



NEW YORK STATE SENATOR

Timothy M. Kennedy

## With States Rapidly Legalizing Online-Gaming, Senator Kennedy Calls on the New York State Gaming Commission to Investigate Bad Actors

TIMOTHY M. KENNEDY April 19, 2013

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*Kennedy says International, Online Gaming Sites have been Circumventing the Law for Years.*

*With 10 States Already Legalizing or Looking to Legalize Online-Gaming; Predatory Sites will Have Easier Access to the NYS Market.*

*Kennedy: Online Predators are Stacking the Deck and Consumers are Losing.*

BUFFALO, N.Y. — New York State Senator Tim Kennedy (D-Buffalo) says the legalization of online-gaming in states across the country could lead to increased illegal and predatory gambling activity in New York State. Kennedy, who has long been an advocate for addiction treatment, says these sites are especially problematic for those suffering from gambling addiction. New Jersey, Nevada and Delaware's recent legalization of online gaming is raising red flags for states across the country that want to ensure the industry is regulated to protect consumers. Kennedy is calling on the New York State Gaming Commission to investigate illegal online gambling and to protect New Yorkers from predatory sites.

Kennedy says New York State is currently unable regulate the companies that are licensed in New Jersey, yet these sites will have easy access to New York customers through illegal middle-men who can set up "virtual private networks" to host "online casinos" in New York

State. The technology is very simple and could easily be manipulated to prey on those with gambling addiction across the country – often charging over-the-top fees.

“There are some websites that have lured customers into using their online casino platform. They have built a customer base, but very few people are aware of the egregious actions they have taken over the years,” **said Senator Tim Kennedy**. “These sites are stacking the deck and consumers are losing – and losing big. We need to prevent these bad actors from getting a license to behave this way anywhere in the country and especially prevent them from targeting minors and those suffering from a gambling addiction.”

Current state law offers no enforcement mechanism to deter illegal sites from entering the New York market and little recourse for individuals who are harmed by gambling on these often-predatory sites. Enforcing regulations against illegal online gambling was typically the role of the FBI, but in 2011 the U.S. Department of Justice reversed its long-held opposition to many forms of internet gambling, leaving the decision and much of the regulatory power up to the states.

Now that states are legalizing or looking to legalize online gaming across the country, New York will have to come up with ways to protect consumers from the many bad actors out there. Kennedy says the New York State Gaming Commission should investigate the proliferation of illegal or predatory sites as online gambling becomes legal in neighboring states. He also points out that every dollar spent on gambling online illegally is lost revenue for casinos in Buffalo and Niagara Falls, which employ thousands of Western New Yorkers.

In 2011, the three largest poker sites operating in country -- PokerStars, Full Tilt Poker and Absolute Poker -- were charged with bank fraud, illegal gambling offenses and money laundering. These sites took part in an elaborate criminal fraud scheme, involving misleading some U.S. banks and bribing others to assure the continued flow of billions in illegal

gambling profits. The charges were conspiracy to violate Unlawful Internet Gambling Enforcement Act (UIGEA), violation of UIGEA, operation of illegal gambling business, conspiracy to commit bank fraud and wire fraud, and money laundering conspiracy.

Some of these sites could be pushing for licensing in states like New Jersey, which is now offering legalized online gaming.

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*Senator Timothy M. Kennedy represents the New York State Senate's 63rd District, which is comprised of the town of Cheektowaga, Eden, Hamburg and West Seneca, the city of Lackawanna and parts of the city of Buffalo. More information is available at [kennedy.nysenate.gov](http://kennedy.nysenate.gov).*