

OUTLINE

PREFACE	V
ACKNOWLEDGMENTS	VII
INTRODUCTION	XIII
TABLE OF CASES	XXXIII
TABLE OF STATUTES	XLI
 Chapter 1. The World of Gaming and Gambling.....	 1
Introduction	1
A. The History of Gaming and Gambling	3
B. The Common Law of Gambling.....	10
C. The Elements of Gambling	11
1. Prize	11
2. Chance.....	12
3. Consideration.....	12
D. English Common Law and Gambling	
Generally	13
E. Nevada Common Law and Gambling	16
F. The Enforceability of Gambling Debts	17
G. The “Lottery” Problem	22
1. Various Definitions.....	23
a. Synonymous with Gambling	23
b. 100% Chance	23
c. “Widespread Pestilence”	24
d. Requires Paper Ticket	24
2. Who Decides?	25
3. Why It Makes a Difference	27
a. State Constitutions Ban “Lotteries”	27
b. Racetracks in the 1930s, Casinos	
Today	28

4. Federally Recognized Tribes Can Operate “Lotteries”	29
H. By Definition Not Gambling.....	29
1. Amusement Games—No Prize	30
2. Tournaments of Skill—Not Chance	30
3. Online Skills Games with Mass Media Applications—Fantasy Leagues.....	30
4. Alternate Means of Entry—Donation Requested—No Consideration.....	31
I. Universally Recognized as Gambling	32
1. Lotteries	32
2. Slot Machines	32
3. Banked Table Games	33
4. Sports Betting	34
5. Bingo	35
6. Horse and Dog Racing.....	36
J. Generally Recognized as Gambling	37
1. Poker	37
2. Pyramid Schemes Held to Be Illegal Lotteries	37
K. Generally Not Recognized as Gambling	38
1. Future and Proposition Betting Generally	38
2. Day Trading.....	38
3. Multi-Level Marketing.....	39
4. Prediction Markets.....	39
5. Insurance	40
6. Auctions	41
7. Social Casino Games	42
L. Internet.....	43
1. What Type of Game Is It?	43
2. Jurisdiction	43
3. Online Games	45

4.	Virtual Worlds	45
5.	Massively Multiplayer Online Games (“MMOGs”).....	46
M.	Mode of Play	47
1.	Against the House	47
2.	Pooling	47
3.	Games with More than One Characteristic	48
4.	Computer Simulations.....	48
5.	Interactive Person-to-Person.....	49
6.	Computer Skill Games.....	49
Chapter 2. Gambling and the Law®		51
A.	The Why and How Behind America’s Most Regulated Industry (i.e., Gambling)	51
B.	Short History of American Gambling	53
1.	The Waves of Legalization	53
a.	The First Wave.....	53
b.	The Second Wave	54
c.	The Third Wave	55
d.	A Fourth Wave?	57
C.	Whales and the Law	57
D.	Illegal Gambling.....	60
1.	Criminal Organizations	64
2.	Wire Schemes	65
E.	Official Venality and Corruption	66
F.	The Present and Future—Internet Gambling	67
	How Internet Gaming Developed	67
G.	The State as Operator and the Internet Revolution.....	68

Chapter 3. The U.S. Constitution, Federal Laws and Gaming	71
A. Fundamental Rights	72
1. The Power to Regulate Interstate Commerce	72
2. Due Process and Equal Protection	74
3. First Amendment Freedom of Speech	77
B. Federal Taxes and Mail Systems	78
C. Internet Gambling	80
1. Problems with Enforcement	80
2. The Wire Act, 18 U.S.C.A. § 1084	83
3. UIGEA	85
D. Gambling on Indian Land	87
1. The Johnson Act, 15 U.S.C.A. §§ 1171–1178	88
2. Interstate Horseracing Act, 15 U.S.C.A. §§ 3001–3007	89
3. Casino Ships, 18 U.S.C.A. §§ 1081–1083	90
4. Anti-Lottery Laws, 18 U.S.C.A. §§ 1301–1307	91
5. The Racketeering Statutes, 18 U.S.C.A. §§ 1951–1955	92
6. RICO, 18 U.S.C.A. §§ 1961–1968	93
7. Professional and Amateur Sports Protection Act, 26 U.S.C.A. §§ 3701 et seq.	93
Chapter 4. State Constitutions, State Laws, and Gaming	99
A. The Range of State Constitutions and State Laws Generally	99

