



Washington State Gambling Commission

Mailing Address: P.O. Box 42400, Olympia, WA 98504-2400

Located at: 4565 7th Avenue SE, Lacey, WA 98503

(360) 486-3440 ♠ Toll free in-state only (800) 345-2529

TDD (360) 486-3637 ♠ FAX (360) 486-3631

Website: www.wsgc.wa.gov ♠ Twitter: [WAGambling](https://twitter.com/WAGambling) ♠ E-mail: AskUs@wsgc.wa.gov

Illegal Internet Gambling

The Washington State Constitution (Article II Section 24) prohibits all gambling activities unless the activity is specifically authorized in State law. Internet gambling has never been authorized and is illegal in Washington State. It is also illegal under federal law.

To further clarify this, in 2006, the Washington State legislature amended RCW 9.46.240 to affirmatively state that Internet gambling is illegal in Washington State. The penalty for transmitting gambling information was also increased from a gross misdemeanor to a class C felony.

It is illegal to:

- Operate an Internet gambling site.
- Gamble on the Internet.
- Install or maintain equipment to send or receive gambling information.
- Facilitate Internet gambling in any way.

Department of Justice Opinion

On December 23, 2011, the United States Department of Justice (DOJ) changed its long standing interpretation of the Wire Act and stated in a memorandum that the Wire Act only applies to “sporting events and contests” and not lottery tickets.

The memorandum was in response to requests from New York and Illinois to clarify whether the Wire Act of 1961, which prohibits wagering over telecommunications systems that cross state or national borders, prevented those states from using the Internet to sell lottery tickets to in-state adults.

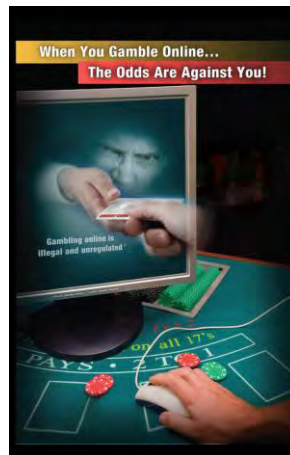
Whether the memorandum will impact Internet gambling nationally remains to be seen; however, it does not impact Washington State because Internet gambling is specifically prohibited in State law.

Washington State Supreme Court Ruling

Rousso vs. State of Washington

Rousso challenged the constitutionality of the State’s Internet gambling law based on the dormant commerce clause. In a unanimous 9-0 decision, the Supreme Court found the law does not violate the clause.

Internet Gambling is Risky Business



Unlike other licensed and regulated gambling activities, Internet gamblers don’t know:

- Who is operating the gambling site;
- If the games are honest;
- If winnings will be paid;
- If the money wagered will be used for criminal purposes.

- Players have no recourse if they are not paid or cheated.
- Players put themselves at risk of credit card fraud, identity theft, or other financial crimes by disclosing information that should be kept secure.
- Internet gambling creates an uncontrolled environment for problem gamblers and minors.

Education and Awareness Campaign

In 2006, the Gambling Commission ran a public service campaign to help the public become aware of the risks associated with Internet gambling.

Penalties

- Penalties for Internet gambling range from a gross misdemeanor to a felony, depending on the factual circumstances.
- The actual punishment for any felony conviction is controlled by the State’s sentencing guidelines. Punishment for a conviction is from zero days to one year in a county jail (the same possible jail sentence as a gross misdemeanor).
- The standard range sentence that a court is authorized to impose on a “first offender,” absent aggravating circumstances is 0 – 90 days in jail.
- Violators could also be charged with Professional Gambling in the First, Second or Third Degree, depending upon the amount of money and the number of people involved (See page 4).

Enforcement

- Enforcement is focused on larger, higher level Internet gambling activities, such as gambling sites and service providers. For example, in 2008, we seized computers, records and money from EZPay, an automated clearing house located in Chehalis, Washington for providing payment services for Internet gambling websites.
- Although there is not an active campaign against players, players gambling on the Internet also run the risk of prosecution.

