



STATE OF WASHINGTON
GAMBLING COMMISSION

"Protect the Public by Ensuring that Gambling is Legal and Honest"

Media Release

Internet Gambling

June 20, 2006

Internet gambling currently is, and always has been, illegal under Washington law. Online gambling is also illegal under federal law (Federal Wire Wager Act (18 U.S.C. § 1084 (1994))).

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.

Why was SSB 6613 Passed?

- In response to the growth of illegal Internet gambling activities, the Legislature unmistakably clarified and strengthened Washington's existing statutory prohibition against Internet gambling. The specific term "Internet" was added to the law and one of the possible penalties for its violation was increased, providing law enforcement with additional tools to pursue those profiting from or supporting illegal Internet gambling.
- The Washington State Gambling Commission was created to keep the criminal element out of gambling and to protect the public. The recently enacted legislation supports the Commission's efforts at fulfilling that responsibility.

Penalties and Enforcement:

- Washington's gambling statutes now provide a range of gross misdemeanor and felony penalties for Internet gambling violations, depending on the factual circumstances. The actual punishment for any felony conviction is controlled by the State's sentencing guidelines. The standard range sentence that a court is authorized to impose on a "first offender," absent aggravating circumstances is 0 – 90 days in jail for a violation of the recently amended statute.
- Enforcement will focus on larger, higher level Internet gambling activities, such as gambling sites and service providers. A gross misdemeanor was not much of a deterrent to site operators and service providers who process hundreds of thousands of dollars in bets.

- As for players, gambling on the Internet, whether playing poker, slots or another gambling game, runs a risk of a felony conviction. However, there is not going to be an active campaign against regular players. If players' names appear in an operator's seized records, the Gambling Commission would likely send the player a warning letter, notifying them that betting online is a felony. If a player's name reappears again, charges may be filed.
- Washington is part of a multi-state and federal task force that is pursuing education and awareness, as well as coordinated enforcement activities, in order to combat illegal Internet gambling.

Advertising:

- Although, radio, television and newspapers that publish "gambling information" (RCW 9.46.0245) are exempt from the new law, advertising for Internet gambling is generally illegal. In most instances, advertising would be a gross misdemeanor under the professional gambling statute (RCW 9.46.222).

Internet Gambling is Risky:

- This legislation has had the added benefit of increasing public awareness and our citizens are becoming better informed about the dangers and illegality of Internet gambling.
- Gambling on the Internet is risky. Those who gamble on the Internet have no idea who is operating the game, if the game is run honestly, if winnings will be paid, or if the money will be used to further criminal activity.
- Businesses and individuals that have a Washington State gambling license undergo background checks to reduce the likelihood of criminal involvement. Licensees must follow rules designed to keep games fair and honest. The Gambling Commission conducts audits to ensure games are paid out correctly and investigates all complaints. Undercover agents monitor gambling operations for compliance.

Social Costs:

- Internet gambling creates an uncontrolled opportunity for addicts and children to gamble.
- In May 2006, the California Research Bureau published *Gambling in the Golden State 1998 Forward*. This report noted "Internet poker gambling among young males is extremely popular, and becoming a problem. As an example, the president of the sophomore class at Lehigh University robbed a bank in an attempt to pay off \$5,000 in Internet gambling debts."
- In October 2005, the Commission contracted with Washington State University's Social & Economic Sciences Research Center to conduct a public opinion survey about gambling. The survey was conducted over the phone; 500 residents participated. A few key findings include:
 - The lack of Internet gambling regulation was the second ranked concern. One-third (34%) were very concerned, and an additional quarter (24%) were somewhat concerned.
 - Among five questions about the concerns of Washington residents, the

topic of greatest concern was the number of people under the age of 18 who are gambling. Overall, almost half (44%) of surveyed adults were very concerned about under-age gambling, and an additional 25% were somewhat concerned.

- Respondents were asked whether they believe that gambling in Washington is honest and fair. Over three-quarters (76%) of respondents said gambling was very (12%) or mostly (64%) honest and fair.

Federal Enforcement Actions:

- In 2003, the United States Department of Justice (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.
- In 2004, the DOJ seized from Discovery Communications another \$3.2 million that ParadisePoker.com had prepaid for future advertising of its Internet gambling site.
- 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 May 2006, the DOJ announced the indictment of two individuals and the corporations through which they operated their illegal, off-shore gambling websites. Those individuals and entities are also charged with money laundering over \$250 million worth of illegal Internet gambling wagers. The indicted individuals are currently being sought as federal fugitives.

Horse Racing:

- A few years ago, account wagering for horse racing was authorized by the Legislature. This is a separate law from the Internet gambling prohibition. The Horse Racing Commission has three licensed vendors that provide account wagering. These sites are legal. For more information, call the Horse Racing Commission at (360) 459-6462.

For additional questions, contact the Washington State Gambling Commission

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