

Circuit Switched Networking

- A continuous dedicated circuit is created between transmitter and receiver
- Circuits can be made by connecting lines through switches
- All communications are direct point-to-point communications

RECAP



TCP/IP Communications

- Information of all kinds is broken into packets
- Packets follow a uniform set of international standards
- Packets flow from origination to destination through a series of routers
- Routers look for the least congested way to send a packet toward the destination
- Each packet can take its own route to the destination

TCP/IP Communications

- Once at the destination, the packets are unpacked and the information is reassembled
- The information can then be used by the recipient at the destination

TCP/IP Communications

- Because packets travel from origin to destination using opportunistic routing, the overall network is deemed to be “self healing”
 - This means that if a route is lost or inoperative, the packet will be rerouted to reach its destination
 - The route is independent of geography

Communications

- With wide area packet switching, an interconnection of networks was possible



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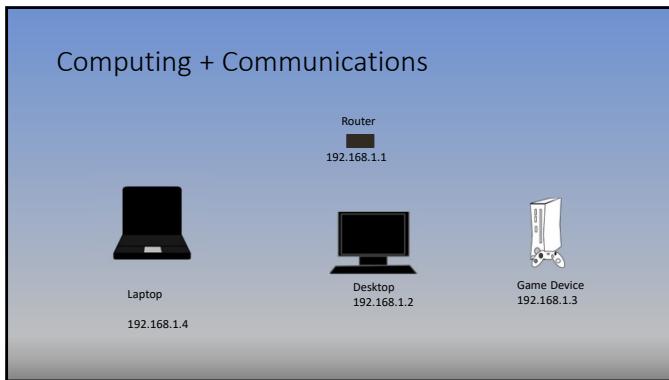
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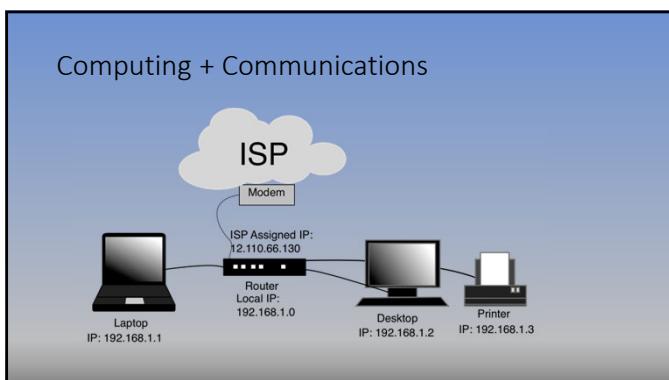
Computing + Communications

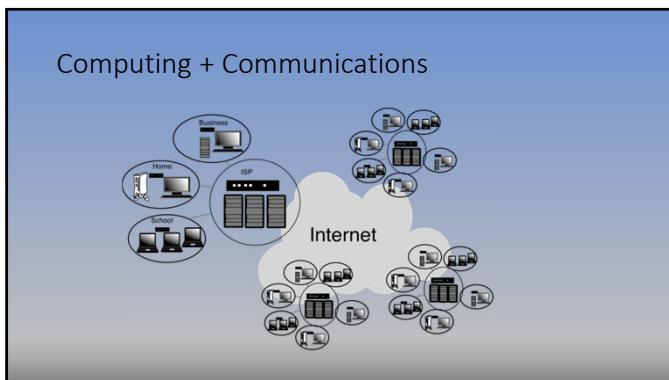
- On a packet switched network, every device has an IP address
 - MAC Terminal ipconfig getifaddr en1
 - Win CMD ipconfig

Computing + Communications

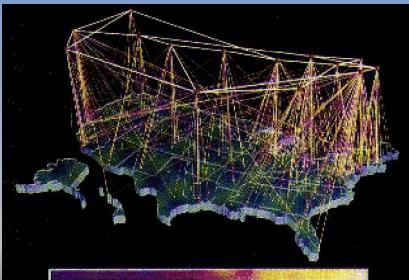




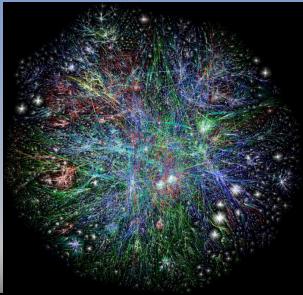




Computing + Communications



Computing + Communications



TENSION

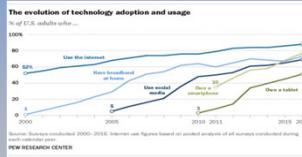


Online Gaming in the U.S.

- In 1994, Antigua and Barbuda enacted the Free Trade & Processing Act
 - This permitted online casino operations from their jurisdiction
- Under the laws of Antigua and Barbuda, bets are deemed to be placed solely where they are recorded in Antigua and Barbuda



Online Gaming in the U.S.



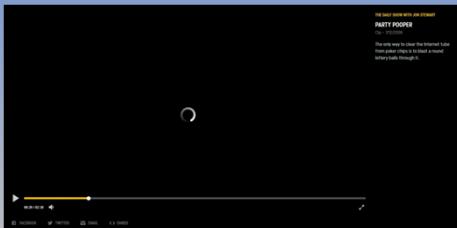
- 1996-2000s, “Off Shore” wagering soars:
 - Better pricing (no regulatory overhead)
 - Easy Credit
 - Anonymous computer access
 - Systems are developed in Costa Rica & the U.K.
 - Often based on horse racing totalizer systems
 - Coincides with a personal tech revolution

Internet and Gambling



<http://www.cc.com/video-clips/uotore/the-daily-show-with-jon-stewart-headlines—internet>

Internet and Gambling



• <http://www.cc.com/video-clips/sokn5t/the-daily-show-with-jon-stewart-party-pooper>

LAW and Technology

- Technology is moving at a rapid pace often without regard for the impact of the technology on existing laws and regulations
- Internet technologies are inherently not contained by geography
- Government jurisdiction and laws are inherently limited by geography
- Containing internet traffic by government order is difficult

LAW and Technology



The Internet

- The Jay Cohen Opinion – The basic facts:

- Jay Cohen works for Group One in San Francisco developing a derivative trading software system.
- They realize derivatives and sports wagers were not that different to a computer.
- In 1996 he starts an online and telephone account wagering business, World Sports Exchange, with two other friends.

The Internet

- The Jay Cohen Opinion – The basic facts:

- FBI Agent places wagers with WSE by telephone and through the Internet site.
- Cohen and others indicted.
- Cohen returns to the U.S. for a wedding then turns himself in to fight the charges.

The Internet

- The Jay Cohen Opinion – Cohen's Arguments:

- He cannot be convicted on conspiracy charges without a corrupt motive.
- That the wagers were placed in Antigua were subject to the safe harbor provision of Section 1084(b).
- He lacked the knowledge requirement of 1084(a).
- The rule of lenity should apply because the statute is ambiguous as applied.
- The court amended the indictment
- The court failed to permit a delay to take the deposition of a foreign witness

The Internet

- The Jay Cohen Opinion – The Court’s Opinion:

- He cannot be convicted on conspiracy charges without a corrupt motive.
 - The Powell doctrine (that an act that was innocent itself required evidence of a corrupt or evil purpose) does not apply to 1084.

The Internet

- The Jay Cohen Opinion – The Court’s Opinion:

- That the wagers were placed in Antigua were subject to the safe harbor provision of Section 1084(b).
 - There are 2 requirements for the safe harbor:
 - The activity has to be legal at both ends of the transmission.
 - The transmission is limited to mere information assisting in the placement of the bet or wager.

