

Is Your Organization Holding Back for the Wrong Reason?

The five most common myths and misconceptions about online gaming

By Rob Gallo



Similar to the presidential elections, there's so much information swirling about on online gaming, it's hard to separate facts from fiction. The purpose of this article is not to sway you one way or the other, but to objectively provide you with the facts about online gaming and let you make your own determination.

Having said all of that, for those of you who know me, you can skip to the next paragraph, but for those of who don't, in full disclosure, I founded and operated an online casino in 1997 and an online poker room in 2001, so I may be somewhat biased in favor of online gaming. ;)

Let's discuss the most common myths about online gaming:

1. Underage gambling. It's been said that online gambling will be an easy entry point for underage gambling to take place. First of all, I had personally frequented

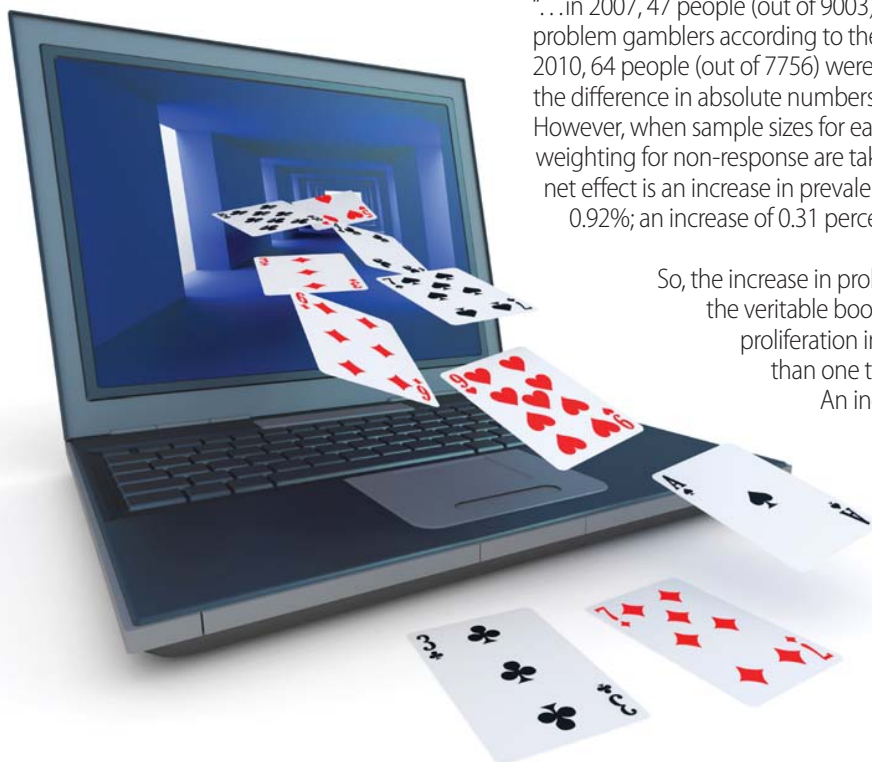
land-based casinos in Atlantic City at the age of seventeen, so land-based operators should look at age verification within their own establishments. If you ask them, they will defend it vehemently, but underage gambling does happen in the brick and mortar casinos.

Online, it is a bit more difficult for underage gamblers to participate, at least in highly regulated markets, because of the KYC documentation needed in order to even sign up. Players in Delaware, New Jersey and Nevada need to enter their Social Security number, which the online operators then cross-reference with registered databases to ensure that the persons are who they say they are. As an aside, this is one of the "onerous details" that is seemingly turning off some potential online gamblers who are not comfortable relinquishing this data to a casino.

2. Problem gambling. While this point can easily be debated from both sides, let's look at a case study from a mature market like the UK, where online gambling has been regulated for over a decade. On page 84 of the [British Gambling Prevalence Survey 2010](#), where it talks about problem gambling, there has been an increase, but it is negligible. Here is an excerpt from the report:

"... in 2007, 47 people (out of 9003) were categorised as problem gamblers according to the DSM-IV screen. In 2010, 64 people (out of 7756) were categorised the same, the difference in absolute numbers is just 17 people. However, when sample sizes for each survey year and weighting for non-response are taken into account, the net effect is an increase in prevalence from 0.61% to 0.92%; an increase of 0.31 percentage points (pp)."

So, the increase in problem gambling during the veritable boom in online gaming proliferation in the UK was less than one third of one percent. An increase nonetheless, but not to the monumental degree that some would have you believe.



I would venture to say more people might be addicted to “Candy Crush.”

- 3. Money laundering.** First, let’s define the term money laundering. According to my friends at Google, money laundering is “the concealment of the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses.”

From the beginning of the online gaming industry, up to and including today, the only way to get money into an online casino is through electronic means. Meaning that someone will have to have money in a bank account, or on a credit card, or some other form of “traceable” method of holding money. This makes it incredibly easy to see where that money came from. Compare this to how the majority of money is brought into and wagered in a land-based casino . . . CASH! A completely non-traceable means of wagering on casino games, and when someone wins enough, the casino will send the person home with a check, or bank wire the funds into their bank account, “cleanly.”

Can money laundering happen in both instances? I am sure that it can, but again, online gaming is not anymore rife for laundering money than a land-based casino is.

- 4. Cheating.** With this one, I will capitulate (even though I am trying to be objective for both sides of the argument), and agree that cheating is much more of an issue online than it is in a land-based casino. But again, let’s define the word cheating, in the context of gaming.

Cheating by the house, or gaming operators themselves manipulating the payout odds, or messing with the RNGs, is no more likely to happen online than it is in a land-based casino. Let’s face it, the days of physical, reel-spinning machines are over, and everything is digital anyway. So, whether you are sitting in front of a Wolf Run machine in Caesars, or at home on your couch, the RNG has been certified by GLL and is overseen by the same regulatory body in either case.

Cheating by other players, particularly in poker, where you are playing against other players and not the house, it is much easier for other players to collude against a third opponent. While some online poker rooms claim to have proactive “collusion detection” systems in place, the truth is that it is generally caught after the fact. Having said that, the beauty of the online gaming environment is that it is easy to see after the fact, make the necessary financial

restitution to those cheated, and punish those who had conspired to cheat in the first place.

- 5. Corrupting the moral fiber of the American people.** Some land-based casino operators are loudly opposed to online gaming and play the “moral card.” If you go that route, land-based gaming provides the same “morally objectionable” service to millions around the globe. People are going to do what they want to do. That IS America. The inalienable right to choose between right and wrong.

Is online gambling perfect? Not by any means. But it IS an environment (the Internet), which is here to stay. So, let’s learn a lesson, like we did from Prohibition. Set up some guidelines, and make sure that the operators and consumers know the rules.