Licensed and Regulated Gambling Activities

Gambling has a history of connection to crime and corruption and as a result is strictly controlled virtually everywhere. Just because gambling occurs on the Internet doesn't change this potential or the concern. Some Internet gambling sites may say they are approved, secure, or regulated. Don't be fooled.

Businesses and individuals that have a Washington State gambling license:

- Undergo background checks to reduce the likelihood of criminal involvement.
- Must follow rules designed to keep games fair and honest.
- Must disclose where they received the money used to operate the business.

The Washington State Gambling Commission:

- Has strict regulatory oversight of licensees.
- Conducts audits to ensure games are paid out correctly.
- Investigates all complaints.
- Has undercover agents that monitor games for compliance.

Advertising

Gambling activities may be advertised on the Internet, as long as the advertisements are for authorized gambling activities (for example, card rooms, tribal casinos, and bingo operators). However, other agencies, such as the Federal Communications Commission, may have restrictions.

It is illegal to solicit or induce Washington State citizens to participate in illegal Internet gambling. In most instances, advertising Internet gambling would be considered soliciting or inducing someone to participate in illegal Internet gambling and is a gross misdemeanor under the professional gambling statute ([RCW 9.46.222](#)).



Internet Gambling is Legal in Some Countries

Internet gambling is legal in some countries, such as Costa Rica, Antigua, Barbuda, Malta, and the United Kingdom.

However, it is illegal to gamble on those sites while in the United States. It is also illegal for operators of those sites to solicit, induce, or accept wagers from people in the United States.

Federal Internet Gambling Laws

- In 2006, President Bush signed the [Unlawful Internet Gambling Enforcement Act \(Public Law 109-347 \(2006\)\)](#) prohibiting businesses, including banks, credit card companies, interactive computer service providers, and telecommunications services, from accepting or transferring money to offshore gambling sites. This includes credit cards, checks, and electronic fund transfers.
- The Illegal Gambling Business Act (IGBA) is a component of the 1970 Organized Crime Control Act. The IGBA prohibits gambling businesses that are in violation of state law, from operating within that state.

Federal Enforcement Actions

Federal prosecutors have successfully prosecuted United States citizens involved in illegal Internet gambling and related crimes, such as money laundering.

- In 2011, the Federal Bureau of Investigations seized the domain sites and other assets of three Internet poker sites ("Black Friday"): Poker Stars, Full Tilt Poker, and Absolute/Ultimate Bet Poker. Four people have pled guilty. There were seizures from 76 bank accounts associated with 14 foreign countries and 9 U.S. States. The United States Department of Justice (DOJ) is asking for \$3 billion in civil forfeitures.
- In 2010, Anurag Dikshit, former owner of PartyGaming, pled guilty to violating the Wire Act of 1961 and agreed to pay \$300 million to avoid jail time. PartyGaming agreed to not provide Internet gambling to customers in the U.S.
- In 2010, Ahmad Khawaja was indicted on federal charges in New York for providing payment processing services for Internet gambling businesses through two automated clearing houses (ACHs). Khawaja agreed to forfeit \$33 million from Sportingbet, an Internet gambling website.
- In 2009, Douglas Rennick, a Canadian citizen, was indicted on federal charges in New York for conspiracy and bank fraud for allegedly laundering \$350 million for foreign Internet gambling businesses through his payment processing business. He agreed to forfeit \$17.1 million and could face up to 12 months in prison.

- In 2008, the Internal Revenue Service (Maryland) and the U.S. Attorney's Office (Washington D.C.) seized about \$24 million from two ACHs for providing payment processing services for Bodog, an Internet gambling website.
- In 2007, NETeller and two individuals were indicted on federal charges in New York for providing payment processing services to Internet gambling businesses. The two individuals pled guilty and a settlement was negotiated with fines and forfeitures of over \$249 million.
- In 2006, the DOJ indicted two individuals and the corporations through which they operated their illegal, off-shore gambling websites (WorldWide Telesports, Inc.). Those individuals and entities were also charged with money laundering over \$250 million worth of illegal Internet gambling wagers. The indicted individuals are currently being sought as federal fugitives.
- In 2006, eleven members of BetOnSports PLC management and three affiliated companies were indicted by a federal grand jury in Missouri on racketeering, conspiracy and fraud charges. BetOn Sports and its affiliates were closed down by a federal injunction. Nine of the eleven members have pled guilty to the indictments. Two members are currently being sought as federal fugitives.
- In a 2005 settlement, the parent company of The Sporting News agreed to pay a \$4.2 million fine and spend \$3 million on public service announcements that online gambling is illegal.
- In 2004, the DOJ seized another \$3.2 million (from Discovery Communications) that ParadisePoker.com had prepaid for future advertising of its Internet gambling site.
- In 2003, the DOJ mounted a coordinated challenge to the advertising of Internet gambling sites. A DOJ official sent a letter to the National Association of Broadcasters stating that media businesses likely were "aiding and abetting" violations of federal law when they circulated such advertising.

