

# eGambling

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## first person

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## First Person Account

*[This article prints out to approximately nine pages.]*

## Internet Gambling

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I'm not actually much of a gambler. Up until four years ago, I had risked less than \$2 on gambling in my lifetime. I couldn't see much point in it. But after winning at Casino Niagara and the Canadian Nation Exhibition in Toronto, I realized, "Hey, this is kind of fun." But my gambling is strictly professional. I make my living as a researcher specializing in problem gambling prevention, and the 20-odd times that I've risked money in the past year has been more about learning than a real attempt to make money. Well, that's my story anyway, and I'm sticking to it. Sure, I'd like to win, I've even found myself dreaming about winning enough to pay off my car and so on. It hasn't happened. What I found fascinating about winning was that even though the amount of money was so trivial and couldn't make a difference in my life (as much as a hundred dollars), the effect of winning was none-the-less exciting, even thrilling.

I've been curious about Internet gambling for a while. There's a lot of media interest in Internet gambling that appears to be grossly out of proportion to its status as a social problem. A recent study found that less than 1 per cent of the population in Canada has gambled on-line (see [www.ccsa.ca/Releases/cpgirelease-e.htm](http://www.ccsa.ca/Releases/cpgirelease-e.htm)), whereas in 1997, 22 per cent of adults in Ontario had been to a casino in the past year (Room, Turner & Ialomiteanu, 1999). The treatment system in Ontario records less than 2 per cent of problem gamblers who list the Internet as their primary means of gambling (Rush, Shaw Moxam & Urbanoski, 2001). Most of the people in treatment play at bricks-and-mortar casinos at games such as slots and blackjack. I'm not denying the real potential for on-line gaming as a serious social problem, but I just want to put it in perspective.

I was also curious about the appeal. Why do people go on-line to gamble? There is no socializing, no interaction, no night out. Perhaps that's part of the lure. You can feel pretty much anonymous.

Technically, on-line gaming in Canada is illegal. Here, only the government, charities and the horse industry can legally run gambling operations. However, Canadians are allowed to own gambling casinos that operate offshore. Most of the world's on-line casinos are located in the Caribbean, in the Dominican Republic for example. Several British on-line casinos were set up on the Channel Islands to avoid the U.K.'s gambling tax, and Australia recently started to license on-line casinos.

There are basically four types of gambling sites on the Web. First, there are on-line lotteries. These are ordinary lotteries where you can buy lottery tickets. Sweden has put its national lottery on-line, but limits access to Swedish citizens. Quebec plans to put its lottery on-line in the next year or so. Currently in Ontario, you can only check your numbers on-line, but you have to buy your tickets at a store.

Second, there are sports and race books where you're allowed to place bets on the outcome of sports games or races. Sports books currently make up most of on-line gaming. The advantage of sports books is that you don't have to trust a gambling site to find out if you've won; wins and losses are public information.

Third, there are on-line casinos that include slot machines, blackjack, roulette, craps and various poker games. These pretty much amount to what is available on many video lottery terminals (VLTs) in other provinces. Also available in this category are card rooms where you can play against other players rather than against the house.

The fourth type is electronic stock-trading sites, which, although not technically considered gambling, are often used as a way of gambling.

There are also a number of information sites about gambling, including on-line gambling book stores, sites that sell information about sports teams (so that the punter can determine his or her best bets) and sites that teach people how to gamble. One site, the Wizard of Odds ([www.thewizardofodds.com/index.html#gambling](http://www.thewizardofodds.com/index.html#gambling)), has an extensive library of information about gambling including rules and strategies. This site also discusses various incremental betting systems (i.e. chasing by increasing your bets), and why these strategies don't work.

After a short Web search, I found a number of gaming sites. I continued surfing to find ones with interesting games. By the summer of 2000, there were over 800 sites run by over 250 different companies. These numbers have likely doubled since then. At some sites, you have to download software. Downloading takes a few minutes, but speeds up the process of gaming and increases the potential quality of graphics and sound. Other sites run "no download" games. The no-download games run fine, but you will notice delays between actions, and occasionally, the graphics aren't updated.

Casinos usually have a tour in full-colour graphics, during which you can learn what games are available and the rules of the games. Some sites offer multiplayer games of blackjack and poker, where you can "chat" with the other players at the table. I selected PlanetLuck since they promised me multiplayer blackjack and poker. Their home site was mostly in black with flashing lights. Card symbols moved in and out around the "Open Account —Begin Winning Now" message. Across the top of the screen was a moving banner, which alternated between a picture of a car and a "Click Here to Win" message. Just below it another banner claimed, "We've already paid out \$57,284,154.32." Near the bottom of my screen the following was posted —

*INDULGE magazine says, "PlanetLuck provides clients with everything land-based casinos offer, including the sights and sounds of a real casino... [www.planetluck.com](http://www.planetluck.com) is one of the best sites on-line."*

Flags indicated that the site was available in Spanish, Japanese, German and French. The graphics were spectacular, but I found the animation annoying.

