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Online Gaming in the U.S.

AB466 – 2001 – Sec 3. (b)

Restricts operators licenses to the following table:

Counties > 700,000 people	Counties > 45,000 but less than 700,000 people	Other counties
<ul style="list-style-type: none"> <li>A resort hotel that holds a nonrestricted gaming license.               <ul style="list-style-type: none"> <li>A resort hotel is any building or group of buildings that is maintained as and held out to the public to be a hotel where sleeping accommodations are furnished to the transient public and that has: 1. 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.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Holds a nonrestricted gaming license</li> <li>Has more than 120 rooms available for sleeping accommodations</li> <li>Has at least bar with permanent seating capacity for 20 patrons or more</li> <li>Has at least one 24 hour restaurant that holds 60 or more patrons</li> <li>Has a gaming area of at least 10,000 square feet with at least 1,600 slot machines and 40 table games.</li> </ul>	<ul style="list-style-type: none"> <li>Holds a nonrestricted gaming license that has been active for at least 5 years</li> <li>Meets the definition of a Group 1 licensee pursuant to Commission regulations</li> <li>Operates either more than 50 rooms for sleeping accommodations or 50 gaming devices.</li> </ul>

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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.

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## 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

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## 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...

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## Online Gaming in the U.S.

Can you guess the outcome?

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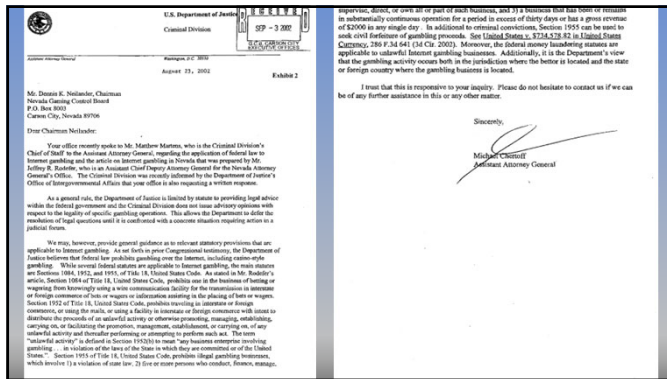
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## Online Gaming in the U.S.

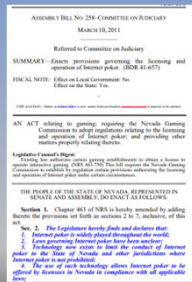
Nevada's initial efforts to draft regulations and issue licenses for interactive gaming end with the receipt of the DOJ letter.

## 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.

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## UIGEA

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

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## UIGEA

- Exceptions to the definition of Bet or Wager
  - Securities trading
  - Indemnity agreements
  - Insurance contracts
  - Free entry contests
  - Certain fantasy sports contests

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## 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.

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## 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.**

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## UIGEA

- Unlawful Internet Gambling - Exceptions
  - Intrastate 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...

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## 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...

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## UIGEA

- Regs

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## 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

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## 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.

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## UIGEA

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

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## 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?
  - ...

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## UIGEA

- Discussion

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

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## UIGEA

- Interactive Media Entertainment and Gaming Association v. US

- IMEGA is a non-profit that collects and disseminates information related to electronic and Internet-based gaming.
  - Its members are primarily off-shore gaming businesses.
  - IMEGA challenges the constitutionality of the UIGEA.

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## UIGEA

- IMEGA'S ARGUMENTS

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## UIGEA

- IMEGA'S ARGUMENTS
  - The Act is unconstitutionally vague
  - The Act violates treaty obligations
  - The Act violates the First Amendment
  - The Act violates privacy rights

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## UIGEA

- GOVERNMENT'S ARGUMENTS
  - IMEGA lacks standing

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## UIGEA

- DISTRICT COURT HOLDING
  - IMEGA has standing (in part)
  - The Act does not limit the members of IMEGA from expressing themselves
  - The Act only prohibits financial transfers which are not speech
  - There is no overbreadth problem as the Act does not implicate any form of protected expression
  - IMEGA lacks standing to assert privacy violations on behalf of bettors
  - IMEGA also lacks standing to bring treaty violation claims

