



North Carolina's ban on video gambling should be clarified to focus on the activity and intent of video gambling.

Applicable Bills: **Video Gambling Statutes**

The gambling industry is exploiting the technicalities of North Carolina's ban on video gambling, and thereby violating the intent of the General Assembly to ban all video gambling statewide. The statute must be clarified to ban video gambling on the basis of intent and activity rather than logistics.

BACKGROUND:

In June 2006, the North Carolina General Assembly enacted SB 912—Phase Out Video Poker/Except by Compact to ban the operation or possession of “any video gaming machine,” as defined in the law. In July 2008, the General Assembly enacted SB 180—Prohibit Certain Sweepstakes to clarify that the video poker ban applies to “server-based electronic game promotion.” Even with these bans on video gambling in place, the gambling industry has bombarded North Carolina with a reprogrammed version of video poker machines called sweepstakes machines. These machines have shown up in convenience and grocery stores, bars, nightclubs, and strip mall “Internet cafes” across the state.

ANALYSIS:

Sweepstakes machines are set up to look and operate like video poker or slot machines with touch screens that allow players to choose from familiar games including poker, keno and blackjack. They work by requiring players to buy a product such as long-distance phone time or prepaid Internet access from a store clerk in exchange for a personal identification number that entitles them to access the machine to play a game of chance. Players win credits in the online sweepstakes that are then transferred back into cash by the clerk. Even though the casino like playing experience of sweepstakes machines is essentially the same for the players, machine manufacturers claim that they are not games of chance like video poker because prizes are paid to winners based on a predetermined sweepstakes system and are not determined by the machines themselves.

Recent Superior Court decisions go against the weight of North Carolina gambling law and ignore the legislative intent to ban video gambling that is already laid out in statute.

Gambling machine manufacturers are currently emboldened by two recent Superior Court decisions in their favor from Judge John Craig in Guilford County and Judge Paul Ridgeway in Wake County. In ruling that the sweepstakes machines do not violate North Carolina's ban on video poker or server-based electronic game promotions, both judges appear to have focused on whether the machines could be considered to differ in any technical respect from the description of the illegal systems found in the applicable gambling statutes. Unfortunately, the decisions have created a gray area in the law and have fueled a statewide flood of sweepstakes machines in other counties because of their chilling effect on law enforcement.

The General Assembly must pass a comprehensive ban that will shut down video gambling (in any form) in North Carolina. Video sweepstakes machines are just the latest attempt by the gambling industry to skirt antigambling laws by tweaking the technical aspects of their machines to evade statutory descriptions. Like their predecessors, these machines are:

- Targeted to low-income and minority neighborhoods and are often located near pawn shops, rapid-tax refund services and places that cater to people looking for quick cash.
- Extremely addictive. According to Professor William Thompson, a gambling expert at the University of Nevada, “the machines suck people into the screen... It is different from blackjack or even handle slots. These are the most addictive of any gambling instrument we have today.” According to the N.C. Council on Problem Gambling, about 90% of new attendees to Gamblers Anonymous meetings say they are hooked on playing at “Internet cafes.”
- Capable of making big payouts. Sweepstakes machines have offered jackpots as high as \$13,000.

Local Government officials and law enforcement officers are struggling to contain the spread of these machines in the absence of a comprehensive ban that will be recognized by the courts. It may take several years before this issue works its way through North Carolina’s higher courts. The General Assembly must act to ban sweepstakes machines by enacting new legislation that clarifies existing law by providing that an illegal gambling device or slot machine is simply any device used in the advancement of unlawful gambling activity or an unlawful lottery.

***ACTION:* Please SUPPORT a comprehensive ban on video gambling in North Carolina.**