

**Opening Statement**  
**Chairman Michael G. Oxley**  
**Committee on Financial Services**

**Subcommittee on Oversight and Investigations**  
**July 12, 2001**

**“The Financial Aspects of Internet Gaming:  
Good Gamble or Bad Bet?”**

---

Thank you, Madam Chairwoman. I commend you for calling today’s hearing on a topic of utmost concern, the financial aspects of Internet gambling. While it may seem a good gamble for those who engage in it, experience shows it’s often a bad bet in the end.

Today’s hearing is intended to get the lay of the land. We’ll learn from an economist’s perspective how Internet gambling has grown in recent years. We’ll learn from the State law enforcement perspective what power the States have to stop illicit gambling on the Web and what means are being taken by criminals to evade those efforts. We’ll hear from those in the trenches, the psychologists and counselors who on a daily basis see the devastation caused by an unregulated industry operating in an unforgiving medium.

We’ll hear from the big players in this Big Game of Chance—the large casinos, the State lotteries and the racing industry. We’ll hear from the software providers—the enablers, without whose expertise and acumen Internet gambling could not exist. We’ll hear from perhaps the most vulnerable population—college athletics, whose contests become fair game for gambling on the Internet, whose athletes are potentially compromised by the allure of cash payouts for throwing games or shaving points, and whose students—your kids and my kids—are potential victims of a too-easy, snake-in-the-garden enticement of big winnings that often results in financial losses that will trail them and their families for years.

Finally, we’ll hear from the credit card companies, whose products are in most cases the instruments by which Internet gambling takes place. I am pleased to see that my Full Committee colleague and former Chairman of the Banking and Financial Services Committee, Mr. Leach, is in attendance, and I look forward to his questions and comments on that particular issue.

The Internet to many conjures up images of the Wild West—the frontier; new, unconquered horizons; seemingly unlimited potential. To those holding such a view, gambling is just part of the tableau. But instead of Gus and Tex, sitting at a back table at the Dead Eye Saloon engaged in a high stakes game of seven card stud, we’ve got little Jimmy sitting at the family computer, maxing out Mom’s credit card trying to beat the spread on the Ohio State-UCLA game, as posted by a “virtual casino” based in the Netherlands Antilles.

(more)

Tex and Gus' card game often ended in a little "disagreement," best settled at ten paces in the middle of Main Street. Little Jimmy's losing football bet may result in financial hardship for his family, possible criminal prosecution—and maybe a month without "Dawson's Creek" for little Jimmy.

If "Little Jimmy" is truly a child, allowed free ability to gamble by some fly-by-night casino in the Caribbean or elsewhere overseas, then we have much cause to be concerned. If he is instead "Big Jim," with his pocketful of sports lines, wallet full of MasterCard and VISA cards, and access to the "casinos of the world" through the Internet without having to step away from the comfort of his own living room, we have the potential for disaster. Families can be ruined, savings lost. In a very real sense, we've gone from *High Noon* to *Wastin' Away in Margaritaville*.

I look forward to the testimony this afternoon, and to a continuing dialog as we tread this thorny—but necessary—path toward a solution to a troubling and growing threat to our nation's financial markets—and its families.

Madam Chairwoman, again I commend you, and I look forward to the testimony as this Committee completes its first step toward reining in this wild bronco called Internet gambling.

###