



Internet Gambling 101

Washington State Gambling Commission

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Why do we care?

\$ 30 Billion cash industry

- Illegal / unregulated
- Underage / problem gambling
- Funds support ??



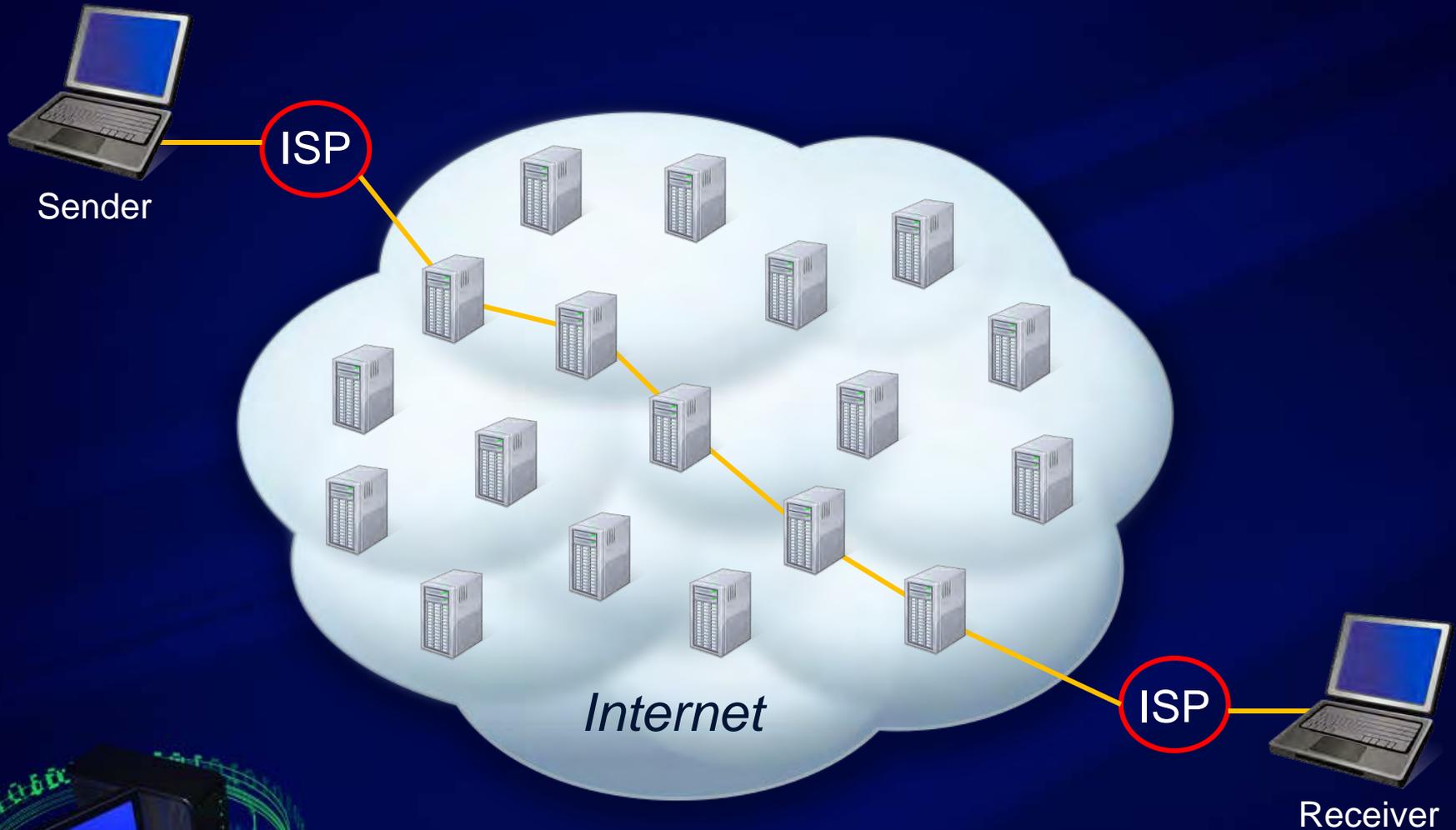


What is the Internet?

- A global system of interconnected computer networks:
 - Composed of millions of private, public, academic, business, and government networks
 - Connects billions of devices worldwide



Internet Gambling 101



Typical Peer to Peer (user to user) Configuration





What is Internet-based gambling?

