Internet Gambling goes 'Wire'-less in U.S., Meeting with Perception

New Department of Justice Interpretation of 1961 Wire Act in Line with Growing Acceptance of Internet Gambling

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New York, NY, **February 2, 2012** – True or false: Internet gambling is illegal in the United States? Following a new federal policy, the answer this time around is false! On December 23, 2011, the U.S. Department of Justice reversed its long-held position on Internet gambling by stating that the Interstate Wire Act of 1961 now applies only to sports betting and not Internet gambling. According to research findings from the Lottery & Gaming practice at Ipsos, this is news that will be well received by the general public.

In a study conducted in November 2011, a full month before the DoJ reversal of policy, Ipsos found that a majority (58%) of more than 2,000 U.S. adults interviewed online actually believed that Internet gambling was legal. And even when learning of its status, only a small portion (30%) believed it should be illegal. A vast majority (70%) believe that Internet gambling should be legal in some form, either with or without government regulation.

"The new interpretation of the Wire Act is clearly in line with public perception of Internet gambling, the only burning question appears to be about regulation," says Paul Lauzon, Senior Vice President & Managing Director of Ipsos Reid's Lottery & Gaming Group. "While 30% flat-out believe it should be illegal, 46% of respondents would be fine with legalized

Internet gambling as long as it had government regulation, and another 24% would permit Internet gambling without any regulation whatsoever."

The research also showed that the general acceptance of Internet gambling would be universal across all age categories.

Concerning the question of who would or should regulate Internet gambling, Ipsos' research shows the long term trend remains that more Americans would prefer federal government regulation (54% in November 2011) to state government control (46%). But the research shows that for the actual operation of online gambling, state-level control wins out.

"State lotteries ranked as the top 'first choice' by respondents as to who should operate online gaming sites and existing land based casinos topped their list of second choice options," adds Lauzon. "Clearly, the brand recognition and trust built by state lotteries and bricks-and-mortar casinos has benefitted them in this arena. Likewise, we find virtually no support for allowing off-shore Internet gaming companies to operate online gambling sites. When it comes to gambling, trust is a key issue."

The new interpretation of the law has the potential to change the lottery and gaming industry, but according to the research, the initial impact will be slow and measured. When asked what kind of online gambling activities they would be most likely to do, the top two choices were purchasing lottery tickets (35%) and online casino slot games (18%). Online poker, sports betting, bingo and black jack games each garnered the interest of only 9-10% of respondents. And respondents only anticipate moving small portions of their gaming and gambling budgets online – far less than a quarter would spend 30% or more of said budget online.

"The Department of Justice's recent change in interpretation of the Wire Act is bound to set lottery and gaming organizations and suppliers into a frenzy as they determine what this means for their respective futures," adds Lauzon. "But based on our research and analysis, the public is ready for this. And with new online gaming research tools in the works and ready for launch, so too is Ipsos."

Methodology

These are some of the findings of an Ipsos poll conducted between November 7 and 19, 2011.

A national sample of 2013 adults from Ipsos' U.S. online panel was interviewed online. Weighting was then employed to balance demographics and ensure that the sample's composition reflects that of the adult population according to Census data and to provide results intended to approximate the sample universe. A survey with an unweighted probability sample of this size and a 100% response rate would have an estimated margin of error of +/-2.19 percentage points 19 times out of 20 of what the results would have been had the entire population of adults in the United States been polled.

All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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