Posted on: October 12, 2010

Gaming execs to discuss online gambling legislation at Vegas expo

By Damon Hodge

For the past decade, Internet gaming has been a hot topic for casinos, representing both a potential threat to their bottom line and a multibillion-dollar opportunity.

It's among the principal issues that will be addressed at the annual Global Gaming Expo, the international gaming industry trade show and conference set for Nov. 16 to 18 at the Las Vegas Convention Center.

New to the expo, the inaugural iGaming Congress is designed to attract industry professionals seeking a comprehensive perspective on the online gambling sector.

The result of a new partnership between the Innovation Group, BolaVerde Media Group and Lewis and Roca, as well as an existing partnership with iGaming Business Magazine, the event will double as a networking tool aimed at providing brick-and-mortar gaming enterprises with information about the global online gambling industry, organizers said.

The American Gaming Association estimated that Americans wagered $5.9 billion with offshore gambling companies in 2008, and the world's largest casino operators are eager to tap this market.

By comparison, Strip casinos in 2008 generated $15.6 billion in revenues, according to Nevada's Gaming Control Board. That number dropped by nearly $2 billion last year, to $13.7 billion.

"Experts are predicting the Internet gambling industry will grow by more than 50% in the next five years, so it's essential for professionals in the gaming industry to have a strong understanding of how this sector will shape the future of our industry," Frank Fahrenkopf Jr., president and CEO of the Washington-based American Gaming Association, said in a statement. "For 10 years, [the expo] has provided a unique forum for discussing the latest complex global trends affecting the industry, and the introduction of the new iGaming Congress ... continues that legacy. This will be particularly relevant if Internet gambling is legalized in the United States."

But online gambling remains a contentious issue. U.S. Senate Majority Leader Harry Reid (D-Nev.) appeared to dash hopes of compromise this summer when he voiced concerns about legalizing and taxing Internet gaming; he said he's worried about the danger it poses to casinos in Nevada. Anti-gambling forces have argued that online gaming might lead to an explosion in the number of problem gamblers, since home computers provide addicts virtual anonymity.

Pushing for legalization are the world's two largest gaming companies, Harrah's Entertainment and MGM Resorts International. In 2000, Harrah's debuted a play-for-fun destination on its website that many saw as a precursor to casino-style wagering over the Internet. A year later, MGM Mirage followed with MGM Mirage Online, an online casino based in the Isle of Man in the U.K. MGM Mirage closed its site two years due to a toxic political climate over online gambling.

If Internet gambling becomes legal in the U.S., Harrah's says it would seek to parlay the success of its World Series of Poker brand in the online arena. This year's World Series of Poker tournament set records for attendance: 63,706 entrants from more than 115 countries and more than $100 million in prize money.

Harrah's CEO Gary Loveman told the Las Vegas Review-Journal in June that the company is focused solely on the legalization of online poker, not online gambling.

"The company works hard to make sure the messages don't get confused," he said.

The company, however, does support legislation by Rep. Barney Frank (D-Mass.) to allow online gambling operators to create federal protocols to allow U.S. residents to bet online, theoretically opening the door for online poker. MGM Resorts prefers to let states regulate online gambling.

According to organizers, one of the missions of the iGaming Congress is helping gaming executives understand the potential impact of Internet gambling regulation and providing them with critical information regarding the players, resources, legislative framework and issues that are important to this segment of the industry.

In a statement, Courtney Muller, senior vice president at Reed Exhibitions, the expo's co-organizer, said officials are preparing themselves for what they hope is the eventual legalization of online gaming.

"By working with iGaming Business Magazine, a partnership we announced earlier this year, along with our newest partners -- the Innovation Group, BolaVerde Media and Lewis and Roca -- we are ensuring our attendees will have access to the most essential insights and information about the current state of and future outlook for [Internet gaming] worldwide," Muller said.