The Internet

- The Jay Cohen Opinion – The Court’s Opinion:

- That the wagers were placed in Antigua were subject to the safe harbor provision of Section 1084(b).
 - Is the activity legal at both ends of the transmission?
 - *There can be no dispute that betting is illegal in New York.*
 - *By its plain terms, the safe-harbor provision requires that betting be "legal," i.e., permitted by law, in both jurisdictions.*

The Internet

- The Jay Cohen Opinion – The Court's Opinion:

- That the wagers were placed in Antigua were subject to the safe harbor provision of Section 1084(b).
 - Is the activity merely the transmission of information assisting in the placing of a wager?
 - *It was the Government's burden in this case to prove that someone in New York signaled an offer to place a particular bet and that someone at WSE signaled an acceptance of that offer.*
 - *WSE could only book the bets that its customers requested and authorized it to book. By making those requests and having them accepted, WSE's customers were placing bets. So long as the customers' accounts were in good standing, WSE accepted those bets as a matter of course..*

The Internet

- The Jay Cohen Opinion – The Court's Opinion:

- He lacked the knowledge requirement of 1084(a).
 - *Section 1084 prohibits the "knowing" transmission of bets or information assisting in the placing of bets.*
 - *...it mattered only that Cohen knowingly committed the deeds forbidden by § 1084, not that he intended to violate the statute.*

The Internet

- The Jay Cohen Opinion – Cohen's Arguments:

- The rule of lenity should apply because the statute is ambiguous as applied.
 - *The rule of lenity applies where there exists a "grievous ambiguity" in a statute.*
 - *The rule exists to prevent courts from "applying a novel construction of a criminal statute to conduct that neither the statute nor any prior judicial decision has fairly disclosed to be within its scope."*

The Internet

- The Jay Cohen Opinion – Cohen's Arguments:

- The rule of lenity should apply because the statute is ambiguous as applied.
 - *First, account-wagering is wagering nonetheless; a customer requests a particular bet with WSE by telephone or Internet and WSE accepts that bet. WSE's requirement that its customers maintain fully-funded accounts does not obscure that fact.*
 - *Second, Cohen established two forms of wire facilities, Internet and telephone, which he marketed to the public for the express purpose of transmitting bets and betting information. Cohen subsequently received such transmissions from customers, and, in turn, sent such transmissions back to those customers in various forms, including in the form of acceptances and confirmations. No matter what spin he puts on "transmission," his conduct violated the statute.*
 - *Third, it is clear to lawyer and layman alike that an act must be permitted by law in order for it to be legal.*

The Internet

- The Jay Cohen Opinion – Cohen's Arguments:

- The court failed to permit a delay to take the deposition of a foreign witness
 - *Cohen states that the witness' testimony was material to two issues at his trial: (1) whether Cohen had a corrupt motive; and (2) whether Cohen believed that he was transmitting mere information assisting in the placing of bets rather than any bets themselves.*
 - *As this Court has already discussed, neither of these two issues was relevant to the question of Cohen's guilt under § 1084.*

The Internet

- The Jay Cohen Opinion – Comments

Online Gaming in the U.S.

- In 2001, AB466 was enacted by the Nevada legislature
 - Remote wagering on subjects other than race and sports was becoming popular world wide
 - In Europe, satellite TV operators offered bingo games, cable TV operators offered keno, and cell phone operators had a pay-to-play and win black-jack game
 - World-wide online gaming was growing fast

Assembly Bill No. 466—Senate Assemblymen Leslie, Parks, Parrell, Gibson, Anderson, Borwein, Chowning, Freeman, Guschligham, Hunske, Smith and Tiffany
Joint Sponsor: Senator Mathews
CHAPTER _____

AN ACT relating to gaming, authorizing the Nevada gaming commission to adopt regulations governing the licensing and operation of interactive gaming if certain conditions are met; and making various changes in existing laws relating to gaming.
Section 1. Chapter 466 of NRS is hereby amended by adding thereto the provisions set forth in sections 2 to 5, inclusive, of this act:
Sec. 2. 1. "Interactive gaming" means the conduct of gambling games through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other instrumentality, to transmit a computer information to assist in the placing of a bet or wager and corresponding information related to the display of the game, game outcomes or other similar information. The term does not include the operation of a race book or sports pool that uses communications technology approved by the board pursuant to regulations adopted by the commission to accept wagers originating within this state for races or sporting events.
2. As used in this section, "communications technology" means any method used and the components employed by an establishment to facilitate the transmission of information, including, without limitation, wire, cable, radio, microwave, light, optics or computer data networks, including, without limitation, the Internet and intranets.

Online Gaming in the U.S.

- In 2001, AB466 was enacted by the Nevada legislature
 - To capture all forms of remote wagering (other than race and sports) the Nevada legislature coined the term "Interactive Gaming"
 - While the term was novel in 2001, it has come to have a different meaning outside of Nevada's regulatory system

Assembly Bill No. 466—Assemblymen Leslie, Parks, Parrell, Gibson, Anderson, Borwein, Chowning, Freeman, Guschligham, Hunske, Smith and Tiffany
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Online Gaming in the U.S.

AB466 - 2001

1. "Interactive gaming" means the conduct of gambling games through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other instrumentality, to transmit a computer information to assist in the placing of a bet or wager and corresponding information related to the display of the game, game outcomes or other similar information. The term does not include the operation of a race book or sports pool that uses communications technology approved by the board pursuant to regulations adopted by the commission to accept wagers originating within this state for races or sporting events.

2. As used in this section, "communications technology" means any method used and the components employed by an establishment to facilitate the transmission of information, including, without limitation, transmission and reception by systems based on wire, cable, radio, microwave, light, optics or computer data networks, including, without limitation, the Internet and intranets.

Online Gaming in the U.S.

AB466 – 2001 – Sec 3.

1. Except as otherwise provided in subsections 2 and 3, the commission may, with the advice and assistance of the board, adopt regulations governing the licensing and operation of interactive gaming.
2. The commission may not adopt regulations governing the licensing and operation of interactive gaming until the commission first determines that:
 - (a) Interactive gaming can be operated in compliance with all applicable laws;
 - (b) Interactive gaming systems are secure and reliable, and provide reasonable assurance that players will be of lawful age and communicating only from jurisdictions where it is lawful to make such communications; and
 - (c) Such regulations are consistent with the public policy of the state to foster the stability and success of gaming.

Online Gaming in the U.S.

AB466 – 2001 – Sec 3.

3. The regulations adopted by the commission pursuant to this section must:
 - (a) Establish the investigation fees for:
 - (1) A license to operate interactive gaming;
 - (2) A license for a manufacturer of interactive gaming systems; and
 - (3) A license for a manufacturer of equipment associated with interactive gaming.

Online Gaming in the U.S.

AB466 – 2001 – Sec 3. (b)

Restricts operators
licenses to the following
table:

Counties > 700,000 people ^(a)	Counties > 45,000 but less than 700,000 people	Other counties
<ul style="list-style-type: none"> • A resort hotel that holds a nonrestricted gaming license. ◦ A resort hotel is any building or group of buildings that is mainly used as and held out to the public to be a hotel where sleeping accommodations are furnished to the transient public and tourists. More than 200 rooms available for sleeping accommodations; 2. At least one bar with permanent seating capacity for more than 30 patrons that serves alcoholic beverages sold by the drink for consumption on the premises; 3. At least one restaurant with permanent seating capacity for more than 60 patrons that is open to the public 24 hours each day and 7 days each week; and 4. A gaming area within the building or group of buildings. 	<ul style="list-style-type: none"> • Holds a nonrestricted gaming license • Has more than 120 rooms available for sleeping accommodations • Has at least bar with permanent seating capacity for 20 patrons or more • Has at least one 24 hour restaurant that holds 60 or more permanent seats • Has a gaming area of at least 18,000 square feet with at least 1600 slot machines and 40 table games. 	<ul style="list-style-type: none"> • Holds a nonrestricted gaming license that has been active for at least 5 years • Meets the definition of a "gaming device" pursuant to Commission regulations • Operates either more than 50 rooms for sleeping accommodation or 50 gaming devices.

Online Gaming in the U.S.

AB466 – 2001 – In sum:

- Permits the Nevada Gaming Commission to issue regulations and license for licensing interactive gaming operations to casino operators of sufficient size, and to issue licenses for the manufacture and distribution of interactive gaming systems, if the Commission determines the activity can be conducted in compliance with all applicable laws.

