Senate committee approved S. 627, which is a bill that would make credit card payments to gambling sites illegal. Now individual state's gaming commissions are looking to expand and further develop their own gambling industry. A Michigan appeals court, in a 2 to 1 decision, reversed a previous ruling and stated that several people and businesses providing goods and services to a casino are suppliers that must be licensed. The ruling granted the Michigan Gambling Control Board exclusive authority over the license and regulation of non-Indian casinos located in Detroit. The court ruled that plaintiffs are required to "exhaust their administrative remedies" and further stated that the people and businesses must make their case under administrative rules before going to court for relief.<sup>10</sup>

---

<sup>9</sup> Carol Beggy & Mark Shanahan, Mount Everest gets the Bambino; Mount Auburn gets a powerful lineup, Globe Staff, [http://www.boston.com/news/globe/living/articles/2003/08/26/mount\\_everest\\_gets\\_the\\_bambino\\_mount\\_auburn\\_gets\\_a\\_powerful\\_lineup/](http://www.boston.com/news/globe/living/articles/2003/08/26/mount_everest_gets_the_bambino_mount_auburn_gets_a_powerful_lineup/) (08.26.03)

<sup>10</sup> Associated Press, *State Appeals Court Rules for Gaming Board in Casino Case*, [www.miami.com/mld/miamiherald/6471571.htm](http://www.miami.com/mld/miamiherald/6471571.htm) (08.06.03)

The Mississippi Gaming Commission is also taking an active step towards curbing gambling woes. A statewide list of people who have voluntarily banned themselves from casinos is being considered by the commission. The offered amendment allows a problem gambler to voluntarily exclude themselves from all Mississippi casinos up to a lifetime, but no less than five years, by completing a single form. The commission would also like the violators of the self-imposed ban to be convicted for criminal trespass, which could lead to a year in jail, a fine of \$1,000 or both, if they try to enter a casino. Under the current self-exclusion regulation, a problem gambler can sign two-year agreements with individual casinos. The only penalty for breaking the self-ban is that any winnings must be forfeited. The amendment will require anyone who wants to complete a self-exclusion agreement to visit a commission office, rather than the casinos. “The commission will keep track of self-exclusion agreements and provide casinos with a list of people who signed the agreement,” said Commission Director Larry Gregory. “The self-exclusion list could be shared with the Louisiana Gaming Commission and the Choctaw Gaming Commission, which operates two casinos at Pearl River Resort,” Gregory said.<sup>11</sup>

Connecticut state officials are considering a proposal to bring gambling into Connecticut residents' homes. The Division of Special Revenue is debating whether to allow a cable access television channel that would show horse racing and let viewer's place bets over the phone.<sup>12</sup> Opponents are lining up against the company's proposal, saying it is another example of the menacing spread of gambling throughout Connecticut. They also say it is illegal. Off-Track Betting (“OTB”) parlors, where the public can watch horse races and bet at the same time are prohibited under state law, said Attorney General Richard Blumenthal — and approving Autotote Enterprises Inc.'s request for the channel would turn every home into a virtual OTB

---

<sup>11</sup> Mississippi Clarion-Ledger, *Mississippi May Toughen Self-Ban Rules*, [www.rgtonline.com](http://www.rgtonline.com) (08.20.03)

<sup>12</sup> Reported by the Hartford Courant, *Horse Racing Channel Seeks Spot on Connecticut Cable TV*, [www.wfsb.com/global/story.asp?S=1409508](http://www.wfsb.com/global/story.asp?S=1409508) (08.20.03)

parlor.<sup>13</sup> He alleged Autotote wants to expand its present telephone betting service by illegally pushing it into homes up to 12 hours a day. Autotote says broadcasting horse racing on TV is constitutionally protected commercial speech, but others disagree. A decision by the Connecticut's Gaming Policy Board is expected in November.

### **The Caribbean Presses On**

The Caribbean island nation of Antigua and Barbuda, at one point a booming haven for Internet casinos, is once again coming under fire. Federal prosecutors in Pittsburgh have moved to seize gold coins, a silver block and more than \$1.6 million in cash from three men accused of running an illegal offshore gambling business in Antigua, Belize and the United States. Forfeiture documents filed in a United States District Court in Pennsylvania, confirmed the Internal Revenue Service is investigating Carib Sportsbook & Casino, Carib International and other corporate entities controlled by Jon R. Rogers of Toronto, Ohio, John A. Thorne of Tampa, Florida, and another man identified as Peter T. Mowad.<sup>14</sup> The men, along with others not named, are under investigation for alleged unlawful transmission of wagering information, mail fraud, wire fraud and money laundering. From various locations in the Caribbean, they or their employees accepted millions of dollars in wagers on sports events from bettors in the United States, either over the Internet or by phone, according to the forfeiture document. The men are also accused of diverting millions of dollars of illegal income from Carib and a gambling supply, to a company they established in Florida, for their own benefit.<sup>15</sup> Since the site's launch in 1993, and until this year, court papers indicate, the three men and others operated an offshore gambling