B. How State Constitutions Deal with Gambling	101
C. State Constitutions, State Laws and Gaming	105
D. State Constitutions, State Laws and Lotteries.....	106
E. State Constitutions, State Laws and Bingo	109
F. State Constitutions, State Laws and Internet Gambling	111
G. State Constitutions, State Laws and Casinos.....	114
H. State Laws and Tribal Gaming	116
 Chapter 5. Charities and Gaming.....	119
A. Special Rules for Charities and Gaming	119
B. Bingo and Charities	120
C. Bingo and the Law	122
D. Charitable Lotteries and the Law.....	123
E. Charitable Raffles and the Law	123
F. State Legislation and Charitable Gaming Enterprises	124
G. Gambling on the Reservation.....	129
 Chapter 6. Nevada	131
A. The History of Nevada Gambling	131
B. The Nevada State Gaming Regulators Generally	135
C. Nevada Gambling Regulations	138
D. The Nuts and Bolts of the Regulators' Day-to-Day Activities.....	139
E. The Black Book	145
F. Local Ordinances.....	146
G. The Future of Nevada Gambling	146

Chapter 7. New Jersey, Puerto Rico, South Dakota, Iowa, Illinois, Colorado, Mississippi, Missouri, New York, Massachusetts, Pennsylvania, and Other U.S. Jurisdictions	151
A. Proliferation and Social Engineering.....	151
B. Models of Regulations.....	155
C. New Jersey	160
1. Legalization	160
2. The Rise and Fall of Atlantic City	162
3. Atlantic City Casinos as a Panacea	165
4. Regulations Affecting Atlantic City Casinos.....	167
5. The Future of Atlantic City Casinos	170
Chapter 8. Tribal Gaming.....	177
A. Terminology—“Indians”	177
B. Tribal Sovereignty Generally	178
C. Indian Gaming Before 1988	180
1. Reservation Economic Development.....	180
2. <i>California v. Cabazon Band of Mission Indians</i>	182
D. The Indian Gaming Regulatory Act.....	183
1. Indian Tribes and Indian Land	184
2. Classes of Gaming	186
3. The National Indian Gaming Commission	187
4. Scope of Gaming	188
5. Class III	191
6. Tribal-State Compact.....	192
7. Criminal Provisions	196
E. State Sovereign Immunity	199
1. <i>Seminole Tribe v. Florida</i>	199

2.	Tribal-State Compact Negotiations After <i>Seminole Tribe</i>	201
F.	Federal Government Regulations of Indian Gaming	202
1.	Federal Agencies	203
2.	Tribal Gaming Commission.....	205
3.	State Gaming Commissions	205
G.	The Future of Indian Gaming	206
1.	The Future of Tribal Legalized Gambling Generally	206
2.	Tribal Economic Diversification	207
3.	Law Reform	208
4.	Tribal-State Compact Negotiations	208
Chapter 9. Canadian Casinos		211
A.	Canadian Gambling Generally	211
B.	Canadian Provincial Law	216
C.	Canada's Indigenous People and Gambling	217
D.	Internet Gaming	219
E.	Problem Gamblers	220
Chapter 10. International Gambling		223
A.	Global Gaming Generally	223
B.	Transnational Regulations in Online Gambling	223
C.	Casinos in Europe Generally.....	226
1.	The European Union.....	226
2.	England.....	229
D.	Casinos in Asia Generally	233
1.	Macau and Hong Kong.....	238
2.	Singapore	247
E.	Casinos in Africa Generally	249
F.	Casinos in North America Generally.....	250

G. Casinos in South America Generally	251
1. The Argentine Republic	252
2. Federative Republic of Brazil	253
3. Republic of Chile	254
4. Republic of Colombia	255
5. Republic of Costa Rica	256
6. Republic of Ecuador	257
7. United Mexican States.....	257
8. Republic of Paraguay	258
9. Republic of Peru	259
10. Republic of Uruguay	260
11. Republic of Venezuela	260
12. Republic of Cuba	261
H. Gambling in Australia, New Zealand and Oceania	262
 Chapter 11. The WTO and Cross- Border Gambling..... 267	
A. Cross-Border Legal Gambling.....	268
B. The Role of the WTO	275
C. The WTO and Antigua.....	276
D. The WTO and the Interstate Horseracing Act	278
E. The WTO and UIGEA.....	279
F. The WTO and the Wire Act	280
G. Possible GATS Violations	282
H. The Future of the WTO and Gambling.....	283
 Chapter 12. Blackjack and the Law 285	
A. Blackjack!!	285
B. Card-Counters.....	286
C. The Big Number Theory	288
D. Blackjack and Criminal Laws	289