Online Gaming in the U.S.

AB466 – 2001 – In sum:

- The 2001 Act, envisioned an online gaming market similar to the casino market with two basic areas of licensing:
 - Operators
 - Manufacturers & Distributors

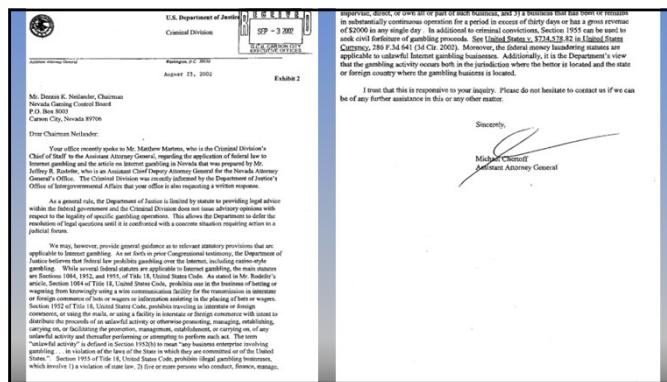
Online Gaming in the U.S.

AB466 – 2001 – In sum:

- The Commission begins hearings and learning about technologies for geofencing, age verification, fraud prevention, accounting, player protections, problem gambling...

Online Gaming in the U.S.

Can you guess the outcome?



Online Gaming in the U.S.

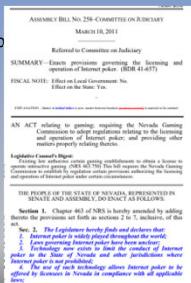
Nevada's initial efforts to draft regulations and issue licenses for interactive gaming end with the receipt of the DOJ letter.

Online Gaming in the U.S.

- Time marches on...
 - 2006 – UIGEA is enacted
 - 2007 – Publicly traded companies in the U.K. abandon the U.S. online poker market
 - 2008 – While the major providers of online poker exited the market, demand was strong and it was filled by three major private companies – Poker Stars, Full Tilt, and Absolute Poker with several other smaller operators
 - 2009 - NY and IL begin online lottery subscriptions
 - 2011 – Senator's Reid and Kyl reach a preliminary agreement on a federal online poker bill

Online Gaming in the U.S.

- ABA258 – 2011 Session



UIGEA

- The background...
- The timing...
- The bill...

UIGEA

- What is the rule of construction?

- 31 U.S.C. 5361(b) Rule of construction.--No provision of this subchapter shall be construed as altering, limiting, or extending any Federal or State law or Tribal-State compact prohibiting, permitting, or regulating gambling within the United States.

UIGEA

- What is the rule of construction?

- 31 U.S.C. 5361(b) Rule of construction.--No provision of this subchapter shall be construed as **altering**, **limiting**, or **extending** any Federal or State law or Tribal-State compact prohibiting, permitting, or regulating gambling within the United States.

UIGEA

- Based on the rule of construction, does the UEIGA make online poker illegal?

UIGEA

- Exceptions to the definition of Bet or Wager

- Securities trading
- Indemnity agreements
- Insurance contracts
- Free entry contests
- Certain fantasy sports contests

UIGEA

- Business of Betting or Wagering

- The term "business of betting or wagering" does not include the activities of a financial transaction provider, or any interactive computer service or telecommunications service.

UIGEA

- Unlawful Internet Gambling

- The term "unlawful Internet gambling" means to place, receive, or otherwise knowingly transmit a **bet or wager** by any means which involves the use, at least in part, of the Internet **where such bet or wager is unlawful under any applicable Federal or State law in the State or Tribal lands in which the bet or wager is initiated, received, or otherwise made.**

UIGEA

- Unlawful Internet Gambling - Exceptions
 - Intra-state wagers where such wagering is legal, provided there is appropriate data security and age verification...
 - Intra-tribal transactions...
 - Interstate horseracing in compliance with the IHRA...

UIGEA

- The operative language (31 USC 5363)
 - No person engaged in the business of betting or wagering may knowingly accept, in connection with the participation of another person in unlawful Internet gambling—
 - ...anything of common value...

UIGEA

- Regs

UIGEA

- Regulatory Definition of Bet or Wager

- (c) Bet or wager. (1) Means the staking or risking by any person of something of value upon the outcome of a contest of others, a sporting event, or a game subject to chance, upon an agreement or understanding that the person or another person will receive something of value in the event of a certain outcome;
- (2) Includes the purchase of a chance or opportunity to win a lottery or other prize (which opportunity to win is predominantly subject to chance);
- (3) Includes any scheme of a type described in 28 U.S.C. 3702;
- (4) Includes any instructions or information pertaining to the establishment or movement of funds by the bettor or customer in, to, or from an account with the business of betting or wagering (which does not include the activities of a financial transaction provider, or any interactive computer service or telecommunications service); and

UIGEA

- Regulatory Definition of Unlawful Internet Gambling

- Unlawful Internet gambling means to place, receive, or otherwise knowingly transmit a bet or wager by any means which involves the use, at least in part, of the Internet where such bet or wager is unlawful under any applicable Federal or State law in the State or Tribal lands in which the bet or wager is initiated, received, or otherwise made. The term does not include placing, receiving, or otherwise transmitting a bet or wager that is excluded from the definition of this term by the Act as an intrastate transaction or an intra-tribal transaction, and does not include any activity that is allowed under the Interstate Horseracing Act of 1978 (15 U.S.C. 3001 et seq. ; see §132.1(a)). The intermediate routing of electronic data shall not determine the location or locations in which a bet or wager is initiated, received, or otherwise made.

UIGEA

- Other provisions

- Regulations to make financial organizations the enforcers of the statute...

UIGEA

- Discussion
 - What does the UIGEA prohibit?
 - Does the UIGEA make online casino wagering illegal?
 - Does the UIGEA make funding skill gaming illegal?
 - What are the parameters for acceptable online fantasy sports exempted from the Act?
 - ...

UIGEA

- Discussion
 - <http://www.informationweek.com/news/showArticle.jhtml?articleID=215801153>

1 Sec. 6. "Internet poker" means any of the card games
2 commonly referred to as poker which is played by two or more
3 persons over the Internet, and which is not against law to operate
4 or offer the game and in which success over the long
5 term depends in significant part on chance rather than skill.
6 without limitation, games which use community cards that any
7 player can draw from, and which are played over the Internet or
8 the Internet with an interactive gaming system that simulates a
9 deck of cards.
10 SEC. 7. 1. The Commission shall adopt regulations and
11 rules to implement the provisions of this act, including regulations
12 to operators of Internet poker and to manufacturers of interactive
13 gaming systems, manufacturers of equipment associated with
14 interactive gaming, and providers of services associated with the
15 provision of services, software or equipment to operators of Internet
16 poker.

41 2.5. Applications for licenses to operate Internet poker must be
42 filed, investigated and processed in the same manner and are
43 subject to the same fees as other applications for gaming
44 applications. The Board shall not recommend denial of, and the
Commission shall not deny, a license to an operator of Internet

45 poker or to a manufacturer of interactive gaming systems, a
46 manufacturer of equipment associated with interactive gaming
47 systems or an interactive gaming service provider solely because
48 the operator of the Internet poker system, manufacturer of the
49 equipment or provider of the service was previously licensed
50 before the effective date of this act, operates, operated or was
51 associated with another Internet poker system, manufacturer of
52 equipment or provider of a service which was previously licensed
53 by another jurisdiction, one or more Internet poker
54 systems, manufacturers of equipment or providers of services located
55 outside the State of Nevada and in which bets or wagers were initiated, received or
56 otherwise made by persons located in the United States.

• AB258 – Initially reflects the desires of the off-shore online poker industry when the bill is introduced on March 10, 2011.

CISION

Wynn Resorts Announces Alliance With PokerStars

LAS VEGAS, March 20, 2011 (PRWeb.com) — Wynn Resorts, Limited (NASDAQ: WYNN), which announced today that it has entered into a strategic partnership with the world's largest online poker business.