---

<sup>13</sup> John Foley, *Here's Another Bad Bet for State Residents*, TheDay.com <http://www.theday.com/eng/web/newstand/re.aspx?reIDx=B4DBBB44-BB33-427B-8330-CBD3367D6CE6> (08.25.03)

<sup>14</sup> Torsen Ove, *Prosecutors Want Assets of Accused Gamblers*, Post-Gazette [www.post-gazette.com/localnews/30030802forfeit0802p8.asp](http://www.post-gazette.com/localnews/30030802forfeit0802p8.asp) (08.02.03)

<sup>15</sup> *Id.*

business known as Carib in Antigua, Belize and the United States. Officials with the federal prosecutor's office in Pittsburgh declined to comment on the investigation. The IRS spokesperson said there was no time table on when the agency would make a decision on whether it will press charges.<sup>16</sup>

In a continued effort to determine if the United States' efforts to crack down on offshore Internet gambling operations violate international trade accords, representatives from the United States and the islands of Antigua and Barbuda recently met in Geneva under the chairmanship of the World Trade Organization's ("WTO") Secretariat. Sparking a bid to have the United States brought before the WTO, Antigua and Barbuda have said that while United States laws permit domestic operators to offer all types of gambling and betting services in America, foreign operators are prohibited from supplying gambling and betting services from outside the United States. Antigua and Barbuda delivered a complaint against the United States to a WTO dispute body in June, and later the case appeared before the dispute settlement body again in July, but this time it authorized the establishment of a panel to resolve the dispute. In spite of this, neither side was able to agree upon the composition of the dispute panel that will mitigate their argument. Sir Ronald Sanders, Antigua's Senior Foreign Ministry Official and Chief Negotiator, ultimately exercised his right to ask the WTO's Director General to appoint the panel. The next step is for the parties to present their arguments to the dispute panel. Sanders said WTO policies dictate that the case must proceed. "It has to happen within 30 days," he said. "There are very

---

<sup>16</sup> Kevin Smith, *IRS Investigates Carib*, [www.igamingnews.com/index.cfm?page=artlisting&tid=4455](http://www.igamingnews.com/index.cfm?page=artlisting&tid=4455) (08.15.03)



clear rules laid down on all of this, you know; there is no hemming and hawing about it. They just have to proceed on the basis of the rules.”<sup>17</sup>

## **National Gambling Outlook**

The recent passage of legislation in the Senate may have a serious effect on the ability of Internet gaming companies to continue marketing to American customers, who comprise the largest market in Internet gaming. This, combined with the spread of prohibitionist sentiments towards Internet gambling on the rise, has industry leaders looking at innovative ways to bring in new clientele. An amusement traditionally delegated to small groups of family, friends and co-workers is fast becoming a multimillion dollar business for international online corporations. As the Internet and sports coverage has gained popularity and capability throughout the past decade, so too has fantasy football and other fantasy sports leagues. From free games to entry fees of \$1,000, there are hundreds if not thousands of different options for individuals or groups to enter a fantasy football league. Many of the fantasy football leagues, including Yahoo and Sportsline.com, have instant scoring and messenger capabilities. Sportsline.com formerly offered free fantasy football games, but after advertising revenue slowed on the Net, it switched to pay leagues. Sportsline.com netted \$9 million in fantasy football revenue last year, out of \$11 million in overall fantasy revenue. Yahoo Sports, at <http://football.fantasysports.yahoo.com>, offers a free game and over 1 million fantasy football players, said Dan Berger, general manager. While Yahoo Sports tries to get players of the free game to purchase stat tracker programs or join their pay version of the game, a primary goal is to integrate fantasy football players to other parts of the Yahoo Website. He went on to say that most fantasy football players join a league so they can have bragging rights over their friends and are not primarily concerned with the prizes