Cashing in was a two-step process. I registered an account at PlanetLuck and was transferred to EzCash —an on-line bank that does the banking for a number of on-line casinos. EzCash set up my account, checked my age by

asking what year I was born and took my credit card number, e-mail address and street address. At both the casino and bank, I had to set up a user name and password. In addition to asking me my card number and name, they also asked me for the address of the bank that supported my card. I thought that perhaps this was a credit check or a way of ensuring that I was not under-aged. However, I recently found out that it relates to a case in California where a woman refused to pay her credit card. She claimed that she didn't have to pay because Internet gambling was illegal. As a result, some credit cards refuse to honour gambling purchases. Although intended to protect the casino from fraud or non-payment, asking for an address does ensure some protection for minors because it makes it a bit more difficult to get onto the site.

I set up my account with a credit card that I rarely use so that I'd be able to keep track of the charges and payouts. I recommend using a card with a low limit to curb your losses in the event of fraud. However, in general, the sites are secure and honest. According to speakers at the Global Interactive Gaming Conference in Montreal, Canada (May 10- 12, 2000), security at on-line casinos is as good as other Internet sites, such as Amazon.com, and it has yet to report any security-related fraud. They also know that cheating their customers is bad for business, so they tend to be honest. They want your money, and they know that you'll spend more if you win a bit. They know they'll win it all back eventually, so they do pay out for wins. But since much of the on-line gaming industry is unregulated, there is no guarantee that the site you've selected is legit. Some claim to be accredited or licensed, but there is no guarantee of honesty. (For more information on security issues, go to the FAQ section at [www.clubchance.com](http://www.clubchance.com).)

There is a lot of competition in the on-line gaming industry. So, many sites offer bonuses from 5% to 20% of your initial bankroll for opening an account. This dramatically cuts into their edge. But, there's a catch. You can't claim your bonus and then just cash out. You have to play two or three times the amount of the bonus, sometimes more, before you can cash out and claim your bonus. They also say that they will not pay out the bonus if the punter engages in irregular betting patterns, such as covering the whole board in a game of roulette. In addition, many sites offer prizes such as trips or bonus rewards as incentives to keep you coming back to the site.

So, on-line I went. I cashed in for \$50 US. I was awarded a bonus of \$5 for typing in 777, a bonus number I had found in an advertisement for a different on-line casino. I started playing blackjack for \$1 a hand. I like blackjack, but I can't really afford to play at a casino where the minimum bet is often \$10 or even \$25. So the Internet definitely offers an inexpensive gambling alternative. Of course, small bets offer little hope of big wins, but larger bets

are available. Bets available include \$1, \$2, \$5, \$10, \$25 and \$50, which provide more room for incremental betting than is often available at casinos in Ontario, where allowed bets might range from \$10 to \$50. So on-line gaming might attract people who like to use incremental betting systems. The problem with incremental betting is that it works most of the time —not all the time. So you keep trying it until, by chance, you reach a long losing streak, and then you lose everything.

I wonder if the maximum bet is dependent on your bankroll. It would be easy to program a Web site to alter the allowable bet size to accommodate the amount of money that the person cashes in with. Coincidentally, the maximum bet equalled my cash-in bankroll, but I haven't gone back with a bigger bankroll to test this hypothesis. As it stands, a bet range from \$1 to \$50 per hand makes Internet gambling a relatively low-stakes game.

The game seemed to progress in a manner consistent with a random drawing of cards, while playing against a house edge of about 2.5 per cent (the expected house edge for a player that usually follows the Basic Strategy described by Thorp, 1964). The rules of play were a bit more liberal than those in our local casinos. The Web game allowed surrender (i.e. giving up half the bet when your hand is hopeless, say, a hard 16 against a dealer's ace) and hitting after splitting aces. Betting \$1 per hand, I initially just intended on playing until my \$5 bonus was gone. I won a few hands, then started losing. Since Internet gaming is unregulated, there is no way of knowing how valid the randomization procedure is, but the experience was not unlike my other bricks-and-mortar gambling experiences; that is, I win some, lose some, win a bit back, while slowly, but surely, see my bankroll shrink. After losing about \$17 US, I cashed out. As correctly noted by [www.clubchance.com](http://www.clubchance.com), if the random number generator was biased, "An expert player could discover the bias and spread the word, quickly breaking that casino's bank." Thus, "it's in the casino's best interest to be as random and unbiased as possible."

Cashing out was also a two-step process. I first cashed out from the casino and then from EzCash. Cashing in was posted to my credit card immediately; however, cashing out took another month. This delay is apparently due to the credit card company trying to discourage credits, not to the on-line casino. I also found that the customer service of the on-line casino responded quickly to my inquiries.

