Gambling and the Law®
Casinos
at the
End of the World

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The Three Waves Of Legal Gambling

• First Wave - Colonial period to mid-19th century:
  **Legal Debris:** “Lotteries” prohibited in state constitutions and Canada (except Quebec)

• Second Wave - Wild West; South after the Civil War, new inventions. Crash - Victorian morality
  **Legal Debris:** Statutes prohibit bookmaking, slot machines; U.S. federal and Quebec anti-lottery laws

• Third Wave - Depression to present:
  **Legal Debris:** Piecemeal legalization by states, provinces
STATE LOTTERIES:
1963 - New Hampshire
STATE LOTTERIES:  
1966 - New York
STATE LOTTERIES:
1971 – Connecticut, Massachusetts, Pennsylvania
1972 - Michigan, Maryland
1973 - Ohio, Illinois, Maine
1974-76 - Rhode Island, Delaware, Vermont
1981-82 - D.C., Washington
1984 - Oregon, California, Missouri, West Virginia
1985 - Iowa
1986 - South Dakota, Kansas, Florida
1987 - Wisconsin, Virginia
1988 - Kentucky, Idaho, Indiana, Minnesota
1990 - Louisiana
1992 - Georgia
1993 - Nebraska
1995 - New Mexico
1998 Elections - Alabama & South Carolina
Nov. 2002 - North Dakota, Tennessee
Nov. 2004 - Oklahoma
Nov. 2005 – North Carolina
Nov. 2008 – Arkansas
2013 – Wyoming
A State in America – Which One?

- Casinos
- State Lottery
- Tracks
  - Betting on Horse Racing
  - Betting on Dog Racing
- Charity Bingo
- State takes Bets on Sports Events
- Liquor Licensees have Video Poker
Trends in Pari-Mutuel Handle, 1974 - 2000

(Millions of Dollars)

- Horse Racing
- Greyhound Racing
- Jai-Alai
Trends in Horse Racing Handle, 1974 - 2000
Current Dollars and 1996 Constant Dollars

1996 constant dollars are developed by using the Gross Domestic Product price index.
Recent Trends in Horse Racing Handle

(Billions of Dollars)


Note: In 1996 and 1997, changes in reporting for some states classified handle as off-track instead of inter-track.
Trends in Greyhound Racing Handle, 1974 - 2000

Current Dollars and 1996 Constant Dollars

$4,500
$4,000
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0

(Millions of Dollars)


[Bar graph showing trends with current and constant dollars]

1996 constant dollars are developed by using the Gross Domestic Product price index.
Recent Trends in Greyhound Racing Handle

![Bar chart showing the trends in Greyhound racing handle from 1991 to 2000. The chart indicates a decrease in handle over the years, with particular emphasis on the decline in Off-Track betting.](chart.png)
Trends in Jai Alai Handle, 1974 - 1996
Current Dollars and 1992 Constant Dollars

1992 constant dollars are developed by using the Gross Domestic Product implicit price deflator.
Recent Trends in Jai-Alai Handle

(Millions of Dollars)

1991: $488.8
1992: $425.9
1993: $384.2
1994: $330.7
1995: $296.4
1996: $273.4
1997: $251.1
1998: $229.7
1999: $203.0
2000: $196.0

Legend:
- Live
- Inter-Track
- Off-Track
LEGAL GAMBLING:

Sin → Vice → Entertainment

Right to advertise
Gambling debts

Prohibition → Grudging → Active
Acceptance

Illegal → Geographically → Widespread
Isolated
THE THIRD WAVE OF LEGAL GAMBLING:

ENTREPRENEURS → MOM & POP → SMALL → LARGE/INT’L COMPANIES CORPS.

IGNORED → NOT TAKEN → BEGINS TO BE NOTICED → BECOMES AN ISSUE
THE THIRD WAVE OF LEGAL GAMBLING:

TRACKS → BINGO → LOTTERIES → CASINOS/SLOTS

SOME SKILL, SLOW
LOW STAKES → FAST, MECHANICAL
LARGE JACKPOTS
LEGAL GAMBLING:

Sin → Vice → Entertainment

GAMBLING TO EXCESS:

Sinner  Morally Weak  Diseased
Gambling & Technology

• First Wave – A local problem. Lotteries, casino “hells”, riverboats
• Second Wave – A federal problem, U.S. Mails and “The Serpent”
• Third Wave – Computerized but still (mostly) face to face
• Fourth Wave – Remote wagering
Legalizing Online Gaming: Where the Action is 2011-15
Legalizing Online Gaming: Where the Action *Might* be
Predictions

- Legalization depends on politics: Government looking for revenue, Big local operators want to keep monopoly
- Nevada model does not work – too expensive, payment processing fails
- Technology is already making Internet casino games passé
Predictions

• Congress will continue to do nothing

• Compacts among smaller states
  – Probably are constitutional
  – If not, there are ways to get around

• Bad actors laws
  – Can be constitutional
  – Depend entirely upon $ and politics
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