The company now needs to secure the power of the largest acquisition that will truly and conclusively define the company's relationship with the industry's most prominent online poker operator. The two companies will work together to ensure the continued success of the online poker industry and to expand the company's reach by providing its customers with the best online poker experience available.

Under power of this legislation and acquisition of the appropriate license, the partners jointly represent a unique opportunity for the growth of online poker within the U.S. market.

When asked why they are pursuing the goal of regulation of internet gaming within the U.S., Mr. Wynn said, "We must recognize that the public is becoming more aware of the issue, and we have made it our priority to make sure that the public is educated about the issue. We believe that if we can't regulate online poker, then we must regulate the Internet itself. It's a matter of safety and security for the public."

Steve Wynn, Chairman and Chief Executive Officer of Wynn Resorts, said, "I am very pleased to announce this strategic alliance between Wynn Resorts and PokerStars. This is a great opportunity for both companies and for the industry as a whole."

Forbes

How Casino Mogul Steve Wynn Went All In On Online Poker and PokerStars

Nearly two years ago billionaire Las Vegas casino mogul Steve Wynn was the world's biggest online gambling firm, the first time in his career that he had become No. 1 in something. Now it was another record: the man who built the Wynn hotel and the megaresort has become the nation's best poker room.

It was a tough sell. Wynn had been involved in online gambling since the late 1990s, but he had no interest in running a poker room. He was not a big gambler himself. "I just don't like gambling," he says. "I don't like risk or chance. I don't like numbers." But he did like the Internet because he could look up statistics to find out how much money he would be making. "If the Internet people got together, it would be really good for the government," he says. "The government can do a lot to help people." Wynn's idea was to turn the Internet into a big gambling opportunity. "I just saw new problems."

**United States Attorney
Southern District of New York**

FOR IMMEDIATE RELEASE CONTACT: U.S. ATTORNEY'S OFFICE
APRIL 15, 2011 ELLEN DAVIS, CARLY SULLIVAN,
JERIKA RICHARDSON, EDELI RIVERA
PUBLIC INFORMATION OFFICE (212) 637-2600

FBI
TIM FLANNELLY, JIM MARGOLIN
PUBLIC INFORMATION OFFICE (212) 384-2100

MANHATTAN U.S. ATTORNEY CHARGES PRINCIPALS OF THREE LARGEST INTERNET POKER COMPANIES WITH BANK FRAUD, ILLEGAL GAMBLING OFFENSES AND LAUNDERING BILLIONS IN ILLEGAL GAMBLING PROCEEDS

Multi-Billion Dollar Civil Money Laundering And Forfeiture Action Also Filed

This domain name has been seized by the U.S. Immigration and Customs Enforcement - Homeland Security Investigations, Office of the Special Agent in Charge, Baltimore, Md. in accordance with a warrant obtained with the assistance of the U.S. Attorney's Office for the District of Maryland, and issued pursuant to 18 U.S.C. §§ 981 and 1955(d) by the U.S. District Court for the District of Maryland.

It is unlawful to conduct an illegal gambling business in violation of 18 U.S.C. § 1955 and any property used in violation of that section is subject to seizure and forfeiture pursuant to 18 U.S.C. § 1955(d).

Online Gaming in the U.S.

• ABA258 – 2011 Session – Major Changes after April

- The language initially sought by off-shore online poker sites was dropped
- The bill established a new class of licenses for “service providers”
- The bill required the Control Board to Draft and the Commission to Adopt regulations for online poker licenses by the end of January 2012
- The bill removed the requirement that the Commission determine that licensing would comply with federal law
- The bill left it up to the Commission determine suitability
- The bill left it up to the Commission whether or not to issue licenses

Assembly Bill No. 258—Committee on Judiciary
CHAPTER_____

AN ACT relating to gaming; requiring the Nevada Gaming Control Board to draft regulations governing the conduct and operation of interactive gaming; providing a penalty; and providing other measures properly relating thereto.

Explanatory Council's Report:
Existing law authorizes certain gaming establishments to obtain a license to conduct and operate interactive gaming. This bill amends existing law relating to the conduct and operation of interactive gaming under certain circumstances. The bill further provides that the Nevada Gaming Control Board shall draft regulations effective until (1) the passage of federal legislation addressing interactive gaming; or (2) January 1, 2012, whichever occurs first. The bill also provides that the Nevada Gaming Control Board shall consider gaming a precursor under federal law.

THE PEOPLE OF THE STATE OF NEVADA REPRESENTED IN SENATE AND ASSEMBLY,

Section 1. Chapter 463 of NRS is hereby amended by adding thereto the provisions set forth as section 2 to 7, inclusive, of this act.

Sec. 2. The Legislature hereby finds and declares that:

1. [The Legislature] finds that the State of Nevada has unique problems and circumstances which require a unique approach to the regulation and enforcement, such that the State of Nevada is uniquely positioned to regulate interactive gaming and to serve as a model for other states.

2. [The Commission may not adopt regulations governing the conduct and operation of interactive gaming until the Commission has first determined that]

(i) Interactive gaming can be operated in compliance with all applicable laws;

(ii) Interactive gaming operators will be of law-abiding and reputable persons; and

(iii) Such regulations are consistent with the public policy of the State of Nevada.

3. The regulations adopted by the Commission pursuant to this section shall:

(a) Establish the investigation fees for:

(1) An interactive poker game;

(2) A license for a manufacturer of interactive gaming systems;

(3) A license for a manufacturer of equipment associated with interactive gaming;

(4) Persons who must hold a license for a manufacturer of interactive gaming systems to supply or provide any interactive gaming system, including, without limitation, any piece of proprietary software or hardware; and

Sec. 185. **See. 185. NRS 463.010425 is hereby amended to read as follows:**

463.010425 1. "Interactive gaming" means the conduct of

gambling games through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other

instrumentality, to transmit to a computer information to assist in the placing of a bet or wager and corresponding information related to the conduct of the gambling game and the outcome of the bet or wager. The term does not include the operation of a race book or sports pool.

2. [The term "interactive communication, Internet poker"

means the conduct of poker games through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other

instrumentality, to transmit to a computer information to assist in the placing of a bet or wager and corresponding information related to the conduct of the gambling game and the outcome of the bet or wager. The term does not include the operation of a race book or sports pool.

3. As used in this section, "communications technology" means the use of any device or system that is used to establish or maintain a connection between two or more persons or places for the purpose of facilitating the transmission of information, including, without limitation, telephone, television, radio, cable, radio, microwave, light, optics or computer networks, including, without limitation, the internet and intranets.

4 and 5. Except as otherwise provided in subsections 1 through 3, the Nevada Gaming Control Board shall not approve a license for an establishment that proposes to operate interactive gaming if:

(a) In a county where population is less than 40,000, the establishment is a resort hotel that holds a nonrestricted license to operate games and gaming devices;

(b) In a county whose population is more than 40,000 but less than 120,000, the establishment is a resort hotel that holds a nonrestricted license to operate games and gaming devices or the establishment:

(1) Holds a nonrestricted license for the operation of games and gaming devices;

(2) Has more than 120 rooms available for sleeping accommodations in the same county;

Sec. 12. NRS 463.750 is hereby amended to read as follows:

463.750 1. The Commission [may] shall, with the advice and assistance of the Board, adopt regulations governing the licensing and regulation of interactive gaming.

2. [The Commission may not adopt regulations governing the conduct and operation of interactive gaming until the Commission has first determined that]

(i) Interactive gaming can be operated in compliance with all applicable laws;

(ii) Interactive gaming operators will be of law-abiding and reputable persons; and

(iii) Such regulations are consistent with the public policy of the State of Nevada.