If I had won more than I cashed in for, I would have received a certified cheque. Cashing out at a bricks-and-mortar casino is usually more difficult than cashing in. You have to wait in line for a cashier. If you're down to your last few chips or tokens, you may feel that it's hardly worth it and just gamble the rest away. In contrast, cashing out at an on-line casino was actually less



tedious than cashing in, except for the one-month delay in getting my cash back.

I discovered something annoying —when you exit the site another site automatically starts up. This technique is also used by the porno industry (or so I've been told) to keep customers on their sites. To get out of this loop, you need to close the new site before it finishes loading up.

Over the next few weeks, I received an average of one e-mail promotion every two days encouraging me to return to that site or to try another site. Each letter gave instructions about how to be removed from the list, but out of curiosity about the promotions, I haven't asked to be removed yet. One message encouraged me to go back to the site so that I could win a trip to Tahiti. Another told me that I could win a bonus of \$1000 if I bet \$100 on a roulette number. A recent message told me I could win a BMW and \$100,000 in cash. Many messages mentioned bonuses for cashing in or for referring people to their on-line site. Another told me, "soon everyone would be a winner, you could be next." The last time I checked, the opening banner on their site read, "We've already paid out \$61,313,471.93 (in prizes), you could be next." That is, while researching and writing this paper the amount had increased by \$4 million.

The on-line industry is growing rapidly. On-line gambling revenue (not counting day trading) was a \$2 billion per year industry in 2000 and is projected to rise rapidly over the next few years. However, the industry is worried about the possibility of an Internet betting ban by the U.S. government. Several attempts have been made to pass bills banning Internet gambling, but so far, none have been passed. One bill tried to extend the (American) Federal Interstate Wire Act to on-line gaming and make it illegal to bet on-line using a credit card. Another attempted to ban all other types of banking instruments for on-line gaming and to make it illegal to own shares in a company that runs on-line casinos. One recent attempt was aimed at stopping money laundering, which would have forced credit card companies to police transactions.

The Internet's betting-ban amendment was removed before the anti-money laundering bill was passed. Speakers at the Global Interactive Gaming Conference in Montreal (May 10- 12, 2000) seemed confident that a ban on Internet gambling would be ignored and that the industry would continue to grow. But some speakers noted that the ban would hurt the industry. They pointed out that currently over half of the on-line gaming revenue around the world comes from the United States. Meanwhile, the Nevada state government has taken steps that may lead to legalizing and licensing Internet gambling in Nevada. (More information about the Internet gambling industry

can be obtained at [www.igamingnews.com](http://www.igamingnews.com).)

According to speakers at the same conference ([www.igamingnews.com](http://www.igamingnews.com)), future casino banking might be conducted by debit cards, e-cash, special Internet gaming cards or prepaid telephone cards. Security may utilize fingerprint-recognition technology, and mobile phones may become the most common way to place Internet bets.

On the plus side, on-line gambling is more affordable than casino table games. However, on-line gambling may offer a greater potential for incremental betting, which could lead to problematic play. On-line gambling offers the potential ability to monitor gamblers in order to detect problematic patterns of play, such as incremental betting and frequent re-buy-ins, which could then automatically trigger information about problem gambling. Currently, however, no on-line casino does this, although Lasseter's On-line casino in Australia offers self-selected daily betting limits. (For more about the plus side of on-line gaming, you can go to [www.clubchance.com](http://www.clubchance.com) and look for their news, editorials and letters, or go to [www.thewizardofodds.com](http://www.thewizardofodds.com) and look at their information on the basics of on-line gaming.)

Overall, I found that on-line gambling was a reasonably enjoyable experience. Cheaper, but less exciting than playing live. The greatest areas of concern from my point of view are security, availability and protecting adolescents. No fraudulent charges were made to my credit card, so my security fears have been resolved.

Availability is a more difficult issue. On-line casinos are available from anywhere in the world, 24 hours a day. The automatic loading of other sites and large amounts of promotional e-mail could be particularly difficult for problem gamblers. Autolinks could encourage a winner to try to win more, or a loser to try another site to win it back, and e-mail ads could induce a relapse. Self-exclusion policies are available at Lasseter's, and links to Gamblers Anonymous and Net Nanny are available at some sites.

There are a number of gambling related sites that provide information to prevent problems. For example, [www.professionalgambler.com](http://www.professionalgambler.com) sells information on the odds for various teams, but it also provides a list of 10 ways to throw away your money on sports bets. This list is designed to educate gamblers about bad betting strategies (e.g., using betting systems). Currently, protection for minors from these sites is inadequate. But the industry claims there is a greater potential for security problems on the Web than in other gambling venues because everyone is checked, and fake IDs are excluded ([www.clubchance.com](http://www.clubchance.com); see also [www.igamingnews.com](http://www.igamingnews.com)).

However, it remains to be seen if this will come to pass. For the time being, it is up to parents to use blocking devices such as Net Nanny and to keep credit cards out of their children's hands. Account names and passwords should also be kept hidden. Parents and educators must teach adolescents about their real chances of winning and dispel myths of "easy money" by showing how the games are stacked against them.

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