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## UIGEA

- IMEGA Appeals on two Grounds
  - The Act is too vague to be constitutional
  - IMEGA has standing to bring privacy claims

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## UIGEA

- 3<sup>rd</sup> Circuit Holding - Vagueness
  - The statute is not vague
  - "It is true, as Interactive notes, that the Act does not itself outlaw any gambling activity, but rather incorporates other Federal or State law related to gambling. "Interactive also raises a hypothetical in which a gambler in a state that prohibits all gambling makes a bet over the Internet with a gambling business in a foreign jurisdiction that permits such activity. According to Interactive, if the law of the foreign jurisdiction provides that the bet is deemed to be placed and received in that jurisdiction, the Act becomes unconstitutionally vague because it is impossible to know where the bet was placed as a matter of law. However, Interactive does not point to anything in the language of the Act to suggest that Congress meant anything other than the physical location of a bettor or gambling business in the definition of "unlawful Internet gambling." Further, to the extent that Interactive's hypothetical raises a vagueness problem, it is not with the Act, but rather with the underlying state law. It bears repeating that the Act itself does not make any gambling activity illegal. Whether the transaction in Interactive's hypothetical constitutes unlawful Internet gambling turns on how the law of the state from which the bettor initiates the bet would treat that bet, i.e., if it is illegal under that state's law, it constitutes "unlawful Internet gambling" under the Act."

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## UIGEA

- 3<sup>rd</sup> Circuit Holding - PRIVACY
  - No Standing Upheld
    - "To successfully assert third-party standing: (1) the plaintiff must suffer injury; (2) the plaintiff and the third party must have a 'close relationship'; and (3) the third party must face some obstacles that prevent it from pursuing its own claims."

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- 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

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## 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.

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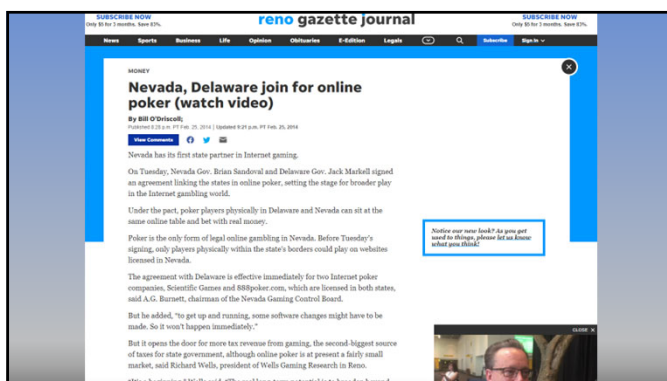
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# Online Gaming in the U.S. – Nevada Today

- 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:
    - (a) Includes, without limitation, Internet poker.
    - (b) 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.
  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.
- NRS 463.016427 "Interactive gaming facility" defined.
1. "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.
  2. As used in this section, "communications technology" has the meaning ascribed to it in NRS 463.016425.

# Online Gaming in the U.S.

**INTERACTIVE GAMING**

**NRS 463.748 Legislative findings and declarations.** The Legislature hereby finds and declares that:

1. The State of Nevada finds the action in gaming regulation and enforcement, such that the State of Nevada is uniquely positioned to develop an effective and comprehensive regulatory structure related to interactive gaming.
2. A comprehensive regulatory structure, coupled with strict licensing standards, will ensure the protection of consumers, including minors and vulnerable persons, prevent fraud, protect against underage and problem gambling, avoid unauthorized use by persons located in jurisdictions that do not authorize interactive gaming and aid in law enforcement efforts.
3. In order for licensed and regulated interactive gaming, the State of Nevada must develop the necessary structure for licensure, regulation and enforcement.