Lottery and Raffle Tickets

- Lottery tickets must be purchased from licensees of the Washington State Lottery Commission.
- Online raffles and online lotteries are prohibited under Washington State law.
- Citizens of other states should check with their own gambling regulatory agency.

Horse Racing

- In 2004, advance deposit wagering for horse racing was authorized by the Washington State Legislature. This is a separate law from the Internet gambling prohibition.
- The Horse Racing Commission has three licensed vendors that provide advance deposit wagering and these sites are legal. For more information, call the Horse Racing Commission at (360) 459-6462.

Gambling Defined

Gambling involves three elements: prize, chance and consideration (entry fee, wager, or anything of value).

Gambling with Free Play Points

Free play is ok. However, if points accumulated on a free play site are then used to play on an Internet gambling site, the points have taken on "value" and are consideration (a wager or fee). This would be considered illegal Internet gambling.

Internet Gambling Task Force

In 2005, the Washington State Gambling Commission helped create a multi-state and federal task force that focuses on education, awareness, and coordinating enforcement activities, in order to deter illegal Internet gambling.

Internet Fraud Complaints

Once you choose to engage in illegal activities, there is very little, if any, recourse available. Although you may file a complaint with various agencies, it is unlikely that you will be able to obtain your winnings.

- If you have problems with illegal Internet gambling or know of an Internet gambling site operating in Washington State, contact the Washington State Gambling Commission at (360) 486-3591.
- The Internet Crime Complaint Center, a partnership between the FBI and the National White Collar Crime Center, operates a website and accepts complaints regarding Internet fraud. The website is <http://www.ic3.gov/default.aspx>
- The United States Department of Justice's Computer Crime & Intellectual Property Section has a website: <http://www.justice.gov/criminal/cybercrime/crimes.html>
- The Washington State Attorney General's Office operates a Consumer and Criminal Justice Cyber Clearinghouse website where you can find tips on what to do if you are a victim of Internet fraud. The website is: <http://www.atg.wa.gov/InternetSafety.aspx>
- You can contact the regulatory and/or law enforcement agency responsible for overseeing Internet gambling in the country where the website operates its site.

RCW 9.46.240 Gambling information, transmitting or receiving.

Whoever knowingly transmits or receives gambling information by telephone, telegraph, radio, semaphore, the internet, a telecommunications transmission system, or similar means, or knowingly installs or maintains equipment for the transmission or receipt of gambling information shall be guilty of a class C felony subject to the penalty set forth in RCW 9A.20.021. However, this section shall not apply to such information transmitted or received or equipment installed or maintained relating to activities authorized by this chapter or to any act or acts in furtherance thereof when conducted in compliance with the provisions of this chapter and in accordance with the rules adopted under this chapter.

RCW 9.46.0245 "Gambling information."

"Gambling information," as used in this chapter, means any wager made in the course of and any information intended to be used for professional gambling. In the application of this definition, information as to wagers, betting odds and changes in betting odds shall be presumed to be intended for use in professional gambling. This section shall not apply to newspapers of general circulation or commercial radio and television stations licensed by the federal communications commission.

RCW 9.46.0269 "Professional gambling."