---

<sup>17</sup> Bradley Vallerius, *No Progress for US, Antigua in WTO Dispute*, [www.igamingnews.com/index.cfm?page+artlisting&tid=4463](http://www.igamingnews.com/index.cfm?page+artlisting&tid=4463) (08.20.03)

involved.<sup>18</sup> Yahoo's free game has no prizes, while their pay version offers a trophy. ESPN, a name that is synonymous with sports, even has its own fantasy football league at ESPN.com offering a variety of prizes as payoff. The Fantasy Sports Trade Association found in its own survey of 455 fantasy players, that 93 percent were playing fantasy football and 63 percent were playing fantasy baseball. The survey, conducted by the University of Mississippi, found the average player had been playing for six years and is involved in more than two fantasy leagues.<sup>19</sup> Of course, there is always opposition where gambling interests are concerned. Rev. Tom Grey, Executive Director of the National Coalition Against Legalized Gambling, said that his group is primarily concerned with stopping lotteries, casinos, and dog and horse tracks in states. However, he said there is a problem with sports betting and is concerned fantasy football could lead to more gambling on sports.<sup>20</sup>

Undaunted by pending legislation, Poker.com, Inc., announced it may be positively impacted by legislation banning the use of credit cards, wire transfers and other banking instruments to fund Internet gambling activities by American citizens. Poker.com, Inc., through the operations of the company's wholly owned subsidiary, Skill Poker.com, Inc., claims it will enable the playing of poker games on the Internet without contravening proposed legislation such as, and similar to, the Kyl Bill, S. 627. Once, the only way to get into a high-stakes poker game was to sidle up to a burly guy with stubble and mob connections. Now the player is only a mouse click away. The Skill Poker system at [www.SkillPoker.com](http://www.SkillPoker.com) is the development and operating division of the company, focusing on the completion and marketing of a patent

---

<sup>18</sup> Vince Blaser, *Fantasy Football is Booming*, [http://www.knoxnews.com/kns/football/article/0,1406,KNS\\_321\\_2196256.00.html](http://www.knoxnews.com/kns/football/article/0,1406,KNS_321_2196256.00.html) (08.20.03)

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

pending technology known as Skill Poker. “We are excited about the anticipated launch of Skill Poker which will be the legal and possibly only choice for U.S. based online poker players,” stated Mark Glusing, President of Poker.com, Inc., in a recent press release from the company.<sup>21</sup>

The Pentagon's relentlessly vilified plan for a terrorism “futures” market was called off before it saw the light of day, but some private Internet betting exchanges may soon pick up where the government left off. It was the Pentagon’s hope that such “futures” contracts would help it take advantage of the predictive ability of markets to help prevent future attacks and track key political developments. The Internet's ability to move information instantaneously and cheaply makes it possible to push decisions down to the level of the individual, or, at least, the individual operator of a computer. This capability has made it possible to imagine making a market out of almost anything. Futures markets for everything from box office receipts to orange juice have often proven uncannily accurate at assessing the likelihood of a potential outcome, and economists said political contracts were the next logical step.<sup>22</sup> While Congress ripped apart plans for contracts on assassinations and terrorist attacks, the exchange also planned “futures” based on the stability of governments in the Middle East that could have yielded valuable intelligence about the unpredictable region. Earlier this year, Tradesports.com received widespread notoriety for its “futures” contracts on when Saddam Hussein would be deposed as the leader of Iraq. Now it has contracts on when Saddam will be found, along with another on the likelihood of weapons of mass destruction being uncovered in Iraq.<sup>23</sup> Another Website offering

---

<sup>21</sup> Poker.com Inc., *Poker.com Inc. is encouraged by Passing of the Kyl Internet Gambling Prohibition Bill*, <http://www.winneronline.com/articles/august2003/pokercom-kyl-internet-gambling-prohibition-bill.htm> (08.01.03)

<sup>22</sup> Eric Burroughs, *Online Exchanges Mull Pentagon-Style Terror Futures*, <http://www.reuters.com/newsArticle.jhtml?type=internetNews&storyID=3256027> (08.11.03)

<sup>23</sup> *Id.*

wagers on current affairs is NewsFutures.com, <http://us.newsutures.com>. Its contracts include whether Arnold Schwarzenegger will be elected governor of California and whether British Prime Minister Tony Blair will lose his job this year. NewsFutures powers a worldwide multilingual network of exchanges that involves several different Websites and proposes a wide variety of speculation topics. In general, the bettor invests in specific outcomes by buying contracts with prices between X\$1 and X\$99 (“X\$” is the game's play money). While the outcome is undecided, supply and demand determine the appropriate price for these contracts. Then, when the outcome is finally known, the winning contracts are cashed in for X\$100 each, while the losing contracts are worthless. Trading contracts based on broader political events, especially those of interest to global financial markets, would be feasible and help define in a more transparent way their potential impact.