**NRS 463.747 Governor may enter into agreements with certain governments for purposes of interactive gaming; regulations.**

1. Upon recommendation of the Commission, the Governor, on behalf of the State of Nevada, is authorized to:
  - (a) Enter into agreements, in accordance with the requirement of this section, with other governments whereby persons who are physically located in a regulatory jurisdiction may participate in interactive gaming conducted by use of more operators licensed by use or more of the regulatory government; and
  - (b) Take all necessary actions to ensure that any agreement entered into pursuant to this section becomes effective.
2. **Legislative intent.**
3. **Commission duty.**
4. **Make recommendations to the Governor to enter into agreements pursuant to this section.**
5. **Upon the recommendation of the Board, adopt regulations relating to agreements pursuant to this section.**
6. **The regulations adopted by the Commission pursuant to this section may include, without limitation, provisions prescribing:**
  - (a) The form, length and terms of an agreement entered into by the State and another government, including, without limitation, provisions relating to how:
    - (i) Taxes are to be treated by this State and another government;
    - (ii) Revenue are to be shared and distributed; and
    - (iii) Disputes will be resolved.
  - (b) The information to be furnished to the Board and the Commission by a government that proposes to enter into an agreement with this State pursuant to this section.
  - (c) The information to be furnished by the Board to the Commission to enable the Commission to enter into the purposes of this section.
  - (d) The manner and procedure for hearings conducted by the Board and Commission pursuant to this section, including, without limitation, the need for any special rules or notices.
  - (e) The information to be furnished by the Commission to the Governor that supports the recommendation of the Commission made pursuant to this section.

# Online Gaming in the U.S.

**NRS 463.750 License required for person to operate interactive gaming or to manufacture interactive gaming systems; registration required to act as service provider; powers and duties of Commission; regulations; conditions; limitations; penalties.**

The Commission shall, with the advice and assistance of the Board, adopt regulations governing:

- (a) The licensing and operation of interactive gaming; and
- (b) The registration of service providers to perform the actions described in paragraph (b) of subsection 6 of [NRS 463.477](#).

The regulations adopted by the Commission pursuant to this section must:

- (a) Establish the investigation fees for:
  - (i) A license to operate interactive gaming;
  - (ii) A license for a manufacturer of interactive gaming systems;
  - (iii) A license for an interactive gaming service provider to perform the actions described in paragraph (a) of subsection 6 of [NRS 463.477](#); and
  - (iv) Registration as a service provider to perform the actions described in paragraph (b) of subsection 6 of [NRS 463.477](#).
- (b) Provide that:
  - (i) A person 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;
  - (ii) A person must hold a license for an interactive gaming service provider to perform the actions described in paragraph (a) of subsection 6 of [NRS 463.477](#); and
  - (iii) A person must be registered as a service provider to perform the actions described in paragraph (b) of subsection 6 of [NRS 463.477](#).
- (c) Limit as a manufacturer of interactive gaming systems;
- (d) Limit as an interactive gaming service provider as described in paragraph (a) of subsection 6 of [NRS 463.477](#) that are as stringent as the standards for a nonrestricted license;
- (e) Registered as a service provider as described in paragraph (b) of subsection 6 of [NRS 463.477](#) that are as stringent as the standards for a nonrestricted license;
- (f) Set forth provisions governing:
  - (i) The initial fee for a license for an interactive gaming service provider as described in paragraph (a) of subsection 6 of [NRS 463.477](#);
  - (ii) The initial fee for registration as a service provider as described in paragraph (b) of subsection 6 of [NRS 463.477](#);
  - (iii) The fee for renewal of such a license for such an interactive gaming service provider or registration as a service provider, as applicable, and any renewal requirements for such a license or registration, as applicable;
  - (iv) Any portion of the initial fee paid by a person licensed to operate interactive gaming, pursuant to subsection 1 of [NRS 463.722](#), for which an interactive gaming service provider may be liable to the person licensed to operate interactive gaming;
  - (v) Provide that gross revenue received by an establishment from the operation of interactive gaming is subject to the same license fee provisions of [NRS 463.722](#) as the games and gaming devices of the establishment, unless federal law otherwise provides for a separate fee or tax;
  - (vi) Establish standards for the location and security of the computer system and for approval of hardware and software used in connection with interactive gaming;
  - (vii) Define "interactive gaming system," "manufacturer of interactive gaming systems," "operate interactive gaming" and "proprietary hardware and software" as the terms are used in this chapter;
  - (viii) Adopt an ordinance provided in subsection 4 and 5 of the Commission shall not approve a license for an establishment to operate interactive gaming unless:
    - (A) In a county whose population is 700,000 or more, the establishment is a resort hotel that holds a nonrestricted license to operate games and gaming devices;
    - (B) In a county whose population is 40,000 or more but less than 700,000, the establishment is a resort hotel that holds a nonrestricted license to operate games and gaming devices or the establishment;





## Online Gaming in the U.S. – new jersey

In 2013, New Jersey enacted A2578, that permitted casino operators to offer online poker and casino games on an intrastate basis.