(1) A person is engaged in "professional gambling" for the purposes of this chapter when:

- (a) Acting other than as a player or in the manner authorized by this chapter, the person knowingly engages in conduct which materially aids any form of gambling activity; or
- (b) Acting other than in a manner authorized by this chapter, the person pays a fee to participate in a card game, contest of chance, lottery, or other gambling activity; or
- (c) Acting other than as a player or in the manner authorized by this chapter, the person knowingly accepts or receives money or other property pursuant to an agreement or understanding with any other person whereby he or she participates or is to participate in the proceeds of gambling activity; or
- (d) The person engages in bookmaking; or
- (e) The person conducts a lottery; or
- (f) The person violates RCW 9.46.039.

(2) Conduct under subsection (1)(a) of this section, except as exempted under this chapter, includes but is not limited to conduct directed toward the creation or establishment of the particular game, contest, scheme, device or activity involved, toward the acquisition or maintenance of premises, paraphernalia, equipment or apparatus therefor, toward the solicitation or inducement of persons to participate therein, toward the actual conduct of the playing phases thereof, toward the arrangement of any of its financial or recording phases, or toward any other phase of its operation. If a person having substantial proprietary or other authoritative control over any premises shall permit the premises to be used with the person's knowledge for the purpose of conducting gambling activity other than gambling activities authorized by this chapter, and acting other than as a player, and the person permits such to occur or continue or makes no effort to prevent its occurrence or continuation, the person shall be considered as being engaged in professional gambling: PROVIDED, That the proprietor of a bowling establishment who awards prizes obtained from player contributions, to players successfully knocking down pins upon the contingency of identifiable pins being placed in a specified position or combination of positions, as designated by the posted rules of the bowling establishment, where the proprietor does not participate in the proceeds of the "prize fund" shall not be construed to be engaging in "professional gambling" within the meaning of this chapter: PROVIDED FURTHER, That the books and records of the games shall be open to public inspection.

RCW 9.46.220 Professional gambling in the first degree.

(1) A person is guilty of professional gambling in the first degree if he or she engages in, or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter, and:

- (a) Acts in concert with or conspires with five or more people; or
- (b) Personally accepts wagers exceeding five thousand dollars during any thirty-day period on future contingent events; or
- (c) The operation for whom the person works, or with which the person is involved, accepts wagers exceeding five thousand dollars during any thirty-day period on future contingent events; or
- (d) Operates, manages, or profits from the operation of a premises or location where persons are charged a fee to participate in card games, lotteries, or other gambling activities that are not authorized by this chapter or licensed by the commission.

(2) However, this section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts in furtherance of such activities when conducted in compliance with the provisions of this chapter and in accordance with the rules adopted pursuant to this chapter.

(3) Professional gambling in the first degree is a class B felony subject to the penalty set forth in RCW 9A.20.021.

RCW 9.46.221 Professional gambling in the second degree.

(1) A person is guilty of professional gambling in the second degree if he or she engages in or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter, and:

- (a) Acts in concert with or conspires with less than five people; or
- (b) Accepts wagers exceeding two thousand dollars during any thirty-day period on future contingent events; or
- (c) The operation for whom the person works, or with which the person is involved, accepts wagers exceeding two thousand dollars during any thirty-day period on future contingent events; or
- (d) Maintains a "gambling premises" as defined in this chapter; or
- (e) Maintains gambling records as defined in RCW 9.46.0253.

(2) However, this section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts in furtherance of such activities when conducted in compliance with the provisions of this chapter and in accordance with the rules adopted pursuant to this chapter.

(3) Professional gambling in the second degree is a class C felony subject to the penalty set forth in RCW 9A.20.021.

RCW 9.46.222 Professional gambling in the third degree.

(1) A person is guilty of professional gambling in the third degree if he or she engages in, or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter, and:

- (a) His or her conduct does not constitute first or second degree professional gambling;
- (b) He or she operates any of the unlicensed gambling activities authorized by this chapter in a manner other than as prescribed by this chapter; or
- (c) He or she is directly employed in but not managing or directing any gambling operation.

(2) This section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any acts in furtherance of such activities when conducted in compliance with the provisions of this chapter and the rules adopted pursuant to this chapter.

(3) Professional gambling in the third degree is a gross misdemeanor subject to the penalty established in RCW 9A.20.021.