### **Gambling Proliferation in the Americas**

While United States lawmakers work diligently to forge ahead with gambling prohibition efforts, conversely, our neighbors to the South are beginning to see its money making potential. New offshore sportsbook BetPanAm.com, [www.BetPanAm.com](http://www.BetPanAm.com), is the first officially licensed and government regulated sportsbook in Panama. Panama shares banking regulations with the United States. It is also an industrialized country in which English is the primary language. Every gaming licensee must post a \$500,000 bond with the government to insure payment in any disputed claim that is upheld. “Our license was three years in the making and has teeth in it to protect players. Regulatory due diligence is strict and goes over the past history of those applying for a license with a fine tooth comb, so dead beats and other bad elements are screened out

before they get very far in the process,” explained Senior Management Marty Monroe.<sup>24</sup> The book will open with a world class betting menu for sports enthusiasts, and will soon be followed with pari-mutuel horse betting, poker tournaments and soccer from around the world. Louis Sola, vice president of Centre for Multimodal and Industrial Services (“CEMIS”), is developing a sister site in Panama and said it is nearly 99 percent ready to go. CEMIS's site will be accessed via [www.rumbacasino.com](http://www.rumbacasino.com) and will have a companion sports book with [rumbasports.com](http://rumbasports.com). Sola is eager to be part of the foundation for online gambling in Panama, but recognizes the risk with a new jurisdiction and trying to compete with already existing sites.<sup>25</sup>

Developments in Mexico are improving the odds that the country’s Congress is moving towards legalized casino gambling. Most important to the changing political landscape, Mexico President Vincente Fox received the resignation of the Former Minister of Tourism, and, to the surprise of most observers, appointed his Press Secretary, Rudolfo Elizando, to the key position. “This is the first time Mexico has ever had a tourism secretary who is an open advocate of casino gambling,” said former Nevada Gov. Bob Miller, who just returned from a fact-finding and consulting trip to Mexico.<sup>26</sup> Mexico has the second-largest and fastest-growing middle class in the Western hemisphere, making it an attractive investment opportunity for companies with substantial cash flow that are targeting such demographics. In addition, the development of gambling in Mexico should help create new feeder markets there for Las Vegas. Professor Bill Thompson of the University of Nevada, Las Vegas, explained that legalizing gambling in Mexico represents an opportunity for Las Vegas-based companies such as Las Vegas Sands Inc.,

---

<sup>24</sup> Staff, *BetPanAm Launch*, [http://www.onlinecasinonews.com/ocnv2\\_1/article/article.asp?id=3854](http://www.onlinecasinonews.com/ocnv2_1/article/article.asp?id=3854) (08.18.03)

<sup>25</sup> Kevin Smith, *New Opportunities in New Jurisdictions*, <http://www.igamingnews.com/index.cfm?page=artlisting&tid=4472> (08.25.03)

<sup>26</sup> Rod Smith, *Mexico May Be Opening to Casino, Could Benefit Las Vegas*, [www.RGTOnline.com](http://www.RGTOnline.com) (08.19.03)

MGM Mirage, Harrah's Entertainment, Park Place Entertainment Corp. and Wynn Resorts that have been aggressively pursuing casino development overseas.<sup>27</sup> The lower chamber of the Mexican Congress in December passed legislation that would have legalized gaming, but excluded casino gambling in resort destinations. That legislation later failed, however, it aided in enabling the potential for reviving resort casinos in the upcoming Congress. Miller said one constant in conversations with Mexican leaders has been the understanding that gambling will have to be tightly regulated, transparent and void of even the appearance of corruption.<sup>28</sup> The Mexican Chamber of Commerce has estimated casinos could attract another 11 million visitors to Mexico yearly. The Mexican Association of Hotels and Motels estimated initial costs of \$1.8 billion to build 10 casinos that could generate \$3 billion in total revenues a year and create 115,000 possible employment opportunities.

### **International Gambling Outlook**

Global gambling continues to be on the rise chiefly because of technology, which makes it possible to place bets cheaply over long distances. That allows people in countries where betting and gambling are either corrupt, as in many east Asian countries, or crippled by legislation, as in the United States, to move their business to friendlier environments. Casino gaming in Guam has been, and continues to be, a controversial topic with the islands predominately Catholic population and the Catholic Church's opposition to gambling. Speeches from various supporters of casino gaming at a "Citizens for Economic Diversity" ("CFED") press conference looked to build a convincing case for pushing senators to vote through a Voter Introduction Program ("VIP") bill recently submitted by the CFED. The CFED already has a casino gaming measure on the next general election ballot in November of 2004. Their VIP bill

---

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

would put the question before voters if it were to find the support it needs in the Legislature and from the Governor.<sup>29</sup> As to whether lawmakers will vote the bill through and if the Governor will sign it into law, that remains to be seen, as does whether voters will want to take a chance on casino gaming if they have the opportunity to go to the polls on the issue.