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.

## Online Gaming in the U.S. – new jersey



## Online Gaming in the U.S. – new jersey

<b>BURGATE HOTEL CASINO &amp; SPA</b> <ul style="list-style-type: none"> <li>www.burgatecasino.com</li> <li>www.burgatepoker.com</li> <li>www.rj-partycasino.com</li> <li>www.rj-partypoker.com</li> <li>www.rjpartycasino.com</li> <li>www.rjpartypoker.com</li> <li>www.rjpartypoker.com</li> <li>www.rjpartypoker.com</li> <li>www.rjpartypoker.com</li> <li>www.rjpartypoker.com</li> </ul>	<b>OCEAN RESORT CASINO</b> <ul style="list-style-type: none"> <li>www.oceanresortcasino.com</li> <li>www.oceanresort.com</li> </ul>
<b>CAESARS INTERACTIVE ENTERTAINMENT</b> <b>NEW RESORT - AFFILIATES OF BOARDWALK GAMING CORPORATION</b> <ul style="list-style-type: none"> <li>www.caesarscasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> <li>www.horncasino.com</li> </ul>	<b>RESORTS CASINO HOTEL ATLANTIC CITY</b> <ul style="list-style-type: none"> <li>www.resortscasino.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> <li>www.resortspoker.com</li> </ul>
<b>GOLDEN NUGGET HOTEL CASINO &amp; MARINA</b> <ul style="list-style-type: none"> <li>www.goldennuggetcasino.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> <li>www.goldennugget.com</li> </ul>	<b>TROPICANA CASINO &amp; RESORT ATLANTIC CITY</b> <ul style="list-style-type: none"> <li>www.tropicana.com</li> <li>www.tropicana.com</li> </ul>
<b>HARD ROCK HOTEL AND CASINO</b> <ul style="list-style-type: none"> <li>www.hardrockcasino.com</li> <li>www.hardrock.com</li> <li>www.hardrock.com</li> </ul>	

## 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.

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## Online Gaming in the U.S. – PENNSYLVANIA

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

Associated Press & Associated Press WireImage  
Published 11:48 a.m. ET on 10/10/2021 | Updated 1:00 p.m. ET on 10/10/2021



#### U.S. casinos bet on new regulated online gambling

With legal gambling set to move fully online, operators are betting on the internet, for security a win for the next few years, says a report by the industry. (AP WireImage)

You don't have to drive all the way to Graceland 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 bets at 11 a.m. Hollywood's virtual offerings include some of the most popular games of chance, including slots, blackjack, roulette and craps, with live poker matches against other players extended to arrive in the near future.

Two Philadelphia-area casinos are also expected to go online in the coming days — Penn's Casino later Monday and Pinnacle Casino on Wednesday — with more to

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## The Internet

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

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## The Internet

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

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## The Internet

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




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## The Internet

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

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## The Internet

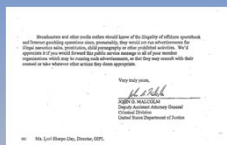
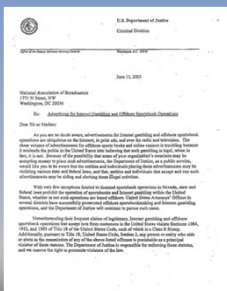
- Can a U.S. company offer online casino style gambling legally?



