

## Sports

# Sports gambling in U.S.: Too prevalent to remain illegal?

By **Will Hobson** February 27

On a June morning in 1991, the most powerful men in American sports gathered to petition a Senate subcommittee to stop the spread of something they saw as a growing evil.

“We do not want our games to be used as bait to sell gambling,” NFL Commissioner Paul Tagliabue said. “We have to make it clear to the athletes, the fans and the public, gambling is not a part of sport, period.”

Tagliabue’s argument helped push the passage the following year of the Professional and Amateur Sports Protection Act, which confined legal sports betting to Nevada and three other states. More than 20 years later, America’s widespread legal ban on sports gambling is under siege like never before.

NBA Commissioner Adam Silver, whose predecessor David Stern sat alongside Tagliabue that day, [has called for the repeal of the 1992 act](#) and [expanded legal sports betting](#). [Sen. John McCain \(R-Ariz.\) wants Congress to re-examine the federal ban](#). This spring, an appeals court will hear [New Jersey’s challenge to the act’s constitutionality](#). Elected officials in [other states](#) are mulling similar challenges.

In the past 50 years, while the United States has undergone an unprecedented expansion of legalized gambling, sports betting has been the only holdout, a testament to the impact of game-fixing scandals and the political power of the country’s professional sports leagues. America’s legal stance on sports betting puts it in unusual company; it’s the rare issue in which the United States has more in common with Russia and China than it does with Britain and much of continental Europe.

America’s sports gambling prohibition has created what many consider ([these things are difficult to measure](#)) the world’s largest black market for sports betting. While nearly \$4 billion is bet on sports legally in Las Vegas yearly, an estimated \$80 billion to \$380 billion is wagered illegally through a shadow industry of offshore online betting houses, office pools and neighborhood bookmakers. Legal or not, the money continues to flow, and a growing number of power brokers advocate legalization so government can tax those billions and sports leagues can track it for signs of corruption.

Sports gambling in the United States in 2015 sits on a precipice; while it seems too big to continue to exist in its current form, legal hurdles and strong opposition remain. This debate is the latest that falls along the fault lines of

familiar but contradictory American heritages, pitting moralistic puritanical ideals against the anti-government values of the frontier.

While judges, politicians and commissioners mull their options, fans, gamblers and betting companies await the future.

## **A history of ambivalence**

The history of gambling in the United States is not an inexorable march from outlawed vice to accepted leisure activity, but rather a recurring pattern: legalization, scandal, then prohibition. Legal bans last decades, until elected officials are desperate for cash, then the cycle repeats.

Consider the lottery. America was founded on lotteries, literally. Most of the colonies raised money through lotteries, and the Continental Congress tried to help fund the Revolution with a lottery; the tickets were among the first documents to bear the words “United States.”

Across early America, lotteries raised money for public projects such as roads, bridges and canals, and for private institutions such as Harvard and Yale. But by the early 1800s, people started getting fed up with how often lottery administrators absconded with all the cash.

“Gamblers don’t always care if the game is crooked if it’s the only game in town, but they’d like somebody to win,” said [I. Nelson Rose, a professor and gambling law expert at Whittier Law School in Costa Mesa, Calif.](#)

A wave of state bans on lotteries followed in the 1820s and 1830s and lasted until the Civil War. Devastated Southern states needed money, so they resorted to lotteries. Again, this did not end well. The Louisiana Lottery earned a reputation for bribery and corruption, drawing condemnation and a nickname: “the Serpent.”

Outrage over the Louisiana Lottery in the 1890s prompted the first foray by the federal government into gambling law. Congress, which had historically left gambling up to the states, passed a series of laws targeting lotteries.

(The early 1900s represented a low point in legal American gambling tolerance, coinciding with Prohibition. Even Nevada outlawed gambling, from 1909 to 1931.)

The stigma against lotteries held until 1964, when [New Hampshire became the first state to get back into the lotto business](#) and was not alone for long. New York’s lottery followed in 1966, New Jersey’s in 1970 and 10 other states in 1975. New Jersey opened casinos in 1976. Today, more than 40 states have lotteries, and nearly as many have some form of casino gambling. It’s a wave of legal, state-supported gaming never before seen in American history. Rose, the law professor, credits “the tremendous power of incremental change.”

“The outrageous becomes acceptable, if taken in small doses,” he wrote in a paper analyzing the history of gambling in the United States.

There is a pragmatic reason why lawmakers, when deciding which scandalized game of chance to legalize for revenue, opted for lotteries over sports betting: Lotteries are much more profitable.

“In lotteries, as long as you’re not a total idiot, you should be able to set the payouts to ensure you make money,” said [David Schwartz, director of the Center for Gaming Research at the University of Nevada-Las Vegas](#). “Sports gambling would be hard for the states to run because it is very possible, when running a sports book, to lose money.”

## **Across the Atlantic**

In Britain, sports gambling is ubiquitous and unavoidable. Thousands of betting parlors dot the country, sports stadiums contain gambling kiosks and online gaming is legal, so you can bet from home, via your computer or phone.

There may be no better microcosm of the difference between the United States and Britain on sports gambling than this: In America, it is controversial for a broadcaster announcing an NFL game to refer to the point spread, the forecasted margin of victory oddsmakers set for gambling purposes. In Britain, television broadcasts of soccer games feature [advertisements by gaming companies imploring viewers to place bets on the game they are watching](#), complete with [live odds](#).

