

Online Gambling Stands Ready as Casinos Close

Trade group lobbies for looser restrictions, with benefit to states of replacing lost tax revenue



Slot machines got a wipe-down at a hotel-casino in Las Vegas on Wednesday.PHOTO: DAVID BECKER/ASSOCIATED PRESS

By

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With casinos closed and many Americans confined to home, the online gambling industry is seeking to expand in the U.S.

An industry trade group, iDevelopment & Economic Association, is pushing states to allow online casino games to replace disappearing revenue from temporarily closed casinos, including exploring how governors can use wide emergency powers to quickly allow online casinos to operate, leaders of the group said. Online casino games include virtual slots and roulette, along with poker, played for real money.

“Is it going to be a panacea?” said John Pappas, a lobbyist for the iDEA group. “No. But in the face of closures like this, it underscores the need for the industry to also have an e-commerce platform.”

Mr. Pappas said such an option would represent valuable entertainment for consumers and a lucrative tax-revenue source for state governments.

Nearly every U.S. casino, including those in Las Vegas and Atlantic City, N.J., has closed, leading to widespread layoffs and a sudden drop in state tax revenues. Meanwhile, with many sports events canceled world-wide, online sportsbooks have few wagers to offer, even though they could theoretically take online bets.

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Some analysts doubt that lawmakers will focus on gambling expansion during the growing public-health and economic crisis. The industry has “much bigger fish to fry than expansion—among those, spiraling share prices and ensuring access to capital,” analysts with Eilers & Krejcik Gaming said in a note this week. Fourteen states with pending online-gambling legislation have canceled or suspended their legislative sessions, the note said.

Six states have legalized online casino gambling, including New Jersey and Pennsylvania. In Nevada, home to the biggest U.S. gambling companies, poker is the only casino-style game allowed online.

Some influential casino operators have historically resisted online gambling as a competitive threat to their existing brick-and-mortar businesses. Other companies have embraced it as a new revenue source and now have the option of encouraging existing customers to use their online offerings—at least those whose personal information they have, via loyalty programs and the like.

Yaniv Sherman, head of commercial development for online gambling operator [888 Holdings](#) PLC, said that as recently as last month he had conversations with big casino operators unwilling to jump into online gambling, a position that he doesn't think will last now that Vegas has gone dark.

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“The gaming industry is coming out on the other side a completely changed industry from where they are right now,” Mr. Sherman said.



A crowd-less Las Vegas Strip on Wednesday.PHOTO: JOHN LOCHER/ASSOCIATED PRESS

In New Jersey, casinos team up with online gambling companies for sportsbooks and online casino games. Atlantic City casinos and their digital partners generated \$483 million in revenue from online casino and poker games last year, according to the state's Division of Gaming Enforcement, an increase of more than 60% from 2018.

With the National Basketball Association, National Hockey League and dozens of other sports leagues on suspension, sportsbooks have had only a few remaining wagers to offer on events like soccer in Belarus, Ultimate Fighting Championship and darts.

[Stars Group](#) Inc.'s sports-betting app Fox Bet, and PokerStars online poker and casino games reported new customer sign-ups doubled for casino games in the past week, and the total wagered on casino games was up 50% in New Jersey and 40% in Pennsylvania from the preceding week. The company didn't disclosed the number of users.

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[Fox](#) Bet resulted from a deal between Stars and Fox Sports, a unit of Fox Corp., in which Fox also agreed to take a roughly 5% stake in Stars. Fox and [News Corp](#), the owner of The Wall Street Journal, share common ownership.



On Dec. 1, 2019, a patient in Wuhan, China, started showing symptoms of what doctors determined was a new coronavirus. Since then, the virus has spread to infect more than 100,000 people. Here's how the virus grew to a global pandemic. Photo: Getty Images

Fox Bet Chief Executive Robin Chhabra said online gambling could be used to shore up lost tax revenues for states now, and once the casino industry has rebounded, the two can coexist. “Land-based gambling continues to thrive even with online gambling,” Mr. Chhabra said. “Essentially, they’re performing two different roles.”

As people shelter at home amid the pandemic, online gambling also raises several concerns, said Keith Whyte, executive director of National Council on Problem Gambling. Easy access to online games, and the use of at-home gambling to provide an emotional escape, could lead to more problem gambling.

An expansion of gambling should be subject to extensive public debate, he said.

“To use emergency powers to legalize something that has known harm for a portion of its users would be incredibly bad policy,” Mr. Whyte said.

Mr. Pappas said the industry would support problem-gambling measures as part of an expansion. Meanwhile, he said, illegal offshore gambling sites are already offering casino games to American consumers, including a text-message ad he has seen offering a \$250 betting credit with the message, “Stuck at home? We’ve got you covered.”