

Officials wary of 'internet cafés'

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WEST CHESTER TWP. - Two Butler County communities in recent days put temporary stops to "internet sweepstakes cafes" as the establishments continue to pop up in Ohio.

West Chester followed Liberty Township last week in placing a six-month moratorium on those businesses while officials research whether they are legal and if they should be regulated.

The internet cafés sell prepaid phone cards for customers to use at game terminals where they play to win more internet time and points that can be used for chances in a sweepstakes to win money.

Nobody has contacted West Chester officials about opening an internet café.

But trustees President Catherine Stoker said township officials became concerned after learning that Liberty Township received a phone inquiry last month about whether its zoning code allowed an internet sweepstakes business.

"Our thought is, if someone is applying at Liberty and Liberty slaps a moratorium on, where are they going next?" Stoker said. "The moratorium basically buys us a kind of breathing space while we try to get some answers."

The biggest question - whether the activity is gambling - hasn't been answered at the state level. However, courts around Ohio are split on the issue, allowing internet sweepstakes cafes to open primarily in northeastern Ohio.

"It's definitely a gray area," said Christy Prince, who practices gaming law for Kegler, Brown, Hill & Ritter in Columbus. "One judge in Toledo ruled it was legal. In Akron, a judge said it is illegal gambling."

Just last week, a municipal judge in Franklin County ruled that the sweepstakes machines were gambling devices, paving the way for police to order dozens of businesses to get rid of the machines or face criminal charges.

State officials say the Ohio Casino Commission would be the likely government body to tackle the issue. But the commission remains in limbo since Gov. John Kasich took office.

Ohio Attorney General Mike DeWine called internet cafes "a growing problem" that he continues to hear about. He plans to release guidelines soon to help clarify issues for local prosecutors and police.

Meanwhile, communities around the state are working on zoning amendments to regulate the businesses so they aren't caught by surprise if they come knocking.

"It's a booming business and I'm not surprised that there is tremendous regulation going on. (Communities) are trying to keep them out," Prince said.

Expensive permit fees are being used in some cities. For instance, Brook Park, near Cleveland, last June decided operators would be charged \$41,000 a year for an establishment with 100 machines.

Caroline McKinney, development director for Liberty Township, said her research showed that 20 Ohio townships and cities have put moratoriums in place while they investigate the internet sweepstakes industry.

Liberty might start the zoning amendment process as early as next month to address internet cafes. The process will take months and include a series of public hearings, she said.

"It's not up to a local government to decide the legality. But how do we define them?" McKinney said.

"There is nothing in our zoning code that even begins to define something like this, and what matches up with what zoning we have in place and where could a business like this locate."