3. The regulations adopted by the Commission pursuant to this section shall:

(a) Establish the investigation fees for:

(1) An interactive poker game;

(2) A license for a manufacturer of interactive gaming systems;

(3) A license for a manufacturer of equipment associated with interactive gaming;

(4) Persons who must hold a license for a manufacturer of interactive gaming systems to supply or provide any interactive gaming system, including, without limitation, any piece of

proprietary software or hardware; and

4. [The term "interactive communication, Internet poker"

means the conduct of poker games through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other

instrumentality, to transmit to a computer information to assist in the placing of a bet or wager and corresponding information related to the conduct of the gambling game and the outcome of the bet or wager. The term does not include the operation of a race book or sports pool.

5. As used in this section, "communications technology" means the use of any device or system that is used to establish or maintain a connection between two or more persons or places for the purpose of facilitating the transmission of information, including, without limitation, telephone, television, radio, cable, radio, microwave, light, optics or computer networks, including, without limitation, the internet and intranets.

[B4] The Commission may:

- (a) Issue a license to operate interactive gaming to an affiliate of an establishment that satisfies the applicable requirements set forth in:

 - (1) The establishment satisfies the applicable requirements established by federal law;
 - (2) The affiliate is located in the same county as the establishment; and

(3) The establishment has held a nonrestricted license for at least 5 years before the date on which the application is filed; and

- (b) Require an affiliate that receives a license pursuant to this subsection to provide a copy of the license to the Commission.

[B5] The Commission may issue a license to operate interactive gaming to an affiliate of an establishment that satisfies the applicable requirements established by federal law regulating the license of interactive gaming.

6. It is unlawful for any person, either as owner, lessee or employee, whether for hire or not, either solely or in conjunction with another person, to conduct interactive gaming:

 - (a) Until the Commission adopts regulations pursuant to this section; and

• **ABA258 – 2011 Session – Major Changes after April**

- The bill recognized that efforts were underway in Washington D.C. to provide a federal regulatory framework for online poker
- The bill removed all requirements imposed on regulators from the original bill text other than the creation and adoption of regulations, thus preserving the discretionary powers of Nevada's gaming regulators
- AB258 is enrolled and enacted in May 2011

Online Gaming in the U.S.

• December 23, 2011

- The DOJ issues its Federal Wire Act Opinion
- A memorandum is issued that that DOJ Opinion is sufficient notice from the Federal Government that Interactive Gaming can be regulated and operated within Nevada

Online Gaming in the U.S.

• **AB114 – 2013 Session –**

Assembly Bill No. 114-Assemblymen Horne, Kirkpatrick, Frierson, Healey, Bobzen, Paul Anderson, Eisen, Ellison, Flores, Hardy, Hickey and Kimer

Joint Sponsors: Senators Atkinson, Kihuen, Denis, Smith, Manendo, Farnsworth, and Schemberger

CHAPTER.

AN ACT relating to gaming; defining certain terms related to interactive gaming; requiring the Nevada Gaming Control Board to establish regulations to permit Nevada to enter into agreements with other states to conduct interactive gaming; prohibiting the issuance of licenses to operate interactive gaming to persons who have agreements with other states related to interactive gaming; and providing other matters properly incidental thereto.

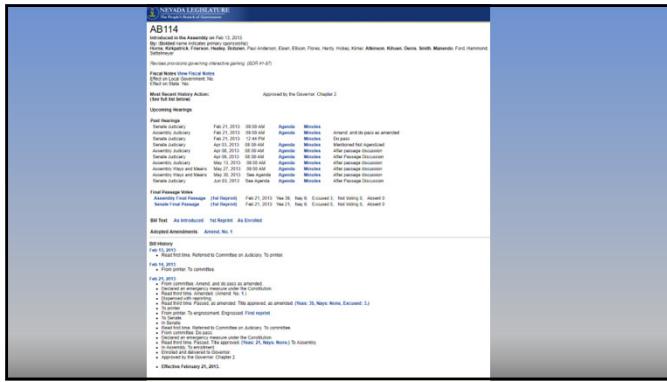
Legislative Council Digest:

Existing law authorizes certain gaming establishments to obtain a license to operate interactive gaming under NRS 463A.705. Section 2.5 of this bill clarifies the terms for the purposes of determining whether a person may be found suitable for a license to operate interactive gaming under NRS 463A.705. Specifically, the bill clarifies that the Commission may not deny a license application if the Commission determines that the applicant has entered into agreements with other states to allow citizens of those states to participate in interactive gaming.

Existing law requires the Commission to establish by regulation that a license to operate interactive gaming may be issued only if the Commission determines that the passage of federal legislation influencing interactive gaming, or if the United States Congress fails to pass such legislation, does not prohibit the Commission to do so. The bill clarifies that the Commission may issue a license to operate interactive gaming if the Commission determines that interactive gaming is permissible under federal law. (NRS 463A.705)

The bill also clarifies that the Commission may issue a license to operate interactive gaming if the Commission determines that interactive gaming is permissible under federal law. (NRS 463A.705)

Finally, section 10 authorizes the Commission to waive such prohibitions if the Commission determines that it is in the best interest of the state to do so. Specifically, the bill clarifies that the Commission may issue a license to operate interactive gaming if the Commission determines that it is in the best interest of the state to do so. The bill also clarifies that the Commission may increase or decrease the fees for the initial issuance and the renewal of a license for an entity to operate interactive gaming under certain circumstances. (NRS 463A.705)



Online Gaming in the U.S.

- AB114 – 2013 Session –

Assembly Bill No. 114—Assemblymen Heaton, Kirkpatrick, Frierson, Hickey, Boebert, Paul Anderson, Eisen, Ellison, Flores, Herli, Hodas, Kihuen, Dennis, Smith, Mendoza, Ford, Hammond, Settelmyer
CHAPTER.....
AN ACT relating to gaming; defining certain terms related to interactive gaming; authorizing the Nevada Gaming Commission to adopt regulations authorizing the Governor to enter into agreements with the federal government to regulate interactive gaming; prohibiting the issuance of licenses to operate interactive gaming to certain persons; revising provisions related to the regulation of interactive gaming; and providing other matters pertaining thereto.

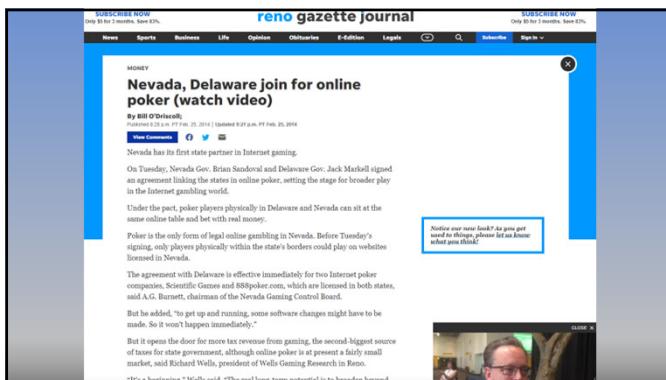
Legislative Counsel's Digest:
Licensees may apply to certain gaming establishments to obtain a license to operate interactive gaming. (NRS 407B) Section 2 of the bill defines certain terms used in the bill. The bill authorizes the Governor to enter into an agreement with the federal government to regulate interactive gaming. The bill directs the Governor to provide the Nevada Gaming Commission to adopt regulations authorizing the Governor to enter into agreements with the federal government to regulate interactive gaming.
Lawmakers require the Commission to establish by regulation that a license to operate interactive interactive gaming does not become effective until: (1) the majority of the states in the United States, as determined by the U.S. Department of Justice, notifies the Commission or the State Gaming Council that it has adopted regulations authorizing the operation of interactive gaming; or (2) the Commission determines the conditions that a license to operate interactive gaming does not become effective are met. The bill also prohibits the issuance of a license to operate interactive gaming for a period of 5 years after the date on which the Commission determines that a licensee, who operated interactive gaming involving persons located in the United States, has violated the laws of the United States or the laws of another state or the laws of the District of Columbia. The Commission determines that those entities complied with all applicable provisions of federal and state law, including but not limited to, the laws of the District of Columbia, that prohibit the operation of interactive gaming involving persons located in the United States.
Section 11 of the bill requires the Commission to issue regulations to increase the minimum age requirement for individuals to obtain a license to operate an establishment to operate interactive gaming under certain circumstances. (NRS 407B)

Online Gaming in the U.S.

