

CONNECTICUT COUNCIL on  
**PROBLEM  
GAMBLING**

Presented By: Mary Drexler, MSW, Executive Director  
CT Council on Problem Gambling (CCPG)

Public Testimony  
Internet/Sweepstakes Cafes

My name is Mary Drexler and I am the Executive director of the CT Council on Problem Gambling.

I want to thank the Committee Chairs, Representative Dargan and Senator Hartley and the entire Public safety and Securities Committee for the opportunity to speak today on behalf of the Council and those individuals and families for whom the CT Council advocates. I also want to thank Senator Bartomoleo for bringing Committee Bill No. 80 to the attention of this Committee.

Internet/Cyber cafes (phone card sweepstakes establishments) are not unique to CT. I have talked with other Affiliate Councils (MA & FL) where these phone card sweepstakes have popped up and are now deemed illegal by statute. I have been told that they have received calls from individuals to their Helplines who have experienced issues with problem or pathological gambling as a result of using these so-called cyber cafes. Callers were found to have the same issues with this cyber cafe gambling or internet/sweepstakes gambling as those who participate in legalized gambling like state lotteries or casino gambling. Those issues include anxiety, depression, and huge financial losses, only to name a few.

Being in existence for over 40 years the Council takes the stance that Internet/sweepstakes cafes are a form of gambling, providing customers with casino-style computer games and should be deemed unlawful. These operations try to skirt the laws by disguising what is truly gambling as something else. It is evident that there is a lack of consumer protection when it comes to these operations. It is apparent that they are profiting from unregulated, illegal gambling games with no posted odds, minimum odds, or guarantees of payouts to consumers.

According to the American Gaming Association 2102 white paper, internet/sweepstakes cafes are estimated to earn more than \$10 billion a year with games that closely mimic the

Problem Gambling Helpline: 1-888-789-7777

Website: [www.problemgambling.org](http://www.problemgambling.org)

Office:  
16 West Main Street  
Clinton, CT 06413  
860-664-3996

experience of traditional slot and video poker machines. The cafes advertise and sell a product — usually internet time or long-distance telephone minutes — that the gambler does not actually want. Along with that unwanted product, the customer receives a supposed bonus of “entries” in the Internet sweepstakes. With those entries, the customer can participate in Internet-based games at the cafe’s specially-programmed personal computers. Based on a random allocation of winning and losing entries, the customer may or may not win cash prizes through those games. According to the cafes that are reaping unregulated profits, this elaborate masquerade is not gambling, but a sweepstakes. Yet, according to every appellate court that has decided a case involving similar games, it is incontestably gambling. These facilities generally include a control area where employees operate and receive payments. Personal computers are arranged in rows on tables for the customers. The number of computers may range from only a few to over 100. Some cafes offer free food and drink to prolong customers’ play.

Claiming that these cafes are not involved in gambling, their advocates offer two types of arguments. First, they appeal to everyday experience with the sweepstakes mounted by major companies like McDonald’s and Coca-Cola.

Second, the cafes also employ a highly legalistic argument based on the traditional legal test for whether an activity is gambling, which asks if the customer, in order to gain an advantage (a “prize”), pays something (“consideration”) for the possibility (“chance”) of winning. Internet sweepstakes advocates insist that their activity involves neither consideration nor chance.

In claiming that these cafes are not involved in gambling, their advocates offer two types of arguments. First, they appeal to everyday experience with the sweepstakes mounted by major consumer companies like McDonald’s and Coca-Cola.

Second, the cafes also employ a highly legalistic argument based on the traditional legal test for whether an activity is gambling, which asks if the customer, in order to gain an advantage (a “prize”), pays something (“consideration”) for the possibility (“chance”) of winning. Internet sweepstakes advocates insist that their activity involves neither consideration nor chance.

But there are differences:

- First, Internet sweepstakes cafes are in the gambling business, as concluded by every appellate court to review that question.
- Second, in most communities in which they currently operate, cafes are subject to no regulation (1) of the background and integrity of owners and managers, (2) of the fairness of the games they offer, (3) requiring the exclusion of customers who are too

Problem Gambling Helpline: 1-888-789-7777

Website: [www.problemgambling.org](http://www.problemgambling.org)

Office:

16 West Main Street

Clinton, CT 06413

860-664-3996

young to go to licensed commercial gambling venues, (4) imposing special zoning standards or (5) requiring that information be provided about counseling and other treatment options available for those unable to control their gambling.

- Third, cafes do not pay any special gaming tax of the type that applies in every state to commercial casinos, racetracks and other state-licensed gambling businesses.
- Fourth, they have experienced viral growth throughout the country; because their businesses require so little investment, they can open swiftly and inconspicuously in many communities.

It is the stance of the Council that the State of CT needs to pass the currently proposed legislation banning such operations in o CT as they are unregulated and lacking consumer protections for our CT residents.

Again, I want to thank the Committee Chairs, Representative Dargan and Senator Hartley and the entire Public safety and Securities Committee for the opportunity to speak today on behalf of the Council and those individuals and families for whom the CT Council advocates. I specifically also want to thank Senator Bartomoleo for bringing Committee Bill No. 80 to the attention of this Committee.

Problem Gambling Helpline: 1-888-789-7777

Website: [www.problemgambling.org](http://www.problemgambling.org)

Office:

16 West Main Street

Clinton, CT 06413

860-664-3996