In this series, we have already discussed some of the key issues a jurisdiction should consider when licensing, regulating and taxing entities and individuals involved in the Internet gaming industry. Our focus has been on the implementation of various procedures and safeguards to ensure that the integrity and legality of the industry is maintained. We now turn to the topics of problem gambling and underage gambling, and in a similar fashion to our other articles, we will explore the various safeguards a jurisdiction can undertake in order to prevent the proliferation of these social concerns within its borders and maintain the integrity of the industry.

**Problem Gambling**

Problem gambling can be broadly defined as a mental health disorder in which an individual has a psychological preoccupation with, and urge to, gamble. In essence, problem gambling is gambling behavior that causes disruptions in any major area of life: psychological, physical, social or vocational." Without supportive interventions, gambling may progress to levels at which the emotional and financial consequences of the behavior can compromise, disrupt or destroy the gambler’s personal life, family relationships and vocational pursuits. This more serious condition is known as pathological gambling, a progressive disorder in which the individual is unable to control his or her gambling, much like those addicted to alcohol are unable to control their drinking. This is characterized by an increasing preoccupation with gambling, a need to bet more money more frequently, restlessness or irritability when attempting to stop, “chasing” losses, and the loss of control manifested by continuation of the gambling behavior in spite of mounting, serious, negative consequences. 2 Pathological gambling is a diagnosable and treatable mental health disorder that has been recognized by the American Psychiatric Association since 1980. 3

Before the dawn of the Internet, an individual who had a desire to gamble would have to travel to a nearby casino. If a local gaming establishment did not exist, gamblers likely would be required to travel to someplace like Las Vegas. However, the Internet now allows individuals to gamble in the comfort of their own homes. With that convenience also comes the opportunity for problem gambling to propagate. Specifically, several factors exist in online gambling that could amplify the risk of developing a gambling problem. At a minimum, these include: availability of gambling 24 hours a day in one’s own home; risk of exposure and access by children and young adults under 21; and dissociation between players and money spent, i.e., players forgetting that they are spending real money or not realizing how much they have spent. A 2009 report prepared for the Ontario Problem Gambling Research Centre noted that the rate of problem gambling is three to four times higher among people who gamble on the Internet compared to non-Internet gamblers. 4 Specifically, the report concluded that the risk of problem gambling among people who gamble on the Internet is 37.9 percent versus 7.7 percent for non-Internet gamblers. 5

Therefore, coupled with the legalization of Internet gambling comes the need to boost awareness of problem gambling. Many avenues exist for a jurisdiction to implement safeguards, both public and private, against problem gambling. One of the most fundamental ways jurisdictions can help combat problem gambling is by establishing and being actively involved in public awareness and outreach programs that are designed to educate the public about pathological gambling. For instance, the Oregon Lottery not only funds problem gambling treatment programs across the state, but also produces problem gambling public awareness campaigns. Its latest public awareness campaign, which began with television and print ads in March of this year, is targeted primarily at women. The campaign aims to take the fear and stigma out of getting treatment by emphasizing the fact that a fundamental part of getting help is something that comes naturally to most women: talking to someone they trust. 6 According to Oregon Lottery Assistant Director for Marketing Carole Hardy, who also serves as chairwoman of the Oregon Council on Problem Gambling, “The campaign speaks directly to gamblers in a positive tone….The message focuses on the solution more than the problem and offers problem gamblers hope that, by talking to a counselor, they can regain control of their lives and find ways to repair the relationships they may have damaged along the way.”

Of equal importance is corporate support of community non-profit organizations that help educate the general public and serve as an advocate for programs and services to assist problem gamblers and their families. For instance, the Nevada Council on Problem Gambling is a non-profit education and referral agency whose efforts are focused on addressing the impact of problem gambling on the citizens,
businesses and communities in Nevada. The council is a 501(c)(3) organization, funded through fees for services and voluntary contributions from individuals and businesses in Nevada. Accordingly, the council needs to rely on the contributions of corporate citizens to stay viable.

In addition to general public campaigns, a jurisdiction must also focus its efforts on combating specific hazards associated with Internet gaming. To proactively address these hazards, a jurisdiction may choose to impose specific regulatory requirements on licensees, which can include:

- Advertising restrictions and/or warnings of problem gambling in advertising;
- Prohibiting persons from gambling on credit or from using credit cards to establish accounts;
- Establishing maximum wagers and/or loss limits;
- Using software that identifies potential problem gambling by analyzing gambling patterns;
- Providing access to logs of play so that players know the time they’ve spent gambling and the amount of money they’ve wagered;
- Providing information to players regarding problem gambling programs; and
- Using national or international databases that identify and exclude problem gamblers.1

For example, when a player logs on to a gaming website, responsible gaming messages could be posted on the player's screen as well as information related to the amount of time the player has been playing during the current session, including his or her winnings or losses during that session. The website could also periodically require that the player confirm that he or she has read these alerts. Moreover, if the player feels that he or she has a gambling problem, the website should have access to problem gambling programs and should also allow the player to ban him or herself from the website by writing to customer service or clicking on a hyperlink. These are just a few of the safeguards that, due to the make-up of the Internet, are made readily available to online operators.

Underage Gambling

With the proliferation of Internet gaming websites also comes the increased risk of underage gambling. Critics of Internet gaming fear that children will log on to these websites and gamble anonymously from the sanctity of their bedrooms. However, the structure of the Internet also easily accommodates a number of safeguards against underage gambling, including protections that are not necessarily available in traditional gambling environments. Specifically, controls to combat the threat of underage gambling include verifying the identity, age and residence of the user through existing third-party systems; requiring players to provide a variety of personal information and supporting documentation (such as bank account information, which minors often do not have access to); and password-protecting gambling accounts.

Such techniques against underage gambling have already proven effective in European nations where regulated Internet gambling is already a reality. In fact, as noted by Michael Colopy, senior vice president of Aristotle Inc., a leading provider of online identity and age-verification services for clients in the private and public sector, “As ever more efficient technologies and reliable databases have been developed, online transactions have become, in many instances, faster and less risky than the visual driver’s license scan that suffices for alcohol or cigarette purchases in America’s neighborhoods.”2

Accordingly, regulation in association with well-designed and implemented controls can protect against underage gambling.

2 Id
5 Id
7 Id
8 See 501(c)(3) of the Internal Revenue Code

Final Thoughts

To conclude, with the legalization of Internet gambling comes the responsibility to increase knowledge and improve awareness with respect to problem, pathological and underage gambling, including supporting and augmenting existing programs. Indeed, the regulation of online gambling should serve as a thoughtful undertaking that provides gamblers important tools for controlling their gambling through techniques such as self-imposed bet limits, maximum loss limits for a period of time, or even time-of-play limits. This is not only the responsibility of the jurisdiction that regulates online gaming, but it also is the responsibility of its licensees. For instance, a jurisdiction may require each prospective licensee to submit a plan that explains how it will combat problem gambling and underage gambling before it is granted a license. Moreover, each licensed operator must be able to prove that it has policies and procedures in place to identify and deal with these social concerns. If a licensee fails to implement such policies and procedures, it will likely be subject to penalty.

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