

The offshore game of online sports betting

By James Glanz, Agustin Armendariz and Walt Bognach, New York Times

Hard by the High Line, in a vintage industrial building with a Romanesque arch, lights flash on powerful computers in row after row of metal cabinets and cages. Power lines connect the equipment to diesel generators on the roof. Cables route data through the building to conduits beneath New York City streets.

This is one small corner of the Internet, unremarkable except for the confluence of two facts: Sports betting is largely illegal in the United States. And this Manhattan building, on 10th Avenue in Chelsea, is one node in a vast network used by a major offshore sports book – ever faster, ever more sophisticated and harder to track or regulate.

The network is traversed by United States customers of pinnaclesports.com, a hugely successful Internet sports-gambling company with headquarters until recently in a shopworn hotel in the tiny Caribbean island nation of Curaçao. The unlikely chief of Pinnacle Sports is a granddaughter of a former North Dakota governor who famously engaged in a bit of Cold War diplomacy with Nikita S. Khrushchev.

For years, offshore sports books like Pinnacle have used technology and other means to keep prosecutors at bay. In the United States, field agents are arrested, money is forfeited and the illegal gambling rings are seemingly dismantled. Yet they rise again, with different street soldiers and a new arsenal of deception. The one constant is the Internet, which allows for the electronic brain of these sports books to evolve, beyond the reach of American prosecutors.

This pattern raises a persistent question: Are the successes of law enforcement tantamount to cutting off a lizard's tail only to see it grow again, and if so, is the battle even worth fighting? Is the better way – with gambling increasingly woven into the fabric of American sports – to simply legalize it so it can be regulated?

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