- AKA online gambling and iGambling:
 - A general term for Internet-facilitated gambling.
- Types of games include :
 - Poker
 - Casino-style games
 - Sports betting
 - Bingo
 - Lotteries
 - Horse Racing





Internet-based gambling

- Classified by two types:
 - Internet
 - Intranet





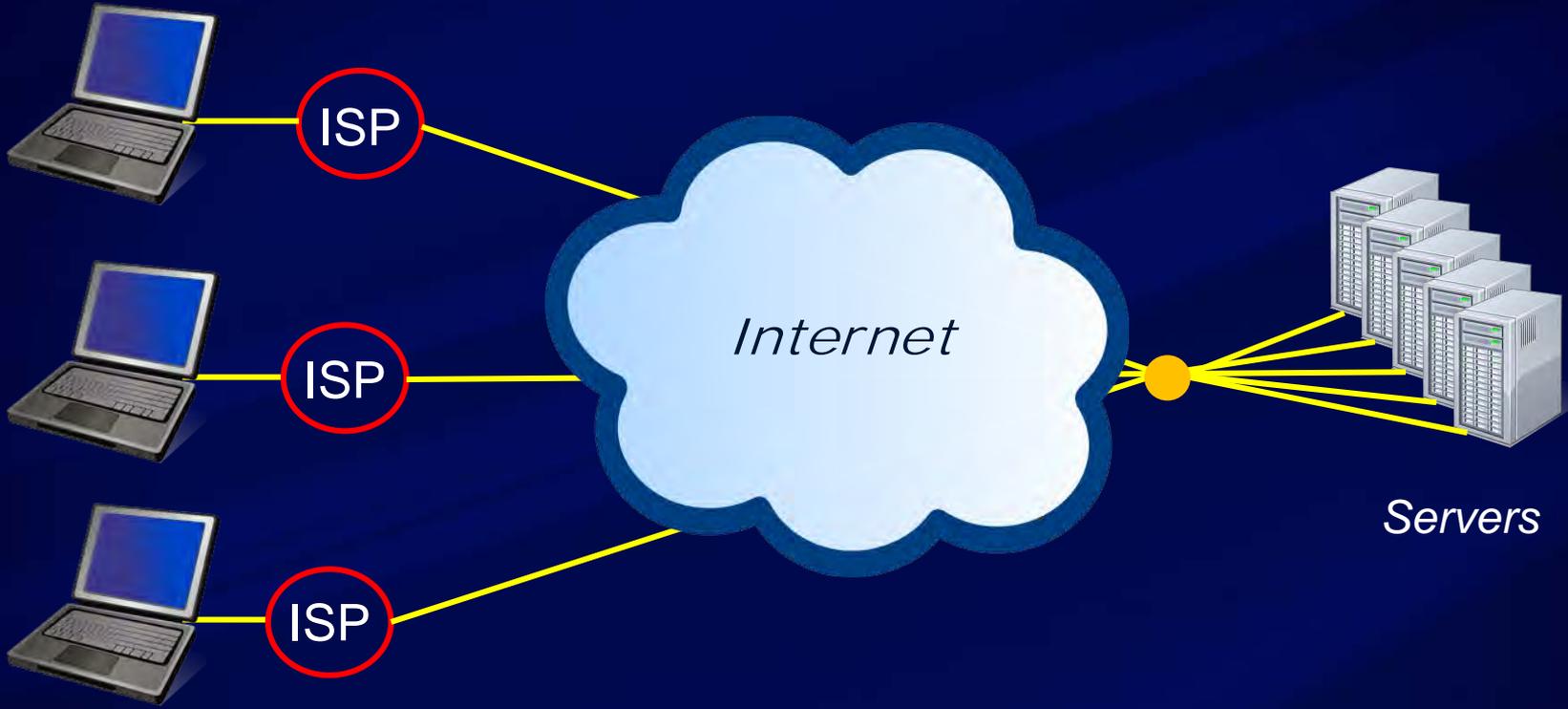
- Internet gambling
 - User connected to gambling server outside a defined local/wide area network
- Intranet gambling
 - User connected to gambling server within the defined local/wide area network