E. The Constitution and Blackjack.....	290
F. Blackjack and Anti-Cheating Measures	291
1. Casino Countermeasures and Preferential Shuffling	291
2. Cheating and the Backroom	293
3. Computers and Devices	294
4. Identification	294
5. The Federal Government Is Watching You and Your Money.....	296
G. Internet Gambling	297
H. Indian Gaming	297
I. Federal Gaming Commission	298
J. The Late Great Ken Uston and the Legal Future of Blackjack.....	298
 Chapter 13. Poker and the Law.....	301
A. “Poker Law” Generally	301
B. Video Poker	304
C. Poker Tournaments	305
D. Poker Clubs	309
E. Texas Hold’em	309
F. Poker: Skill or Chance, and the Legal Ramifications Thereof.....	310
G. Poker: Illegal Gambling or Permitted Activity.....	314
H. Mathematics of Poker	316
I. Case Study: Hold’em Poker in California	318
J. Is “Online Poker” the Future of Poker?	318
 Chapter 14. Intellectual Property and Gaming	323
A. Intellectual Property and Gaming Generally	323

B. Patents and Gaming Generally.....	323
C. Intellectual Property and Internet Gaming	325
D. Copyright and Gaming Generally	326
E. Trademarks and Gaming	327
F. Case Study: Gambling and the Law®	330
G. Trade Dress and Gambling	330
H. Trade Secrets and Gaming	331
I. Future Issues in Intellectual Property and Gaming	331

Chapter 15. Video Poker, VLTs and Other Machines	333
A. Video Poker and the Law Generally	333
B. Video Lotteries	335
C. Credit Card Play	336
D. Paper Slots	336
E. Internet Poker	337
F. Muddying the Waters; Case Study: Dwarf Den Poker Machine.....	341
G. Are These Latest Incarnations of Video Poker Gambling Devices?	342
H. State Supreme Court Decisions That Attempt to Decide When Video Poker Is Poker	343

Chapter 16. Internet Gaming.....	345
A. Types of Gaming	345
1. Game Formats and Their Online Versions	346
2. Lotteries	347
3. Direct vs. Indirect Participation.....	349
4. Parimutuel Betting on Horse and Dog Races	349
5. Sports Betting	351

6.	Futures and Proposition Betting.....	352
7.	Casino-Style Games	354
8.	Banked vs. Non-Banked	354
9.	Other Table Games	355
10.	Slots.....	356
11.	Skill Games.....	356
12.	Fantasy Leagues	357
13.	Daily Fantasy Sports	358
14.	Video Games.....	360
15.	eSports	360
16.	Mode of Play	362
B.	Techno-Legal Structures Behind Internet Gambling	363
1.	ARPANET and the Transition to Public Use	364
2.	The Phenomenon of Digital Convergence.....	365
3.	The Impact of Technology on Legal Gambling	365
C.	Internet Gambling Law and Regulation in the Digital Age	367
1.	Theory and Practice in the United States	367
2.	UIGEA	370
3.	Regulation of Online Gambling Outside of the United States	373
4.	Internet Gaming in the Traditional Context of International Law	374
5.	Legal Framework of Cross-Border Betting	374
D.	Money Transfers and Taxation Issues Affecting Internet Gambling	375

