The Problem Of Online Casino Essay, Research Paper

In our society today, computer technology plays an important role in many forms of entertainment, especially in the field of online casino. As technology advances, net gambling is becoming more and more popular. While its popularity is skyrocketing, ambiguity surrounds its legality. Although most states allow some form of gambling activities, many states seek to prohibit online gambling because of the potential for fraud over the Internet, children’s access to gambling sites, an increase in gambling addictions, and the need to preserve state revenues generated from legally enforced (and state-run) gambling operations.

In order to understand the first concern about the potential for fraud over the Internet, one must understand how a typical Internet gambling site works: Gamblers provide their credit card numbers and social security numbers, or mail in deposits between $100 to $500, to open up accounts. On-site operators receive the bets that the gambler places. On-site operators use computers to run complex programs to simulate gambling games, such as the spin of a roulette wheel. Upon completion of a game, an on-site operator reports back to the gambler to notify whether they have won or lost. The design of an online gambling site precludes gamblers from investigating whether games are operated fairly. Therefore, gamblers are at the mercy of those on-site operators who manipulate the odds or who falsely report game results. According to Bernard Horn of the National Coalition Against Gambling Expansion states, “there’s just no way to tell if virtual dice, roulette or cards are rolled, spun or dealt randomly…or whether they’re responding to a sequence…to cheat customers.” In contrast, traditional casinos are investigated to ensure that gamblers are provided with fair opportunities to win. A further problem of online gambling is that on-site operators will not properly credit winnings. If on-site operators fail to properly credit winnings, gamblers will have a lot of difficulty finding on-site operators in cyberspace. Often, when too many gamblers win, online operators simply shut down their web sites and open new online gambling sites.

A second problem with online gambling is the ease with which children can access cyber-casinos. This easy accessibility stems, in part, from the pervasiveness of the Internet in homes. “Having a casino in one’s home only encourages gambling addicts and sparks that interest of children” (Bob Goodlatte, 1999). In addition, it is possible that some children using their parent user name and password to gamble on the net without their parent notice because people usually save their user name and password in “login” to avoid the hassle of logging in each time. A further possible danger is if the children notice their parent’s credit card number, they might use it to gamble on the net too. In psychology study, most of the children are not mature enough to know whether it is right or wrong. They just do it out of their curiosity.

A third problem is that online gambling will lead to a rise in gambling addictions. Gambling addictions may increase because of the detached gambling environment on the Internet. The Internet provides a detached gambling atmosphere because there is no tangible representation of money, such as chips, being won or lost over the Internet. As a result, gamblers may lose track of how much money is being won or lost and may gamble beyond their means. For example, there had a recent report said that a woman called Cynthia Haines had lost her consciousness from losing a lot money when she used her credit cards to gamble over the Internet from her home in California. When she realized she was losing money, her credit issuer, Providian National Bank, sued her due to unpaid bill. In contrast, at traditional casinos, gamblers are able to see how many chips are being won or lost and, consequently, they may gamble in moderation.

Although unspoken by most state officials, a fourth reason why states want to prohibit online gambling may be the need to protect state revenues generated by legal and state-run gambling operations. States profit from taxes on winnings and net revenues from legalized gambling. The legalization of Internet gambling may cause states to lose some revenue generated from legalized gambling operations because many gamblers would spend their money online. Moreover, states lose revenue by not being able to tax gamblers who win over the Internet; gamblers who win over the Internet have an incentive not to pay tax on their winnings because the Internal Revenue Service (”IRS”) lacks the resources to track online gamblers.

In light of the four problems of online gambling, states have taken action to prohibit Internet gambling. Some states have already relied on state gambling laws or consumer protection laws to prohibit online gambling. Although some states have taken decisive action to prohibit or regulate online gambling, state regulation is largely ineffective because the Internet transcends state and national boundaries. Until recently, the federal government has played a minimal role in regulating gambling, leaving the states to adopt their own laws and regulations. However, because Internet gambling transcends state boundaries and is difficult for states to regulate, the online gambling laws are still unclear.