Internet Gambling 101

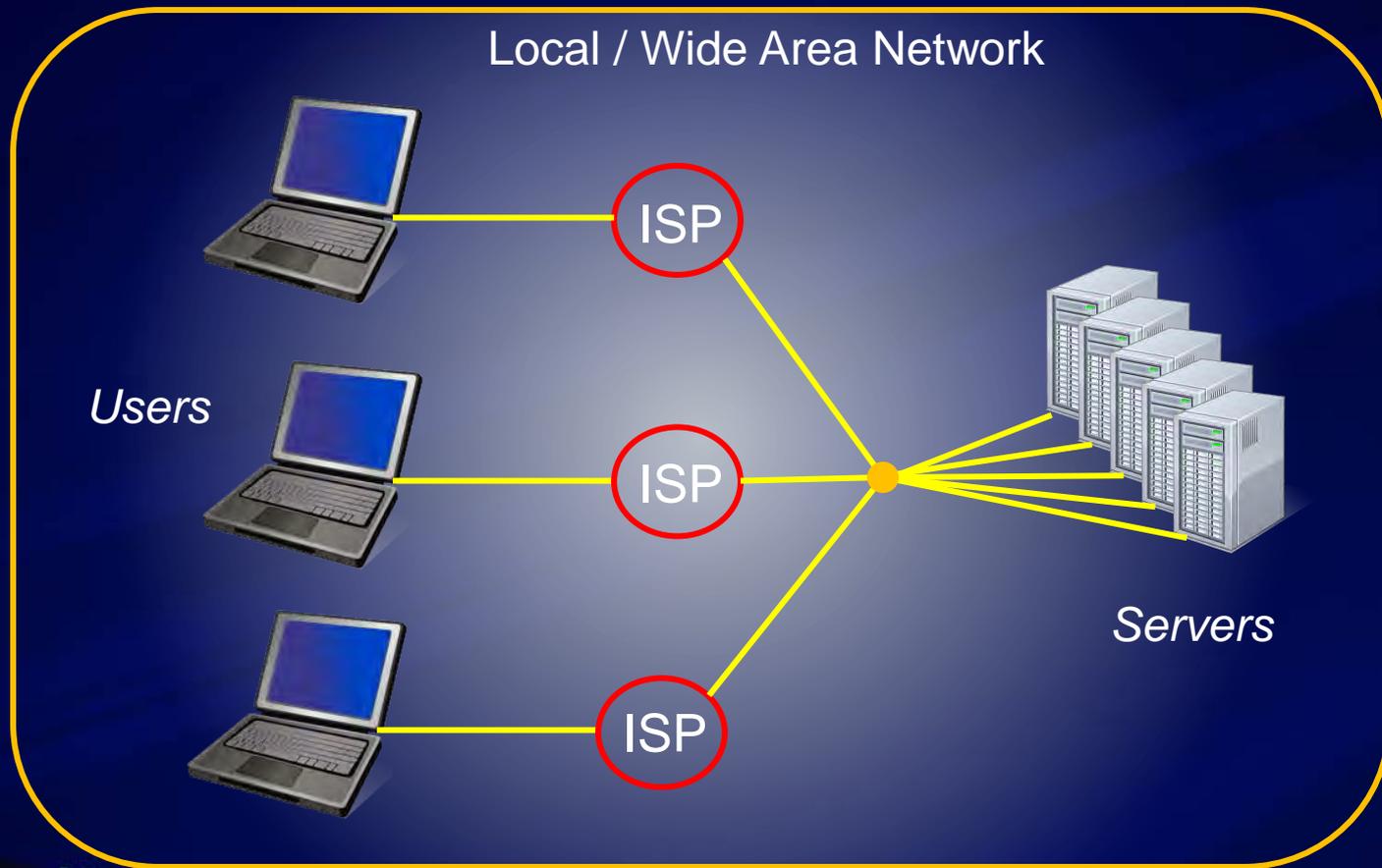


Users



Typical Internet Client to Server Configuration

Internet Gambling 101



Typical Intranet Client to Server Configuration





How does Internet-based gambling work?

- Typically consists of 5 steps
 - Download & Install Software
 - Software supplied by Provider
 - Account Registration & Creation
 - Account credentials established
 - Funds Deposit
 - Selection of preferred method of funds transfer
 - Wagering
 - Payout Request
 - Selection of preferred payment method



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Connected via Secure Socket (SSL) Encryption



Typical Internet Gambling Connection





What are the legal implications?

- Federal Impacts
- State Impacts





Federal Impacts

- Wagering Wire Act
- Unlawful Internet Gambling Enforcement Act (UIGEA)





Federal Impacts

Wagering Wire Act

- 18 U.S. Code § 1084 - Transmission of wagering information
- DOJ - Seitz Opinion
 - Wire Act only applies to “sporting events and contests”





Federal Impacts

Unlawful Internet Gambling Enforcement Act

–Title 31 Sub IV Chapter 53

- Illegal for US financial institutions to facilitate illegal Internet gambling





Unlawful Internet Gambling Enforcement Act

- Impact
 - Credit Card Fraud
 - Transactional Merchant Miscoding
 - Bank Fraud
 - Money Service Providers (mules)
 - Automated Clearing Houses
 - Western Union
 - Money Gram
 - Related Crimes
 - Money Laundering
 - Wire Fraud
 - Mail Fraud
 - Conspiracy
 - Racketeering





Washington State Impacts

Primary Impact:

- RCW § 9.46.240 – Gambling Information – Transmitting or Receiving





Washington State Impacts

- RCW § 9.46.240 – Gambling Information – Transmitting or Receiving
 - Illegal to:
 - Operate an Internet gambling site
 - Gamble on the Internet
 - Install or maintain equipment to send or receive gambling information
 - Facilitate Internet gambling





Washington State Impacts

Secondary Impacts:

- RCW § 9.46.0213 – Bookmaking
- RCW § 9.46.0269(1) - Professional Gambling
- Rousso vs. State of Washington





How does Intranet-based gambling differ from Internet-based gambling?

- A computer network consists of:
 - Restricted access
 - Proprietary software and protocols for secure connection



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Restricted Local / Wide Area Network



Connected via Secure Socket (SSL) Encryption

Typical Intranet Client to Server Configuration





Intranet-based gambling

- Challenges
 - Geo Locating
 - Filtering
 - Exclusion Zones
 - Technological Circumvention



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Questions?