Additionally, China is on the fast track to becoming the world's largest Internet market within the next few years. Australian IT News reported that there were roughly 68 million Internet users in China at the end of June 2003, putting the world's most populous nation second behind the United States in terms of people utilizing the Internet.<sup>30</sup> Existing land-based casinos in China, isolated solely in Macau, generate in excess of \$2 billion in revenues per year. According to SINA.com, by 2006, China will make up 53.1% of Asia's Internet Users, 51.2% Internet buyers, and 48.6% of e-commerce. With this type of surge in China, it comes as no surprise that Internet casinos are looking for a way to enter Asia's multi-billion dollar gaming market. AngelCiti Entertainment, Inc., recently announced that it will be initiating a Chinese based language Internet casino, and will be adding additional Asian language based Websites. "Shares in Chinese web portals such as China.com and Sina Corp, which have risen dramatically this year, have given clear indication that the capital markets agree this is a strong direction for AngelCiti to take. Given the immense size of the Chinese-speaking markets, and the Asian markets as a whole, we anticipate this strategic move will have a dramatic impact on our revenues for the remainder of 2003 and beyond," remarked AngelCiti Chief of Operations Wilson Lee, who formerly headed up WebVenture Asia. Exceeding \$1.2 billion dollars spent

---

<sup>29</sup> Ken Wetmore, *Is Casino Gambling the Best Bet for Guam?* KUAM News  
[www.kuam.com/news/story.asp?headline=6913](http://www.kuam.com/news/story.asp?headline=6913) (08.19.03)

<sup>30</sup> AngelCiti Entertainment, Inc. Press Release, *AngelCiti To Open Chinese Language Online Casino*,  
<http://www.winneronline.com/articles/august2003/angelciti-chinese-online-casino.htm> (08.01.03)

online in 2002, it is easy to see how China is the fastest growing multi-billion dollar Internet market in the world.

### **Strange but True**

A drug given to Parkinson's patients may have an unexpected side-effect – compulsive gambling, the team at the Muhammad Ali Parkinson Research Center in Phoenix, Arizona, recently reported. An unusually large number of patients taking Mirapex gambled themselves into debt, while patients taking other drugs did not, the United States researchers reported. Dr. Mark Stacy and colleagues studied more than 1,800 Parkinson's patients for one year. Of the 529 patients who received Mirapex, sold by Pfizer subsidiary Pharmacia and Co. under the brand name Pramipexole, eight developed serious gambling addictions, Dr. Stacy and colleagues reported. Although none had a previous history of gambling, “Seven men and two women were found to have gambling behavior severe enough to cause financial hardship, and two patients reported losses greater than \$60,000,” they wrote in their report, published in the Journal of Neurology. The rate of pathological gambling found in the 529 Pramipexole patients was 1.5 percent, only slightly higher than the reported rate in the general population, which ranges from 0.3 to 1.3 percent. “However, this clinical observation suggests that higher dosages of dopamine agonists may be a catalyst to bringing out this destructive behavior,” Dr. Stacy explained. For most patients, the gambling behavior subsided after their drugs were changed. The researchers did not say how the drugs might cause gambling. “It may be appropriate for doctors to inform patients of this potential risk, particularly in their patients taking relatively high dosages of a



dopamine agonist, and with a documented history of depression or anxiety disorder,” Dr. Stacy cautioned in a statement released by the American Academy of Neurology.<sup>31</sup>

*Lawrence G. Walters, Esq., is a partner in the national law firm of Weston Garrou & DeWitt, with offices in Orlando, Los Angeles, and San Diego. Mr. Walters represents clients involved in all aspects of online gaming operations. Nothing in this article constitutes legal advice. Please contact your personal attorney with specific legal questions. Mr. Walters can be reached at [Larry@LawrenceWalters.com](mailto:Larry@LawrenceWalters.com), through his website: [www.GameAttorneys.com](http://www.GameAttorneys.com), or via AOL Screen Name: “Webattorney.”*

---

<sup>31</sup> Maggie Fox, *Parkinson’s Drug Side-Effect—Gambling?*  
[http://story.news.yahoo.com/news?tmpl=story&u=/nm/20030811/hl\\_nm/health\\_gambling\\_dc\\_1](http://story.news.yahoo.com/news?tmpl=story&u=/nm/20030811/hl_nm/health_gambling_dc_1)