

Online gaming ban endangers Costa Rican jobs

Costa Rica's job market is struggling to cope with a U.S. crackdown on online wagering.

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SAN JOSE, Costa Rica --

Alina Trejos used to live relatively well, buying a car, paying for college and even taking a European vacation on her salary from a job taking bets on American football.

No more.

A controversial U.S. crackdown on the \$12 billion online gaming industry has hit hard in Costa Rica, where an abundance of English speakers and lax laws once made it home to the highest concentration of Internet gambling companies in the world -- nearly 200 - - and earned it the nickname of the "Las Vegas of the Internet."

"The Golden Age is definitely over," said Nelson Rose, a professor at Whittier College in Southern California and leading expert on gambling laws.

At least 20 online gambling companies with operations here have shut down or are planning to flee to places like Malta since the United States began going after sports books two years ago, according to Eduardo Agami, president of an online gambling trade association in Costa Rica.

"The companies have to make a greater effort to stay afloat," Agami said. "That's a consequence of this invasion-like attack on the industry."

Thousands here have been laid off, and the industry, already surrounded by suspicions of ties to organized crime, is sliding further underground as profits are pinched.

"The books have marked the youth of our time," said Trejos, a former bet taker for the online gambling giant BetonSports. "Suddenly, there were young people with cash."

Occupying nine floors of a San José office building, the company was once known as one of San José's friendliest employers. Costa Ricans made more working there than as lawyers and pilots, according to Trejos, who after four months of unemployment has found a lower-paying job at computer giant Hewlett-Packard's outsourcing center.

BetonSports, which has been accused of operating illegal gambling operations in Florida, New York and several places in the Caribbean, closed all its operations outside of Costa Rica in June under pressure from the U.S. Department of Justice. Its San José offices closed late last year.

In South Florida, the president of a Miami Gardens direct-mailing firm, his two children and a nephew were indicted by federal grand jury on charges of aiding BetonSports.

"Illegal commercial gambling across state and international borders is a crime," U.S. Attorney Catherine Hanaway of the Eastern District of Missouri said in a statement when the indictment was unsealed last year.

The government said BetonSports fraudulently took bets from U.S. residents by phone and the Internet and failed to pay excise taxes.

But Rose said firms like BetonSports made themselves targets by attracting attention with ad campaigns in the United States that prosecutors labeled "false and fraudulent."

In a country where nearly 1 in 5 people live in poverty, hundreds like Trejos are now earning lower wages because of the industry's recession.

The BetonSports shutdown sent ripples through the local economy, rattling businesses that once thrived off of a well-paid workforce of sports-book employees.

Several other shops in the San José mall where BetonSports once had its offices also have closed. Mauricio Badilla, who manages a shoe store that was popular with sports-book employees, said his shop is "at the point of shutting down."

Sales dropped by 30 percent when the online gaming giant closed last year: "We're trying to recuperate business," Badilla said.

Former BetonSports employee Leah Palasis, who immigrated from neighboring Nicaragua, returned from vacation last year to find herself without a job. After a lengthy search, she was hired by a call center but now earns less than half the \$1,500 she used to make monthly.

The extra income is not all Palasis misses: BetonSports also offered employees private insurance, a game room, gym and tae kwon do lessons, among other perks.

"I mean, Jesus, we had free day care," she said.

Those perks are now gone, along with a severance pay that was supposed to amount to \$20,000. "Nobody's getting paid," Palasis said.

Money has gotten so tight, Palasis recently sent her daughter to live with relatives in Nicaragua because she can no longer afford to pay a baby sitter.

Since BetonSports closed its San José offices, nearly all 2,000 workers have lost their jobs. Many say they've been denied promised severance totaling \$4 million.

The company's fugitive kingpin and New York native Gary Kaplan was arrested in the Dominican Republic and extradited earlier this year and the company plead guilty to U.S. charges of money laundering and racketeering.

In Washington, meanwhile, Congress passed a law last year preventing U.S. credit-card firms and banks from processing payments to offshore online gambling businesses.