- AB114 – 2013 Session –
 - On February 21, 2013 the Bill was introduced, subject to a joint hearing of both chambers of the Nevada legislature, approved out of committee, approved by both chambers and signed by the Governor.

Online Gaming in the U.S.

- AB114 – 2013 Session –
 - On February 21, 2013 the Bill was introduced, subject to a joint hearing of both chambers of the Nevada legislature, approved out of committee, approved by both chambers and signed by the Governor.



The screenshot shows a news article from the Reno Gazette Journal. The headline reads "Nevada, Delaware join for online poker (watch video)". The article discusses the signing of an agreement between Nevada Gov. Brian Sandoval and Delaware Gov. Jack Markell to allow online poker across state lines. It includes a small video thumbnail and a photo of a man.

Online Gaming in the U.S. – Nevada Today

NRS 463.016425 "Interactive gaming" defined.

1. "Interactive gaming" means the conduct of gambling games through the use of communications technology that allows a person, utilizing money, checks, electronic checks, electronic transfers of money, credit cards, debit cards or any other instrumentality, to transmit to a computer information to assist in the placing of a bet or wager and corresponding information related to the display of the game, game outcomes or other similar information. The term:

- include, without limitation, Internet poker;
- does not include the operation of a race book or sports pool that uses communications technology approved by the Board pursuant to regulations adopted by the Commission to accept wagers originating within this state for races, or sporting events or other events.

As used in this section, "communications technology" means any method used and the components employed by an establishment to facilitate the transmission of information, including, without limitation, transmission and reception by systems based on wire, cable, radio, microwave, light, optics or computer data networks, including, without limitation, the Internet and intranets.

NRS 463.016427 "Interactive gaming facility" defined.

- "Interactive gaming facility" means any Internet website, or similar communications facility in which transmissions may cross any state's boundaries, through which any person operates interactive gaming through the use of communications technology.
- As used in this section, "communications technology" has the meaning ascribed to it in NRS 463.016425.



