

Arch Gleason Elected President of WLA *Gleason speaks candidly about critical issues facing WLA members today*



Arch Gleason

Arch Gleason, President and CEO of the Kentucky Lottery Corporation (KLC), has been elected to a two-year term as President of the World Lottery Association (WLA). Gleason has held the post for the past ten months after the previous WLA president stepped down in early February. He and the WLA Executive Committee were elected at the Association's biannual convention in Singapore in November 2006.

"I am truly grateful for the support of the WLA members from around the world who have presented me with this wonderful opportunity and challenge," said Gleason. "The Association is entering a new chapter in its history with several leadership changes I believe will help an outstanding organization become even stronger.

"While much has been accomplished, I look forward to working with the new Executive Director who will assume that position January 2 and the Executive Committee members in building on the Association's prior accomplishments, making constructive changes, and setting our future course," Gleason continued. "In addition, working with and learning from experts in our gaming sector from around the world allows me to bring those lessons back home to Kentucky.

"These are not only challenging times for the Association, but also extremely challenging times for the WLA's members around the world and their authorizing governments," said Gleason. He continued, "The advancement of the Internet and the ability to conduct commercial and financial transactions from remote locations with individuals located anywhere in the world has given rise to legal challenges of the current legislative gaming structure before international, European and national courts. While the legislative administrative court decisions both in North America and Europe to date give reason for optimism there is a continuing need for all stakeholders to have a proper understanding of the situation. Restrictions are necessary to protect the broader interests of public order and good morals.

"The WLA, along with the Regional Associations and members are taking steps to demonstrate that they deserve the public trust to conduct these activities in the manner and pattern in which they have done so historically. Government authorized lotteries have enjoyed

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Letter to the Editor

By Michael Edmonds, Director, Wisconsin State Lottery and Co-Chair of Legal/Legislative Committee of NSAPL

U.S. Internet Lottery Sales

A recent article in your November 2006 issue (Digital Convergence and Strategic Implications for the U.S. Lottery, p.18) claims that the recently-passed Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA) "gives a U.S. Lottery the 'green light' for an intrastate Internet sales channel." Whether the UIGEA allows state lotteries to sell their products over the Internet is an open question. However, even if the light is green, state lotteries still have a bit of a problem: there is a cop standing in the middle of the intersection, with his arm extended and palm facing up.

The article notes that "unlawful Internet gambling" does not include wagers "initiated and received... within a single State." 31 U.S.C. 5362 (10) (B). In addition "the intermediate routing of electronic data shall not determine the location in which a bet or wager is initiated, received, or otherwise made." 31 U.S.C. 5362(10) (E). It is this language, the article claims, that gives state lotteries the "green light" for Internet sales.

Not so fast. The cop in the intersection is none other than the United States Department of Justice (DOJ). Moreover, DOJ has interpreted the Wire Act, 18 U.S.C. 1084, to prohibit the sale of state lottery products over the Internet, even where the wager is placed inside the state but the transmission is routed outside the state.

Mixing metaphors, the article counters that the "intermediate routing" language of the UIGEA provides state lotteries with a "Safe Harbor" from the Wire Act. The problem with this assertion

is that the UIGEA states, as a rule of construction, that "No provision of this subchapter shall be construed as altering, limiting, or extending any Federal or State law... prohibiting, permitting, or regulating gambling within the United States." 31 U.S.C. 5361(b). Under this language, it seems that DOJ remains free to continue to interpret the Wire Act as prohibiting Internet sales.

The situation reminds me of the children's game of Red Light – Green Light. One part of the UIGEA seems to allow for Internet sales (green light). Another part states that the UIGEA does not change the Wire Act (red light). The penalty for getting caught in Red Light – Green Light is that you are out of the game. The penalty for violating the UIGEA is a bit more severe: up to five years in prison. 31 U.S.C. 5366.

My own state does not allow lottery sales over the Internet. Even if it did, I would wait for the cop in the intersection to motion me through before taking my foot off the brake.

Sincerely,
Michael J. Edmonds

Note: Michael Edmonds is the Director of the Wisconsin Lottery. He has a B.A. from Lawrence University and a law degree from the University of Wisconsin-Madison. He is the Chair of the Legal/Legislative Committee of the National Association of State and Provincial Lotteries (NASPL). The views are his own. ♦

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these exclusive or near exclusive right to conduct these activities in a highly regulated fashion and with the highest degrees of public accountability, integrity, and social responsibility. At the same time, we must capitalize on our significant, individual, and collective brand equity, and continue to produce competitive products that provide entertaining experiences to our players."

In part due to Gleason's leadership roles with the WLA and NASPL, the organizations have decided to hold a joint conference in 2007. The Kentucky Lottery Corporation will host the joint

NASPL/WLA World Meet 2007 Conference in Louisville next October. Approximately 1,200 delegates from these organizations are expected to participate in the conference scheduled for October 3-6.

"It's good to see the rest of the world realizes what a tremendous leader we have right here in Kentucky," said KLC's Board of Director's Chairman George Demaree. "Arch has brought a tremendous amount of skill, expertise, and integrity to the Kentucky Lottery, and I have no doubt his influence will continue to be felt all across the world." ♦

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provide this kind of leadership and why?" If the motive is increased levels of income for state programs, this may prove to be a lesser incentive than a survival tactic against the misguided urge toward liberalization in the EU.

PJ: Do you mean the drive to increase net revenue is less important than the goal of avoiding de-regulation and liberalization of the industry?

GS: In saying that, I invoke the Garbage Can rule that holds that preserving something is a stronger incentive than future profits, fear of loss a much bigger driver than hope for gain. The test? Wake a sleeping man and ask him if he wants to make \$20 right now and he'll tell you to leave him alone. Wake him to report that someone is stealing the lid of his garbage can and he'll rise in fury. ♦