

The Hon. Frank R. Wolf
Consequences of Undermining the Internet Gambling Ban
Subcommittee on Commerce, Manufacturing, and Trade
Energy and Commerce Committee
November 18, 2011

I would like to thank the chair, Mrs. Bono Mack, for the opportunity to testify this morning. I appreciate her willingness to let me discuss the dangers of legalizing Internet gambling, including poker, and the difference between destination gambling and convenience gambling.

I know that many members of this committee are aware of my strong concerns about the spread of gambling in our society. I could spend all day cataloging story after story of ruined families, bankruptcies, suicides and official corruption.

Gambling is a dangerous activity and study after study has shown that for many in our society, there is no question that it is strongly addictive.

Following the enactment of the hard-fought ban on Internet gambling in 2006, I never thought I would see that day that a Republican House would even consider weakening this law. For a party that champions families and traditional values, I assure you that Internet gambling is contrary to family values.

The legalization of Internet poker will enable the spread of gambling to every computer, iPad, iPhone, Blackberry, Android and Windows phone in the country.

It will send a signal to Americans that gambling is permissible and encouraged. And it will be a windfall to the most powerful gambling interests in this country at the expense of American families and taxpayers.

There is no question that the social and economic effects of gambling fall disproportionately on three groups; the poor, the elderly and the young. Notably, these are the same groups of Americans that have been hit hardest by the recent recession.

Although some have disingenuously championed this legislation as a potential budget windfall, I assure you that what tax revenue it generates will overwhelmingly come out of the pockets of the most vulnerable populations.

Gambling is no budget panacea – what little tax revenue it would generate, taxpayers would pay out far more in the criminal justice system, gambling treatment programs, and social services. In fact, according to a July 2010 *New York Times* article, the social costs of gambling outweigh the revenue by a factor of 3 to 1.

Reports done in both the 1990s and the 2000s have shown that increases in legalized gambling have led to a significant increase in suicide rates.

A 2008 report by a sociologist at Temple University found that, “the odds of suicide among Las Vegas residents was at least 50% greater than among residents elsewhere in each of the three decades we observed.” There’s no question that this is due to the regular access to gambling.

According to a July 2011 *Daily Finance* article, “When it comes to severity, America’s gambling addiction isn’t too far behind the nation’s drug problem, and it’s growing. In 2007, Americans lost more than \$92 billion gambling, about nine times what they lost in 1982, and almost 10 times more than what moviegoers in the U.S. spent on tickets that same year.”

Baylor University professor Earl Grinols estimates that “addicted gambling cost the U.S. between \$32.4 billion and \$53.8 billion a year.”

I have long been concerned about the predatory nature of gambling and the corruption that is often associated with it and was the author of the legislation that created the National Gambling Impact Commission. I strongly supported its recommendations, including the 2006 Internet gambling ban.

This law was important because it dramatically limited convenience gambling in the U.S. The important distinction between destination gambling and convenience gambling is that, by its very nature, destination gambling is entertainment and is generally limited to vacations for most Americans. This limits the opportunity for addiction to develop and reduces the risk of regular gambling.

However, online gambling is the ultimate in convenience gambling. Internet gambling is “the crack cocaine of gambling,” according to the CEO of Promises Treatment Centers.

With the explosive growth of smartphones, tablets and mobile broadband, the potential availability of Internet poker has grown exponentially just in the 5 years since it was outlawed in 2006.

It would be like having a casino at your fingertips 24 hours a day, 365 days a year. People would be able to gamble in their bathrobes, in their family rooms, at work or in college dorm rooms. People will be able to gamble whenever and wherever they want.

In addition, pathological gamblers will become easily addicted to online gambling because of the Internet's easy access, anonymity and instant results. This legislation will only fuel the epidemic of gambling addiction.

According to CitizenLink, should the current law be overturned, “the estimated costs of Internet problem and pathological gambling addictions among adults each year in the U.S. would be \$18 billion. It would total \$7 billion for those under age 18.”

Finally, Internet gambling can provide a nearly undetectable harbor for criminal enterprises. The anonymity makes online gambling more susceptible to crime.

Gambling also leads to increases in public corruption. Remember, the Abramoff scandal all started with gambling.

The current law is working – and saving lives. According to the Annenberg Public Policy Center, within one year of the Internet gambling ban’s enactment, “Card playing for money among college-age youth (18 to 22) has declined... Weekly use of the Internet for gambling also declined among this age group. Both declines are statistically significant.”

I urge this committee to oppose any legislation that would weaken current law and expand online gambling, including poker. Should such a bill be reported out of this committee or, worse yet, be passed by the House, it would be a sad commentary.

Thank you.