<p>SA-195. Notice to the Following:</p> <ol style="list-style-type: none"> (a) Information explaining how disputes are resolved; (b) A provision that requires the operator to provide information pertaining to responsible gaming; (c) A link that allows for an authorized player to choose to be excluded from engaging in interactive gaming; (d) A link to the house rules adopted by the operator. <p>(Adopted: 12/11. Amended: 10/15.)</p> <p>SA-196. Advertising and Promotions. An operator, including its employees or agents, shall be prohibited from advertising or promoting interactive gaming activities or devices, including any which engages in any promotion related to interactive gaming shall clearly and concisely explain the terms (Adopted: 12/11. Amended: 10/15.)</p> <p>SA-197. Business Transaction Report.</p> <p>“Business transaction” means a transaction which an operator enters into with a third party which would be considered “interstate commerce” under applicable law or regulation.</p> <p>(1) It is, or would be, Foreign-based, in whole or in part of a game to relate to or involve one, any federal, state or local government or agency, or their employees;</p> <p>(2) Has no business or apparent legal purpose in or out of the transaction which the particular customer or employee involved in the transaction has a right to and which is not a business transaction or expansion for the transaction after reviewing the available facts, including the background of the customer or employee;</p> <p>(3) Between two or more persons who are not affiliated, or between an operator and another person, if there is a reasonable basis to believe that the transaction is being conducted for the benefit of someone other than it is intended to be provided without regard to any other factor;</p> <p>(4) Between a customer and an operator which occurs at least 30 days after the initial detection by the licensee of facts that may constitute a basis for filing such a report. In situations involving violations that require the filing of a report, the report must be filed within 10 days of the date of discovery of the violation, to the best of the knowledge of the operator.</p> <p>These requirements do not apply if the operator timely files a report with the appropriate authority, or if any inquiry or investigation has been completed by the operator, or if any response to any inquiry or investigation is filed with the appropriate authority. The operator may file a report with the appropriate authority before the time set for filing the report if any response to any inquiry or investigation is filed with the appropriate authority.</p> <p>(5) Any transaction that maintains a copy of any report filed with the original or licensee record expanded to include any additional information that the operator deems necessary, such as the name, address, phone number, and email address of any individual who filed the report with the appropriate authority, or any other information requested by the operator.</p> <p>(Adopted: 12/11. Amended: 10/15.)</p> <p>SA-198. Gross Revenue License Fee, Attribution, Liability and Complications for Interactive Gaming.</p> <p>“Gross revenue received by an establishment from the operation of interactive gaming” is subject to the definition of gross revenue in NRS 465A.225.</p> <p>1. For a nonrestricted licensee granted an operator of interactive gaming license pursuant to the provisions of NRS 465A.3115 and 465A.337, the operator shall pay 15% of the gross revenue received by the licensee attributed to the nonrestricted licensee and routed as part of the gross revenue of the nonrestricted licensee to the Commission. The operator shall pay 15% of the gross revenue from the sale of interactive gaming devices to the nonrestricted licensee and shall be attributed to the offsite operator the gross revenue of the licensee's business, unless federal law otherwise provides for a similar fee or tax. The operator, if required by or in the course of the provision of service to the licensee, shall be liable for the amount of the gross revenue attributed to the operator.</p> <p>(Adopted: 12/11. Amended: 10/15.)</p> <p>SA-199. Registration SA-Operation of Interactive Gaming</p> <p>Page 7</p> <p>SA-200. Interactive Gaming Service Providers.</p> <p>1. The Commission shall recognize that interactive gaming service providers are service providers, do not pose a threat to the integrity of gaming, and are consistent with the public policy of the State regarding gambling.</p> <p>2. An interactive gaming service provider that acts on behalf of an operator to perform the services of maintaining and operating interactive gaming systems or devices, or other functions related to the delivery of interactive gaming services to the same extent as the operator. An operator continues to have an obligation to ensure and manage the quality of service provided by its interactive gaming service provider.</p> <p>3. A person that may act as an interactive gaming service provider only if that person holds a license specifically permitting the person to act as an interactive gaming service provider. Once holds a license, an interactive gaming service provider may act as an interactive gaming service provider.</p> <p>4. License Required, Application.</p> <p>(a) Interactive gaming service providers of an interactive gaming service provider that is licensed as such by the Commission.</p> <p>(b) An applicant for an interactive gaming service provider license shall make, process, and determine in the same manner as application for nonrestricted gaming licenses, using such forms as the Chair may prescribe.</p> <p>(c) An applicant for an interactive gaming service provider's license shall have the burden of showing that he or she is qualified to serve as an interactive gaming service provider.</p> <p>5. License fees.</p> <p>(a) Initial. The Commission issues an initial license or renewal a license for an interactive gaming service provider, the interactive gaming service provider shall pay a license fee of \$1,000.</p> <p>(b) Renewal. The operator shall pay a renewal fee of \$1,000 every year beginning on January 1 and expiring on December 31, if the operator is continuing to be prescribed by subsection (a) and (b) of this section. If the operator is discontinuing the service, the operator shall pay a renewal fee of \$1,000.</p> <p>6. Any employee of an interactive gaming service provider whose duties include the operational or supervision of interactive gaming service providers, shall have a license issued by the Commission and are subject to the provisions of NRS 465A.336 and 465A.337 and Regulations 5.100 through 5.109 to the same extent as the operator.</p> <p>7. Interactive gaming service providers holding a license issued by the Commission are subject to the provisions of NRS 465A.336 and 465A.337 and Regulations 5.100 through 5.109. The operator holding a license issued by the Commission to deny any Board or Commission member or agent, application for a renewal of an interactive gaming service provider's license, or any other information on operations.</p> <p>8. An interactive gaming service provider shall be liable to the licensee on whose behalf the services are provided for the interactive gaming service provider's proportionate share of the fees and taxes paid by the licensee.</p> <p>(Adopted: 12/11. Amended: 10/15.)</p> <p>SA-201. Waiver of Requirements of Regulation. Upon written request and good cause shown, the Chair may waive any requirement of this section if the requirements of SA-070, SA-100, SA-110, SA-150, or SA-190, if a waiver is granted, the Chair may impose alternative requirements.</p> <p>(Adopted: 10/15.)</p> <p>End – Regulation 5A</p>	<p>known for the operator's proportionate share of the licensee fees paid by the affiliated nonrestricted licensee pursuant to NRS 465A.370.</p> <p>If the operator does not pay a 15% to the operator, gross revenue equal to 15% of the gross revenue of the operator's interactive gaming system or device, or other functions related to the delivery of interactive gaming services to the same extent as the operator, will be attributed to the nonrestricted licensee.</p> <p>The operator and the nonrestricted licensee shall be responsible to pay the gross revenue attributed to the nonrestricted licensee attributed with an operator of interactive gaming licensee is responsible for reporting all gross revenue received.</p> <p>(Adopted: 12/11. Amended: 10/15.)</p> <p>SA-199. Resolution of Disputes.</p> <p>1. If an operator and a nonrestricted licensee player has a dispute with an operator regarding interactive gaming, the operator may file a complaint with the Board for review.</p> <p>2. Operators may establish procedures for the dispute to request information and receive dispute resolution from the operator's attorney and other relevant parties.</p> <p>3. Operators may establish procedures for the dispute to request a hearing before the Board or the Commissioner.</p> <p>4. Disputes arising between authorized players which are potentially resolved without Board review.</p> <p>(Adopted: 12/11.)</p> <p>SA-200. Interactive Gaming Service Providers.</p> <p>1. In addition to any other record required to be maintained pursuant to the regulations or Regulation 5.225, each operator shall maintain complete and accurate records of all matters related to the interactive gaming system or device, including but not limited to:</p> <ul style="list-style-type: none"> (a) The identity of all current and past authorized players; (b) The date and time of all current and past authorized players; (c) A record of any changes made to an interactive gaming account; (d) A record of any changes made to an interactive gaming account, including the date and time of the change, and the date and time a game begins and ends, the outcome of every game, the identifier of the operator, and the identifier of the device used; (e) Disputes arising between authorized players; (f) Disputes arising between authorized players, including the date and time the dispute was filed with the operator, the date and time the dispute was resolved, the resolution of the dispute, and the date and time the dispute was filed with the Board; (g) Disputes arising between authorized players which are potentially resolved without Board review. <p>2. All records required to be maintained under this regulation for at least 5 years after they are made. Such records may be stored by electronic means, but must be maintained on the premises of the operator.</p> <p>(Adopted: 12/11.)</p> <p>SA-201. Grounds for Disciplinary Actions.</p> <p>Failure to comply with the provisions of this regulation shall be an unusual method of operation and shall result in disciplinary action by the Commission.</p> <p>The Commission may limit, condition, suspend, revoke or deny any license, registration, listing or permit issued to any operator, licensee or interactive gaming service provider for any reason and may take such action with respect to any other license, registration, listing or permit issued to any operator, licensee or interactive gaming service provider.</p> <p>1. An operator that is the subject of an interindustry stop notice issued by the Chair shall immediately cease operations of the interactive gaming system or device until the operator is given a written notice that the interindustry stop order is lifted, the Board shall comply with NRS 465A.31(2); and (B) within 5 days after issuance of the notice.</p> <p>(Adopted: 12/11.)</p>
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<p>SA-220. Interactive Gaming Service Providers.</p> <p>1. The Commission shall recognize that interactive gaming service providers are service providers, do not pose a threat to the integrity of gaming, and are consistent with the public policy of the State regarding gambling.</p> <p>2. An interactive gaming service provider that acts on behalf of an operator to perform the services of maintaining and operating interactive gaming systems or devices, or other functions related to the delivery of interactive gaming services to the same extent as the operator. An operator continues to have an obligation to ensure and manage the quality of service provided by its interactive gaming service provider.</p> <p>3. A person that may act as an interactive gaming service provider only if that person holds a license specifically permitting the person to act as an interactive gaming service provider. Once holds a license, an interactive gaming service provider may act as an interactive gaming service provider.</p> <p>4. License Required, Application.</p> <p>(a) Interactive gaming service providers of an interactive gaming service provider that is licensed as such by the Commission.</p> <p>(b) An applicant for an interactive gaming service provider license shall make, process, and determine in the same manner as application for nonrestricted gaming licenses, using such forms as the Chair may prescribe.</p> <p>(c) An applicant for an interactive gaming service provider's license shall have the burden of showing that he or she is qualified to serve as an interactive gaming service provider.</p> <p>5. License fees.</p> <p>(a) Initial. The Commission issues an initial license or renewal a license for an interactive gaming service provider, the interactive gaming service provider shall pay a license fee of \$1,000.</p> <p>(b) Renewal. The operator shall pay a renewal fee of \$1,000 every year beginning on January 1 and expiring on December 31, if the operator is continuing to be prescribed by subsection (a) and (b) of this section. If the operator is discontinuing the service, the operator shall pay a renewal fee of \$1,000.</p> <p>6. Any employee of an interactive gaming service provider whose duties include the operational or supervision of interactive gaming service providers, shall have a license issued by the Commission and are subject to the provisions of NRS 465A.336 and 465A.337 and Regulations 5.100 through 5.109 to the same extent as the operator.</p> <p>7. Interactive gaming service providers holding a license issued by the Commission are subject to the provisions of NRS 465A.336 and 465A.337 and Regulations 5.100 through 5.109. The operator holding a license issued by the Commission to deny any Board or Commission member or agent, application for a renewal of an interactive gaming service provider's license, or any other information on operations.</p> <p>8. An interactive gaming service provider shall be liable to the licensee on whose behalf the services are provided for the interactive gaming service provider's proportionate share of the fees and taxes paid by the licensee.</p> <p>(Adopted: 12/11. Amended: 10/15.)</p> <p>SA-221. Waiver of Requirements of Regulation. Upon written request and good cause shown, the Chair may waive any requirement of this section if the requirements of SA-070, SA-100, SA-110, SA-150, or SA-190, if a waiver is granted, the Chair may impose alternative requirements.</p> <p>(Adopted: 10/15.)</p> <p>End – Regulation 5A</p>	<p>Pursuant to statutory and regulatory changes, Nevada recognizes that online gaming requires expertise in several technical areas integral to successful online gaming operations that are not areas in which traditional gaming companies have expertise.</p> <p>These “service providers” to a licensed operator (casino), must go through the non-restricted licensing process, just as terrestrial casino operators and manufacturers must.</p>
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<h2>Online Gaming in the U.S. – new jersey</h2> <p>In 2013, New Jersey enacted A2578, that permitted casino operators to offer online poker and casino games on an intrastate basis.</p> <p>The New Jersey law permits casino operators to use internet gaming affiliates to conduct online gaming on behalf of licensees. Internet gaming affiliates are required to be licensed.</p>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
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Online Gaming in the U.S. – new jersey

The page displays a list of approved Internet gaming sites, including:

- BORGATA HOTEL CASINO & SPA
- CASINO INTERACTIVE ENTERTAINMENT BOARDWALK REVENGE CORPORATION
- GOLDEN MUGGET HOTELS CASINO & MARINA
- HARD ROCK HOTEL AND CASINO
- OCEAN RESORT CASINO
- RESORT CASINO HOTEL ATLANTIC CITY
- TROPICANA CASINO & RESORT ATLANTIC CITY

Any site not listed on this page is not approved to offer Internet gaming in the State of New Jersey.