E. The Problem of Advertising Internet and Interactive Gaming	378
F. Legal Issues Confronting Online Gaming Operators and Players	380
1. The Jurisdiction Question	380
2. Criminal Liability for Players	381
3. Civil Liability for Operators	382
4. Suits by Operators Against Players for Gambling Debts.....	383
5. The Problem of the Compulsive Gambler	384
6. Privacy and Information Security.....	385
G. The Future of Internet Gaming	386
1. Innovation and Regulation	386
2. Free Speech and the Right to Gamble	387
3. The IMEGA Suit	388
4. UIGEA and Politics.....	388
5. ICANN	389
 Chapter 17. Sports Books and Parimutuel Wagering	391
A. Sports Books and the Law Generally	391
B. Sports Books and the NCAA	399
C. Sports Books and State Lotteries	402
D. Sports Books and Parimutuel Wagering on Tribal Land.....	407
E. Sports Books and Illegal Gambling	409
F. Parimutuel Wagering and the Law Generally	410
1. Greyhound Racing.....	410
2. Horse Racing	411
3. Jai Alai	414
G. On-Track Betting	416

H. Off-Track Betting	417
I. Anti-Sports Betting Laws	418
Chapter 18. Daily Fantasy Sports and eSports.....	419
A. New Forms of Sports Betting?	419
B. Fantasy Leagues	421
1. History.....	421
2. Scandal.....	424
3. Partial Resolution.....	426
C. eSports	429
1. What It Is	429
2. Skins	431
Chapter 19. Lotteries	437
A. The Concept of Lotteries.....	437
B. Video Lotteries	441
C. Internet Lotteries.....	446
D. Lotteries in Tribal Areas	447
E. State Lotteries.....	448
F. National Lotteries	450
G. International Sweepstakes.....	450
H. Agreements to Share	451
I. Other Issues: Lost Tickets, Mistakes and Selling Future Payments.....	454
Chapter 20. Legal Gambling's Right to Advertise	457
A. Right to Advertise Generally.....	457
B. Federal Anti-“Lottery” Laws	458
C. The Commercial Speech Doctrine	461
D. Federal Agencies	464

E. Criminal Statutes That Allegedly Limit the Broadcasting of Casino Advertisements.....	465
F. Alleged Deceptive Advertising in <i>Franceschi v. Harrah's Enter., Inc.</i> (2011).....	466
G. The Future of Advertising	467
Chapter 21. Criminal Laws and Gaming.....	469
A. Criminal Laws Generally	469
B. Law Enforcement and Illegal Gambling	470
C. Arrests in Casinos for “Cheating”	471
D. Gambling in Indian Country.....	472
E. Law Enforcement Discretion and Corruption	473
F. “Arrests” for “Internet Cheating”	474
G. Online Poker.....	474
H. Money Laundering (of “Winnings,” Legal or Not)	476
I. RICO and Gaming.....	477
J. Other Anti-Racketeering-Type Statutes	480
K. The Future of Criminal Laws and Gaming	481
Chapter 22. The IRS and Gambling.....	483
A. Gambling and Taxes	483
B. Gambling Profits and Taxable Income	484
C. The Bank Secrecy Act and Gaming	486
D. Wagering Tax Act	492
E. Tax Regulation of Legal Games	493
F. Stamp Taxes on Slots	494
G. Excise Tax on Wagers	495
H. Occupational Tax on Gaming Establishments	496
I. Taking Gambling Losses and Expenses off Your Taxes.....	496

Chapter 23. The Compulsive Gambler.....	499
A. Vice or Entertainment or Disease.....	499
B. Pathological Gambling Disorder	500
1. Substantive Criminal Law	501
2. The Insanity Defense (<i>M'Naghten</i> Rule) and Responses to John Hinckley's Acquittal	502
3. Sentencing	503
4. Sentencing Guidelines	504
5. Disorder as a Basis for Mitigation in Sentencing	505
C. "Pathological Gaming" as a Protected Disability	507
1. Definition	507
2. "Pathological Gambling" Included in DSM-III (1980)	507
3. "Pathological Gambling" Included in 1987 Revisions of DSM-IV	508
4. "Pathological Gambling" Included in 2013 Revisions of DSM-V	509
5. The <i>Frye</i> Test.....	511
D. The Compulsive Gambler After <i>Caesar's Riverboat Casino, LLC v. Kephart</i> (2010).....	513
E. Tax and Bankruptcy Law and the Compulsive Gambler	514
F. Compulsive Gambling and Family Law	516
G. Gambling Debts and Claims by Third-Parties	516
H. The Future of Compulsive Gambling and the Law: Sin, Vice, or Disease?	519
Appendix.....	521
INDEX.....	557