“Gambling has always been integral to British sports,” said [Tony Collins, professor at the International Centre for Sports History and Culture at De Montfort University](#) in Leicester, England. When one of Britain’s first governing bodies for cricket leagues compiled its first rule book in the 1800s, Collins said, it included a section on how to properly gamble on cricket.

“There’s perhaps a more moralistic strain to American sports than there is elsewhere,” Collins said. “There is a different attitude toward gambling in Britain, of greater leniency.”

Still, Collins and other historians note that British politicians once grappled with the implications of legalized sports betting.

For the majority of British history, sports gambling was mostly illegal, but also widespread and tacitly condoned, experts said. Unlike in the United States, though, bookmaking did not become closely associated with violent criminal organizations.

In 1950, a [U.S. Senate committee investigating the mafia](#), led by Tennessee Senator Estes Kefauver, identified gambling as “the life blood of organized crime.”

“Gambling [in Britain] was criminal, but the people running it weren’t particularly criminal in the broadest sense,” said [Mike Huggins, professor of history at the University of Cumbria in Carlisle, England](#). “They weren’t into prostitution, money laundering and other various crimes.”

While there have been match-fixing scandals in cricket, tennis and soccer, no single incident in British sports history compares to America’s worst sports gambling scandal, experts said.

“There isn’t an equivalent in British sport of the Black Sox scandal. . . . So there hasn’t been that national trauma,” said Collins, referring to the conspiracy to fix the 1919 World Series. He speculated that a fixed FA Cup Final — the championship of English soccer — could have changed the course of British sports gambling history.

Government action is probably the most important and enduring difference between the two countries. The British Parliament historically stayed out of gambling-related legislation. In the 1930s, professional soccer leagues tried briefly, and unsuccessfully, to get popular soccer-based lotteries outlawed.

Congress, meanwhile, has treated gambling as a federal issue since the Louisiana Lottery scandals of the late 1800s. In 1961, Congress got involved again, passing the Wire Act, which outlawed sending information about betting across state lines. Attorney General Robert F. Kennedy wanted to go after the mafia, and the law helped.

In an interesting bit of symmetry, 1961 was also a milestone year in British gambling history. Parliament members had finally done something about gambling — they legalized it. Britain’s first legal betting parlors opened that year.

Sports gambling “was going on in every street corner,” said Ciaran O’Brien, corporate affairs director for British gaming company [Ladbrokes](#). “Which, frankly, is what’s going on in America today.”

## **The road ahead**

There are similarities between the 1960s Britain that fully legalized sports betting and the United States today. The religious fervor that played an integral role in early anti-gambling movements in the U.S. has ebbed. And some officials in law enforcement and sports have accepted what has long been orthodoxy in Britain: The only way to effectively police game-fixing is to monitor sports betting markets for unusual activity.

“In the U.K., we’ve built a very strong national business that is very highly regulated and works closely with government . . . looking for unusual betting patterns, so the sports leagues can investigate,” said O’Brien, the Ladbrokes spokesman.

U.S. sports officials and law enforcement have seen, first hand, how this can work. On March 5, 1994, Las Vegas casinos noticed more than \$1 million pouring in on an Arizona State basketball game that normally generated about \$50,000 in gambling activity. Vegas bookmakers alerted the FBI, which uncovered a [point-shaving scandal involving Arizona State players, a campus bookie and gamblers from Chicago](#).

In 2007, the NBA was rocked by the worst gambling scandal in league history: the revelation that [former referee Tim Donaghy bet on games he officiated and provided inside information to gamblers](#). Then-commissioner David Stern called it a “wakeup call that says you can’t be complacent.”

For Silver, that wakeup call led to this realization: There’s no way to effectively monitor the billions Americans illegally bet outside of Las Vegas for irregular betting activity.

“None of the systems we had in place had captured any betting by Donaghy,” [he told ESPN](#).

Despite Silver’s support, significant challenges to legalization remain. Chief among them is the continued vehement opposition by the NFL, by far the league with the most clout in Washington. (In 2014, the [NFL spent \\$1.2 million on lobbying, according to the Center for Responsive Politics](#). The NCAA, also still opposed, spent [\\$580,000](#). The [NBA](#), [NHL](#) and [MLB](#) spent \$700,000 combined.)

The next important date in American sports gambling history comes this month. On March 17, three federal appeals judges in Philadelphia will hear oral arguments in New Jersey’s latest challenge to federal sports betting laws.

A ruling in New Jersey’s favor would pave the way for legal sports betting in the Garden State this year, said State Senator Raymond Lesniak (D). If the judges rule in the favor of the sports leagues, Lesniak said, the fight against the 1992 federal ban will have to be taken up by another state.

Rose, the American gambling legal expert, predicts the ban will fall eventually but thinks history will repeat itself. A national scandal will cause outrage. Americans will call for prohibition again.

British experts are skeptical that, in the age of the Internet, such a pattern can repeat.

“With the power of technology, the idea that you could somehow go back to restricting, to a prohibitive regime?” said Mark Clapson, a gambling historian. “It’s impossible.”

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