Online Gaming in the U.S. – new jersey

The page displays a list of authorized sites, including:

- BORGATA HOTEL CASINO & SPA
- CASINO INTERACTIVE ENTERTAINMENT BOARDWALK REVENGE CORPORATION
- GOLDEN MUGGET HOTELS CASINO & MARINA
- HARD ROCK HOTEL AND CASINO
- OCEAN RESORT CASINO
- RESORT CASINO HOTEL ATLANTIC CITY
- TROPICANA CASINO & RESORT ATLANTIC CITY

Online Gaming in the U.S. – PENNSYLVANIA

Pennsylvania's Expanded Gaming Act of 2017 officially authorized the operation of online gaming regulated by Pennsylvania Gaming Control Board pursuant to appropriate licensing. Regulated online gaming includes online slot machines, online poker, and online banked table games.

Online Gaming in the U.S. – PENNSYLVANIA

Pennsylvania's first online casino is live, and more are on the way

Andrew Kuhn | Lebanon Daily News
PHOTO: AP Photo/Matt Rourke, File
AP Photo/Matt Rourke, File
PHOTO: AP Photo/Matt Rourke, File
PHOTO: AP Photo/Matt Rourke, File

U.S. casinos bet on new legalized online gambling

By Matt Rourke Associated Press Writer | Published: 10:00 AM EST, 17 Jun 2010 | Updated: 10:00 AM EST, 17 Jun 2010

You don't have to drive all the way to Las Vegas or even leave your house to play a hand of blackjack or pull the lever on a slot machine for a chance to win real money.

On Monday, Hollywood Casino became the first in Pennsylvania to launch a legal online casino, taking the first bet. It is a move that could signal a major shift toward the online gambling of tomorrow, including slots, blackjack, roulette and craps, with live poker matches against other players statewide scheduled to arrive in the near future.

Two Philadelphia-area casinos are also expected to go online in the coming days — Foxwoods later Monday and SugarHouse Casino on Wednesday — with more to come.

The Internet

- Can a U.S. company offer online sports wagering legally?

The Internet

- Can a U.S. company offer online sports wagering legally?

The Internet

- Can a U.S. company offer online sports wagering legally?



The Internet

- Can a U.S. company offer online casino style gambling legally?

The Internet

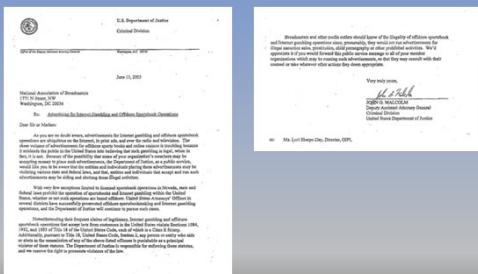
- Can a U.S. company offer online casino style gambling legally?



The Internet

- Can a U.S. company offer services to online gambling sites that take wagers from U.S. residents?

The Internet



The Internet



The Internet

- Peter Dicks:
<http://www.ft.com/cms/s/d27d424a-c93f-11dc-9807-000077b07658.html>
- <http://www.timesonline.co.uk/article/0,,2095-2350224,00.html>
- David Carruthers:
<http://www.forbes.com/business/feeds/afx/2006/07/17/afx2883564.html>

The Internet

- David Carruthers
 - Racketeering and Conspiracy
 - 1084 & 1955
 - Scheme to Defraud – Mail
 - Use of Communications Facility to Transmit Bets and Betting Information
 - Interstate Transportation of Wagering Paraphernalia
 - Tax Evasion
 - Interference with Administration of Revenue Laws

The Internet

- Anurag Dikshit

The Internet

- Anurag Dikshit

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

UNITED STATES OF AMERICA, Plaintiff,
v.
ANURAG DIKSHIT, Defendant.

INFORMATION
08 Cr. 18

The United States Attorney charges:

BACKGROUND

1. From in or about 1997 through in or about October 2004, PartyPoker.com, a Delaware corporation, and its predecessor and affiliated corporations, collectively "PartyPoker," operated an internet gambling business that offered online poker games among other games of chance, to customers who visited its website online. As all times relevant to this Information, a substantial majority of PartyPoker's online gambling customers, representing approximately 85 percent of PartyPoker's revenue in 2005, were located in the United States, including in the Southern District of New York.

2. Between in or about 1998 and October 2004, ANURAG DIKSHIT, the defendant, developed a proprietary software platform for PartyPoker and directed PartyPoker's computer operations, including the software that controlled the website, continuing up to and including October 2004. DIKSHIT was a principal shareholder of PartyPoker. At various times relevant to this Information, DIKSHIT served as a PartyPoker corporate officer and director.

The Internet

- Anurag Dikshit

THE OFFENSE

4. From in or about 1998, up through and including in or about October 2004, in the Southern District of New York and elsewhere, ANURAG DIKSHIT, the defendant, being engaged in the business of betting and wagering, unlawfully, willfully and knowingly used a wire communication facility for the transmission in interstate and foreign commerce of bets and wagers on any sporting event and contest, and a wire communication facility entitled the recipient to receive money and credit as a result of bets and wagers, and for information assisting in the placing of bets and wagers.

TITLE 18 United States Code, Sections 1084 and 2.

FORFEITURE ALLEGATION

5. As the result of committing the gambling offense alleged in Count One of this Information, ANURAG DIKSHIT shall forfeit to the United States \$30 million dollars in United States currency pursuant to 18 U.S.C. §§ 981(a)(1)(C), 982 and 28 U.S.C. § 2441, constituting property, real and personal, involved in the gambling offense, property, real and personal, that constitutes or is derived from proceeds traceable to the violation of 18 U.S.C. § 1084.

Subdivision A, Asset Forfeiture

a. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

The Internet

- Anurag Dikshit

Convicted Former Online Poker Billionaire Avoids Jail

Dec. 16 2010 5:53 pm

Anurag Dikshit, the once online poker billionaire, was sentenced on Thursday to one year of probation as jail time in a hearing that highlighted how extreme confusion over how U.S. law applies to online poker.

Dikshit, 39, had traveled from his home in Gibraltar with a one-way ticket to New York to attend Thursday's sentencing hearing, where he faced a maximum of two years in prison and a fine of \$100,000. The U.S. attorney's office in Manhattan agreed to let him off with a year of probation and agreed to forfeit \$30 million.

"I am persuaded that no jail time is appropriate here," said U.S. District Judge Jed Rakoff.

As part of his original plea deal, Dikshit agreed to cooperate in an ongoing investigation with federal prosecutors, who did not seek any jail time. "I came to believe there was a high probability it was in violation of U.S. law," Dikshit said of his work at PartyPoker, the online poker company that he helped build, at the court hearing when he pleaded guilty in 2008.

Indeed, Dikshit, who is married with two children, had reached out to federal prosecutors in the U.S. to initiate the negotiations that resulted in his 2008 guilty plea. Dikshit's plea deal included a stipulation that he would remain in the U.S. for three years. He has since long taken the position that facilitating fee-money online poker in America violates U.S. law, making it illegal under the Wire Act, which already illegal online poker playing.

A few months after Dikshit pleaded guilty, his former employer, PartyPoker, a Gibraltar-based company that was once the world's biggest online gaming company, struck a non-prosecution agreement with federal prosecutors in Manhattan, admitting that its U.S. operations violated the Wire Act. The U.S. attorney's office in Manhattan and the Justice Department had laid down a line in the sand against online poker and set a two-year time frame to go after other industry players.

At the hearing, sentencing Judge Rakoff challenged a government prosecutor wondering whether there have been any developments, specifically mentioning Dikshit's fellow PartyPoker cofounder, American Ruth Prawer Delson and her husband Russell Delson, who was indicted on federal charges in 2008. "It has been two years since this defendant began cooperating, what's going on?"

Assistant U.S. Attorney Adele Devilis-Brown said that the investigation that involved Dikshit remains ongoing, pointing to sealed papers the government filed with the court. "These are sealed documents in the transaction," said Devilis-Brown, adding that Dikshit had "done his part" and that the court should consider giving him a break.

Time Marches On

- 2018 – The DOJ issues another new opinion regarding the Federal Wire Act
- 2020 – The First Circuit Court of Appeals, rejects the application of the new interpretation of the Federal Wire Act against the online lottery products of the New Hampshire State Lottery and its vendor

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