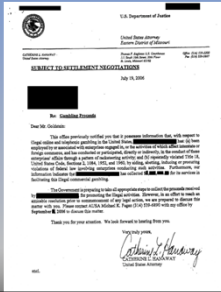
## The Internet

- 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

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## The Internet

- Anurag Dikshit

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA, :  
: INFORMATION :  
: IN :  
: ANURAG DIKSHIT, :  
: Defendant. :  
: \*\*\*\*\* :  
: COURT :  
: :  
: The United States Attorney charges:

**BACKGROUND**

1. From in or about 1987 through in or about October 2014, Partyphising Inc., a limited liability corporation, and the predecessor and affiliated corporate entities collectively "Partyphising"), operated an Internet gambling business that offered casino and poker games, among other games of chance, to customers who visited to wager online. As all times relevant to this Information, a substantial majority of Partyphising's online gambling customers, representing approximately 85 percent of Partyphising's revenue in 2015, were located in the United States, including in the Southern District of New York.

2. Between in or about 1988 and October 2014, ANURAG DIKSHIT, the defendant, developed a proprietary software platform for Partyphising and directed Partyphising's computer operations.

3. Beginning in or about 1989, and continuing up to and including October 2014, DIKSHIT was a principal shareholder of Partyphising. At various times relevant to this Information, DIKSHIT served as a Partyphising corporate officer and director.

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## The Internet

- Anurag Dikshit

**THE OFFENSE**

4. From in or about 1988, up through and including in or about October 2014, 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 which entailed 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 \$200 million Dollars in United States currency pursuant to 18 U.S.C. §§ 981(a)(1)(C), 942 and 20 U.S.C. § 1461, constituting property, real and personal, involved in the gambling offense, and property, real and personal, that constitutes or is derived from proceeds traceable to the violation of 18 U.S.C. § 1084.

**Subsection (a)(2)(B)(i) Forfeiture**

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

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## The Internet

- Anurag Dikshit

### Convicted Former Online Poker Billionaire Avoids Jail

Dec. 16/2010 - 5:53 pm

Anurag Dikshit, the former online poker billionaire, was sentenced on Thursday to one year of probation and no jail time in a hearing that highlighted the 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 continuing hearing, where he faced a maximum of two years in prison. He pleaded guilty in 2008 to one count of violating the federal wire act and agreed to forfeit \$300 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. laws," Dikshit said of his work at PartyGaming, 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 was originally seen as an important victory for the Department of Justice, which has long taken the position that facilitating for-money online poker in America violates U.S. law, making no distinction between sports betting — clearly illegal — and poker playing.

A few months after Dikshit pleaded guilty, his former company, PartyGaming, a Gibraltar 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 for years had violated U.S. law. To some it seemed like the Justice Department had drawn a line in the sand against online poker and set a two-year time frame to go after industry players.

At Thursday's hearing, Judge Rakoff challenged a government prosecutor wondering why there have been no other prosecutions, specifically mentioning Dikshit's fellow PartyGaming cofounders, Americans Ralph Passafiume and his husband Russell DeLeon. "Nobody else has been indicted," said Judge Rakoff. "It has been two years since this defendant began cooperating, who's going to?"

Assistant U.S. Attorney Aulis Devlin-Brown said that the investigation that involved Dikshit remains ongoing, pointing to sealed papers the government filed with the court. "There are challenges in the prosecution," said Devlin-Brown, adding that Dikshit had agreed to settle the case at the time early on. "It may have been time and the case

## 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
- 2022 – The Federal District Court applies the First Circuit Court of Appeals decision to IGT, precluding prosecution of IGT under the 2018 opinion regarding the Wire Act for anything other than sports wagering.

## The Internet

- Antigua, the WTO, GATS and other nations.
  - Antigua won a WTO action against the U.S. regarding online gaming
    - The decision was essentially a default judgment as the U.S.
    - The U.S. never responded to the action
  - The U.S. withdrew gaming explicitly from its GATS commitments
    - Antigua won a \$21,000,000 judgment to be applied to IP protections (Antigua could statutorily suspend \$21,000,000 of IP rights for U.S. companies in Antigua)

## The Internet

- QUESTIONS

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## The Internet

- GEOLOCATION
  - Applied to the Federal Wire Act
  - Applied to the Illegal Gambling Business Act

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